NOTICE OF MEETING

AND
INFORMATION CIRCULAR AND PROXY STATEMENT

PERTAINING TO A

PLAN OF COMPROMISE AND ARRANGEMENT
PURSUANT TO
THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

OF

PACIFIC EXPLORATION & PRODUCTION CORPORATION

Dated July 8, 2016

This information circular and proxy statement is being distributed to certain creditors of Pacific Exploration & Production Corporation by and on behalf of Pacific Exploration & Production Corporation in connection with the meeting called to consider the plan of compromise and arrangement proposed by Pacific Exploration & Production Corporation that is scheduled to be held on Wednesday, August 17, 2016 at the offices of Norton Rose Fulbright Canada LLP, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada, M5J 2Z4.

These materials require your immediate attention. You should consult your financial, tax or other professional advisors in connection with the contents of these materials. Should you have any questions regarding voting or other procedures or should you wish to obtain additional copies of these materials, you may contact either: (i) PricewaterhouseCoopers Inc., which acts as the court-appointed Monitor, at Monitor of Pacific Exploration & Production Corporation et al., PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, telephone number: 1 844-855-8568 (Canada) or 01 800-518-2167 (Colombia), facsimile number: 1 416-814-3219, or email: cmt_processing@ca.pwc.com, or (ii) Kingsdale Shareholder Services, which acts as the Solicitation Agent, by telephone at 1 877-659-1821 (toll-free within Canada or the United States) or 1 416-867-2272 (for calls outside Canada and the United States), by email at contactus@kingsdaleshareholder.com, or by mail at The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2.

July 8, 2016

TO: The affected creditors (collectively, "**you**" or the "**Affected Creditors**") of Pacific Exploration & Production Corporation (the "**Corporation**").

As a result of the current economic environment and, in particular, the downturn in the oil and gas sector, including sharp reductions and continued weakness in commodity prices, management, the board of directors of the Corporation (the "**Board**") and an independent committee of the Board (the "**Independent Committee**") have proactively explored strategic alternatives to help resolve the Corporation's capital structure and liquidity concerns. Following the unsuccessful attempt by the Corporation to effect a transaction whereby it would be acquired by ALFA, S.A.B. de C.V., Harbour Energy Ltd. and Harbour Energy, L.P. and continued weakness in the global oil price environment, the Corporation began discussions with:

- Certain holders (the "**Noteholders**") of the Corporation's: (i) 5.375% senior unsecured notes due January 26, 2019 (the "**2019 Notes**"); (ii) 7.25% senior unsecured notes due December 12, 2021 (the "**2021 Notes**"); (iii) 5.125% senior unsecured notes due March 28, 2023 (the "**2023 Notes**"); and (iv) 5.625% senior unsecured notes due January 19, 2025 (the "**2025 Notes**," and, together with the 2019 Notes, 2021 Notes and 2023 Notes, the "**Notes**");
- Certain lenders (the "**Bank Lenders**") under each of the following facilities: (i) the U.S.$109,000,000 Credit and Guaranty Agreement dated as of May 2, 2013 with Bank of America, N.A. as lender (as amended, modified, restated or supplemented from time to time, the "**BofA Facility**"); (ii) the U.S.$250,000,000 Credit and Guaranty Agreement dated as of April 8, 2014 with HSBC Bank USA, N.A., as administrative agent, and the lenders party thereto (as amended, modified, restated or supplemented from time to time, the "**HSBC Facility**"); and (iii) the U.S.$1,000,000,000 Revolving Credit and Guaranty Agreement dated April 30, 2014 with Bank of America, N.A., as administrative agent, and the lenders party thereto (as amended, modified, restated or supplemented from time to time, the "**Revolving Facility**" and, together with the BofA Facility and the HSBC Facility, the "**Credit Facilities**" and, the Credit Facilities together with the Notes and the claims of other Affected Creditors, the "**Affected Claims**"); and
- Various other interested parties and potential lenders and investors, including The Catalyst Capital Group Inc. (the "**Plan Sponsor**").

Based on these discussions, a proposed recapitalization and financing transaction (the "**Restructuring Transaction**") was announced by the Corporation on April 19, 2016. After a review of available methods to implement this transaction, the Corporation concluded that in the present circumstances, the Restructuring Transaction should be implemented pursuant to a proceeding under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), together with appropriate proceedings in Colombia under Ley 1116 of 2006 and in the United States under chapter 15 of title 11 of the United States Code. Accordingly, the Corporation commenced proceedings under the CCAA on April 27, 2016 for the purpose of implementing the Restructuring Transaction.

In connection with the Restructuring Transaction:

- U.S.$500 million of debtor-in-possession financing (the "**DIP Offering**"), less an original issue discount, has been provided jointly by certain of the Noteholders (the "**Funding Creditors**") and the Plan Sponsor. The Plan Sponsor has provided U.S.$240 million for the purchase of notes (after taking into account the original issue discount) pursuant to the DIP Offering (the "**Plan Sponsor DIP Financing**") and the Funding Creditors have provided U.S.$240 million for the purchase of notes and warrants (after taking into account the original issue discount) pursuant to the DIP Offering (the "**Creditor DIP Financing**").

- The Funding Creditors have purchased warrants with a nominal exercise price that will allow them to acquire their pro rata share of approximately 12.5% of the fully diluted common shares of the reorganized Corporation upon implementation of the Restructuring Transaction.
- Certain of the Bank Lenders have provided a letter of credit facility to the reorganized Corporation in the amount of U.S.$115,532,794 (the "**DIP L/C Facility**").

The proposed plan of compromise and arrangement (the "**Plan**") pursuant to the CCAA will allow the Corporation to substantially reduce its debt and associated interest costs while improving its available liquidity. The Plan includes the following key elements:

- The operations of the Corporation's subsidiaries will continue as normal and without disruption.
- The Creditor DIP Financing will not be repaid upon the Corporation's exit under the Plan but instead will be amended and restated as five-year secured notes (the "**Exit Notes**"). The Exit Notes will accrue interest at a rate equal to 10% *per annum* and may be redeemable by the Corporation subject to certain terms, including the payment of a prepayment premium. For a period of two years following the date the Plan is implemented, the Corporation will have the option, if the Corporation's unrestricted cash in operating accounts falls below U.S.$150 million, to make "payments-in-kind" with respect to any interest payment owed on the Exit Notes at a rate of 14% *per annum*.
- On implementation of the Plan, the Plan Sponsor DIP Financing will be exchanged for approximately 29.3% of the fully diluted common shares of the reorganized Corporation.
- The DIP L/C Facility will be amended and restated as an exit letter of credit facility expiring in June 2018.
- The claims of Affected Creditors in respect of approximately U.S.$4.1 billion under the Notes, approximately U.S.$1.2 billion under the Credit Facilities, as well as the Affected Claims of other Affected Creditors, will be settled in exchange for approximately 58.2% of the fully diluted common shares of the reorganized Corporation (the "**Claim Settlement Shares**") in the aggregate which shall be allocated pro rata to the Affected Creditors holding an Affected Claim, provided that, subject to certain terms and conditions (as more fully described in the accompanying information circular and proxy statement), persons holding an Affected Claim in respect of the Notes who validly signed and returned the Support Agreement (as defined below) or a joinder thereto on or before 5:00 p.m. (Toronto time) on May 6, 2016, who vote in favour of the Plan Resolution (as defined below) and who hold Notes in an aggregate principal amount equal to, or in excess of, the fair market value of the Early Consent Shares (as defined in the accompanying information circular and proxy statement), will receive (or in some cases, as more fully described in the accompanying information circular and proxy statement, the transferor of such claim will receive), as additional consideration in exchange for their Affected Claims, their pro rata share of approximately 2.2% of the fully diluted common shares of the reorganized Corporation which shall be allocated from the Claim Settlement Shares otherwise payable to the Noteholders.
- Subject to the terms and limits of the Cash Election (as defined in the accompanying information circular and proxy statement), certain Affected Creditors will have the opportunity to receive cash in lieu of the Claim Settlement Shares that they would otherwise be entitled to receive. The Plan Sponsor and certain other Noteholders have agreed to subscribe for up to U.S.$250 million of common shares of the reorganized Corporation on the effective date of the Plan to enable Affected Creditors to participate in the Cash Election. There is no requirement for Affected Creditors to participate in the Cash Election.
- The common shares of the Corporation will be consolidated on the basis of one post-consolidated share for each 100,000 common shares outstanding immediately prior to the consolidation and any fractional common shares will be rounded down to the nearest whole number without consideration in respect thereof.

After giving effect to the Plan:

- The Corporation's indebtedness will be reduced by approximately U.S.$5.1 billion.
- Annual interest expense will be reduced by approximately U.S.$258 million.
- The U.S.$250 million of Exit Notes will be the only long-term debt in the Corporation's capital structure outside of facilities to support letters of credit or hedging activities.

In connection with the Plan, the Corporation has agreed to cause its common shares to be publicly listed and available for trading on the TSX, TSX-V or certain other securities market as is acceptable to the Corporation, the Plan Sponsor and certain other participants in the Plan. However, there can be no assurance that such listing will be obtained. The Corporation's existing shareholder rights plan and the rights thereunder and existing options to acquire common shares in the capital of the Corporation as well as deferred share units will be cancelled under the Plan, in each case for no consideration. The Corporation will adopt a new shareholder rights plan upon its exit under the Plan.

The Corporation is holding a meeting of the Affected Creditors (the "**Meeting**") on Wednesday, August 17, 2016 at the offices of Norton Rose Fulbright Canada LLP, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada, M5J 2Z4 at 10:00 a.m. (Toronto time) to present, for your approval, a resolution to approve the Plan (the "**Plan Resolution**").

As of the date hereof, Affected Creditors holding approximately 79% of the aggregate Affected Claims of the Bank Lenders and the Noteholders have executed a support agreement (the "**Support Agreement**"), or a joinder thereto, whereby they have agreed to vote in favour of, and to otherwise support, the Plan, subject to the terms and conditions thereof.

Affected Creditors are being asked to consider and, if deemed appropriate, approve the Plan so that the Corporation can emerge from CCAA protection, allowing the Corporation to focus on executing its business strategy. The Board and the Independent Committee believe that in view of the challenges posed by the Corporation's existing capital structure and its limited liquidity, the Plan is the best alternative available under the present circumstances. After careful consideration, the Board has unanimously recommended that Affected Creditors vote in favour of the Plan Resolution.

The Court-appointed Monitor in the Corporation's CCAA proceedings will be issuing a report prior to the Meeting which will include its recommendations with respect to the Plan.

We urge you to give serious attention to the Plan. Please complete and return the applicable voting instrument enclosed with the information circular and proxy statement following the instructions set out in such instrument to ensure that you are represented at the Meeting.

Yours very truly,

"*Ronald Pantin*"

Ronald Pantin
Chief Executive Officer and Executive Director
Pacific Exploration & Production Corporation

This material is important and requires your immediate attention. The transactions contemplated in the Plan are complex. The accompanying information circular and proxy statement contains a description of and a copy of the Plan, as well as other information concerning the Corporation to assist you in considering this matter. You are urged to review this information carefully. Should you have any questions or require assistance in understanding and evaluating how you will be affected by the Plan, please consult your legal, tax or other professional advisors.

If you are an Affected Creditor (other than a Noteholder who should contact Kingsdale Shareholder Services (the "**Solicitation Agent**") as set out below) with any questions regarding voting, the Cash Election or other procedures or matters with respect to the Meeting or the Plan, you should contact the Monitor. All questions and correspondence for the Monitor should be directed to PricewaterhouseCoopers Inc., Monitor of Pacific Exploration & Production Corporation et al. at PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, telephone number: 1 844-855-8568 (Canada) or 01 800-518-2167 (Colombia), facsimile number: 1 416-814-3219, or email: cmt_processing@ca.pwc.com. The Monitor has established and maintains the following website in respect of the Corporation's CCAA proceedings: www.pwc.com/ca/pacific.

If you are a Noteholder with any questions regarding voting, the Cash Election or other procedures or matters with respect to the Meeting or the Plan, you should contact the Solicitation Agent, Kingsdale Shareholder Services, or the intermediary that holds your Notes on your behalf. All questions and correspondence for the Solicitation Agent should be directed to Kingsdale Shareholder Services by telephone at 1 877-659-1821 (toll-free within Canada or the United States) or 1 416-867-2272 (for calls outside Canada and the United States), by email at contactus@kingsdaleshareholder.com, or by mail at The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2.

Please also contact the Monitor or Solicitation Agent should you wish to obtain additional copies of these materials.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF

PACIFIC EXPLORATION & PRODUCTION CORPORATION ET AL.

NOTICE OF MEETING

TO HOLDERS OF THE FOLLOWING SECURITIES OF PACIFIC EXPLORATION & PRODUCTION CORPORATION: (i) the 5.375% senior unsecured notes due January 26, 2019; (ii) the 7.25% senior unsecured notes due December 12, 2021; (iii) the 5.125% senior unsecured notes due March 28, 2023; and (iv) the 5.625% senior unsecured notes due January 19, 2025 (collectively, in such capacity, the "**Noteholders**");

AND TO LENDERS UNDER THE FOLLOWING FACILITIES: (i) the U.S.$109,000,000 Credit and Guaranty Agreement dated as of May 2, 2013 with Bank of America, N.A. as lender, as amended, modified, restated or supplemented from time to time; (ii) the U.S.$250,000,000 Credit and Guaranty Agreement dated as of April 8, 2014 with HSBC Bank USA, N.A., as administrative agent and the lenders party thereto, as amended, modified, restated or supplemented from time to time; and (iii) the U.S.$1,000,000,000 Revolving Credit and Guaranty Agreement dated April 30, 2014 with Bank of America, N.A. as administrative agent and the lenders party thereto, as amended, modified, restated or supplemented from time to time (collectively, in such capacity, the "**Bank Lenders**");

AND TO SUCH OTHER CREDITORS OF THE CORPORATION for which the Corporation has commenced a claims process (collectively, in such capacity, the "**Other Affected Creditors**", and together with the Noteholders and Bank Lenders, the "**Affected Creditors**").

NOTICE IS HEREBY GIVEN that, pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 30, 2016 and all ancillary Orders of the Court, a meeting of the Affected Creditors (the "**Meeting**") is scheduled to be held on Wednesday, August 17, 2016, at the offices of Norton Rose Fulbright Canada LLP, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada, M5J 2Z4 at 10:00 a.m. (Toronto time) for the following purposes:

(a) to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Plan Resolution**") approving the plan of compromise and arrangement (the "**Plan**") of the Corporation pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), which Plan is described in the information circular and proxy statement dated the date hereof and accompanying this Notice of Meeting (the "**Circular**") and a copy of which is attached as Appendix "B" to the Circular, as it may be amended from time to time in accordance with the terms of the Plan and Meeting Order; and

(b) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Unless otherwise indicated, terms defined in the section of the Circular titled "*Glossary of Terms*" have the same meanings in this Notice of Meeting. The validity and value of the claims of Affected Creditors are determined for voting and distribution purposes in accordance with the procedures set forth in the Plan, the Claims Procedure Order (a copy of which is attached as Appendix "E" to the Circular) and the Meeting Order (a copy of which, excluding schedules thereto, is attached as Appendix "D" to the Circular). Copies of the Initial Order, the Claims Procedure Order, the Meeting Order, the Proxy, the Master Proxy, the form of VIF, the Cash Election Form and the Application for Early Consent may also be found at the website of the Monitor at: www.pwc.com/ca/pacific.

In order for the Plan to be approved and be binding in accordance with the CCAA, the Plan Resolution must be approved by a majority in number of Affected Creditors representing at least two-thirds in value of the Voting Claims of Affected Creditors who are present and voting in person or by proxy on the Plan Resolution at the Meeting (and who are entitled to vote at the Meeting in accordance with the Meeting Order). At the Meeting, each Affected Creditor will be entitled to one vote, which vote will have the value of such person's Voting Claim for voting purposes, as determined in accordance with the Meeting Order. The Plan must also be sanctioned by the Court under the CCAA. Subject to satisfaction of the other conditions precedent to the implementation of the Plan, all Affected Creditors will then receive the treatment applicable to such Affected Creditor set forth in the Plan.

The quorum for the Meeting has been set by the Meeting Order as the presence, in person or by proxy, at the Meeting of one Affected Creditor with a Voting Claim. Noteholders and Bank Lenders of record as at 5:00 p.m. (Toronto time) on July 8, 2016 shall be entitled to vote at the Meeting, as set out in the Circular. There is no similar record date in respect of Other Affected Creditors and, therefore, a holder of an Other Affected Creditor's claim will be entitled to vote at the Meeting to the extent the procedures set out in the Claims Procedure Order and the Meeting Order have been complied with.

Except as otherwise set forth herein and in the Circular, Bank Lenders and Other Affected Creditors may attend the Meeting in person or may appoint another person as proxyholder. Persons appointed as proxyholders need not be Noteholders or General Creditors (as defined below). Beneficial Noteholders may only attend the Meeting in person by complying with the procedures set out herein and in the Circular.

There is one form of proxy (the "**General Creditor Proxy**") for all Bank Lenders and Other Affected Creditors (collectively, the "**General Creditors**"), which should be received by General Creditors with the Circular. A General Creditor may attend the Meeting in person or may appoint another person as its proxyholder by inserting the name of such person in the space provided in the General Creditor Proxy provided to General Creditors by the Monitor or the Corporation. Persons appointed as proxyholders need not be Affected Creditors. In order to be effective, General Creditor Proxies must be received by the Monitor at PricewaterhouseCoopers Inc., Monitor of Pacific Exploration & Production Corporation et al. at PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, telephone number: 1 844-855-8568 (Canada) or 01 800-518-2167 (Colombia), facsimile number: 1 416-814-3219, or email: cmt_processing@ca.pwc.com, prior to 10:00 a.m. (Toronto time) on August 10, 2016.

Beneficial Noteholders should receive with the Circular a voting instruction form (a "**VIF**"). If no such VIF is enclosed, contact your bank, broker or other intermediary that holds Notes on your behalf (an "**Intermediary**"). Once you have indicated your instructions with respect to voting for or against the Plan Resolution on the VIF, please return your VIF to your Intermediary in accordance with the instructions set out in such form. Your Intermediary will relay the instructions on your VIF to Kingsdale Shareholder Services (the "**Solicitation Agent**") by completing a Master Proxy. Beneficial Noteholders may indicate their instructions with respect to voting for or against the Plan on a VIF. A Beneficial Noteholder that wishes to attend the Meeting should not complete the VIF, but instead should contact the Intermediary that holds the Notes on its behalf to make alternate arrangements to enable such Beneficial Noteholder to vote in person at the Meeting. If making such alternate arrangements, the Beneficial Noteholder should advise the Intermediary as soon as possible in advance of the Meeting. In order to be effective, VIFs must be received by the applicable Intermediary prior to 10:00 a.m. (Toronto time) on August 10, 2016. All questions should be directed to the Solicitation Agent by telephone at 1 877-659-1821 (toll-free within Canada or the United States) or 1 416-867-2272 (for calls outside Canada and the United States), or by email at contactus@kingsdaleshareholder.com.

If a Beneficial Noteholder or General Creditor specifies a choice in its VIF or General Creditor Proxy, respectively, with respect to voting on the Plan, such VIF or General Creditor Proxy will be voted in accordance with the specification so made. In the absence of such specification, VIFs and General Creditor Proxies will be voted **FOR** the Plan Resolution. The Master Proxy and the General Creditor Proxy confer discretionary authority on the individuals designated in them with respect to amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meeting or any adjournment or postponement of the Meeting. As of the date hereof, the Corporation knows of no such amendment, variation or other matters to come before the Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Corporation intends to bring a motion before the Court on or about August 23, 2016 at 10:00 a.m. (Toronto time) at the Court located at 330 University Avenue, Toronto, Ontario, Canada. The motion will be for the Sanction Order approving the Plan under the CCAA and granting ancillary relief consequent upon such sanction. Any Affected Creditor that wishes to appear or be represented, and to present evidence or arguments, at the Court hearing seeking sanction of the Plan must file a Notice of Appearance with the Court, and serve a copy of the materials to be used to oppose the motion in respect of the sanction of the Plan to all parties on the Service List, in the manner and within the timelines specified in the Meeting Order.

DATED at Toronto, Ontario this 8th day of July, 2016.

BY ORDER OF THE COURT

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IMPORTANT INFORMATION

THIS CIRCULAR CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE MATTERS REFERRED TO HEREIN.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS CIRCULAR, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON. THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES DESCRIBED IN THIS CIRCULAR, OR THE SOLICITATION OF A PROXY, IN ANY JURISDICTION, TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OF AN OFFER OR PROXY SOLICITATION IN SUCH JURISDICTION.

NO SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY HAS REVIEWED THE ACCURACY OR ADEQUACY OF THE INFORMATION PRESENTED HEREIN OR IN ANY WAY PASSED UPON THE MERITS OF THE PLAN, INCLUDING THE MERITS OF THE NEW COMMON SHARES AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Unless otherwise indicated or the context otherwise requires, the terms "the Corporation", "we", "us" and "our" refer to Pacific Exploration & Production Corporation. Capitalized terms used herein, and not otherwise defined, have the meanings ascribed to them in the Glossary of Terms, which begins on page 6.

All information in this Circular is given as of July 8, 2016 unless otherwise indicated.

In this Circular, unless otherwise stated, all references to percentages of common equity of the Corporation are expressed on an undiluted basis (other than the assumption that, as part of the Plan, all DIP Warrants will be exercised for Common Shares and the Series 1 DIP Notes will be exchanged into Common Shares) and on the assumptions that: (i) no other issued and outstanding securities convertible into or exchangeable for common equity of the Corporation shall have been converted or exchanged subsequent to the date hereof, and (ii) the Corporation's share capital will consist of approximately (but in any event no more than) 50,003,000 Common Shares following implementation of the Plan (including completion of the Common Share Consolidation). See "*Description of the Plan*".

Affected Creditors should carefully consider the income tax consequences of the proposed Plan described herein. See "*Income Tax Considerations*" contained in this Circular.

Affected Creditors should not construe the contents of this Circular as investment, legal or tax advice. Affected Creditors should consult their own counsel, accountants and other advisors as to financial, legal, tax and related aspects of the Plan. In making a decision regarding the Plan, Affected Creditors must rely on their own review of the Corporation and the Plan and the advice of their own advisors.

Descriptions in this Circular of the Plan and the Orders are merely summaries of the terms of these documents. Affected Creditors should refer to the full terms of the Plan, the Initial Order, the Meeting Order and the Claims Procedure Order (appended to this Circular as Appendix "B", Appendix "C", Appendix "D" (excluding schedules) and Appendix "E", respectively) for complete details. You should rely only on the information contained in or incorporated by reference in this Circular or to which we have referred you. We have not authorized any person (including any dealer, salesman or broker or the Solicitation Agent) to provide you with different information. The information contained in or incorporated by reference in this Circular may only be accurate on the date hereof or the dates of the documents incorporated by reference herein. Neither delivery of this Circular nor any distribution of the securities referred to in this Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular. You should not assume that the information contained in this Circular or incorporated by reference herein is accurate as of any other date.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

The issuance of the New Common Shares pursuant to the Plan will be exempt from the prospectus and registration requirements under Canadian securities legislation. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available in respect of such Common Shares to be issued pursuant to the Plan. See "*Certain Regulatory Matters Relating to the Plan – Issuance and Resale of Securities Received under the Plan*".

This Circular 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.

NOTICE TO AFFECTED CREDITORS IN THE UNITED STATES

NEITHER THE PLAN NOR THE SECURITIES ISSUABLE IN CONNECTION WITH THE PLAN HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES; NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

New Common Shares issued under the Plan have not been, and will not be, registered under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. Such New Common Shares will instead be issued in reliance upon exemptions under the U.S. Securities Act and applicable state securities laws. See "*Certain Regulatory Matters Relating to the Plan – Issuance and Resale of Securities Received under the Plan*".

The Claim Settlement Shares (including the Early Consent Shares) to be issued to Affected Creditors in exchange for Distribution Claims, have not been registered under the U.S. Securities Act and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the Plan to the Persons affected.

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the United States *Securities Exchange Act of 1934*, as amended (the "U.S. Exchange Act"). This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Securityholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements incorporated by reference in this Circular have been prepared in accordance with IFRS, which differs from the United States generally accepted accounting principles in certain material respects, and thus the financial statements of the Corporation may not be comparable to financial statements of United States companies. The Corporation is not required to prepare a reconciliation of its consolidated financial statements and related footnote disclosures between IFRS and United States generally accepted accounting principles and has not quantified such differences.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that the Corporation and its subsidiaries are incorporated or organized outside the United States, that some or all of the officers and directors of such persons and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the Corporation and said persons are located outside the United States. As a result, it may be difficult or impossible for holders of the Corporation's securities in the United States to effect service of process within the United States upon the Corporation, its subsidiaries and their officers and directors and the experts named herein, or to enforce, against them, any judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, holders of the Corporation's securities in the United States should not assume that the courts of Canada or any other jurisdiction: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. See "*Risk Factors – Risks Relating to the Plan*".

NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This Circular may contain or incorporate by reference information that constitutes "forward-looking information" or "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities legislation, which involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this Circular, such information uses words such as "may", "will", "expect", "believe", "plan", "intend" and other similar terminology. This forward-looking information reflects current expectations regarding future events and operating performance and speaks only as of the date of this Circular. Forward-looking information involves significant risks and uncertainties, and should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not such results will be achieved. Accordingly, undue reliance should not be placed on such statements. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed under the heading entitled "*Risk Factors*". Although the forward-looking information contained in this Circular is based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with the forward-looking information.

Discussions containing forward-looking information and statements may be found, among other places, in the "*Impact of the Plan*", "*The Corporation After Implementation of the Plan*" and "*Risk Factors*" sections in this Circular and in the "*General Development of the Business*", "*Description of the Business*" and "*Risk Factors*" sections in the AIF and other documents incorporated by reference herein.

In particular, this Circular contains, or incorporates by reference, forward-looking information pertaining to the following:

- implementation of the Plan;
- the focus of capital expenditures;
- future debt levels and annual interest costs;
- the Corporation's future financial and operational situation after the implementation of the Plan;
- expectations regarding the ability to raise capital;
- treatment under governmental regulatory regimes;
- capital expenditure programs and the timing and method of financing thereof; and
- limitations on the Corporation's access to sources of financing or competitive terms and compliance with covenants.

With respect to forward-looking information contained in this Circular, the Corporation has made assumptions regarding, among other things:

- future prices for oil and natural gas;
- future currency and interest rates;
- the Corporation's ability to generate sufficient cash flow from operations;
- the regulatory framework representing regulatory and tax matters in the countries in which the Corporation conducts its business;
- the Corporation's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Corporation's demand.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and in some instances to differ materially from those anticipated by the Corporation and described in the forward-looking information contained in this Circular. The material risk factors include, but are not limited to:

- the Corporation'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;

- any negative impact on the Corporation's current operations as a result of any proposed restructuring or failure to implement the Plan;
- investors' perceptions of the Corporation's prospects and the prospects of the oil and gas industry in Colombia and the other countries where the Corporation operates and/or has investments;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- inability to obtain a listing on the TSX, TSX-V or such other Designated Offshore Securities Market as is acceptable to the Corporation, the Requisite Consenting Creditors and the Plan Sponsor;
- the effect of ratings downgrades on the Corporation's business and operations;
- political developments in Colombia, Guatemala, Peru, Brazil, Belize 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;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- 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*".

The reserves information that is in, or that can be derived from, the information in this Circular is an estimate only. In general, estimates of crude oil, natural gas liquids and conventional natural gas reserves are based upon a number of variable factors and assumptions, such as production rates, ultimate reserves recovery, timing and amount of capital expenditures, ability to transport production, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the crude oil, natural gas liquids and conventional natural gas reserves attributable to any particular group of properties, as well as the classification of such reserves prepared by different engineers (or by the same engineers at different times) may vary. The actual reserves of the Corporation may be greater or less than those calculated. In addition, the Corporation's actual production, revenues, development and operating expenditures will vary from estimates thereof and such variations could be material.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this Circular is expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to update or revise any forward-looking information, other than as required by applicable securities laws.

REPORTING CURRENCY

In this Circular, unless otherwise stated, dollar amounts are reported in U.S. dollars ($ or U.S.$).

EXCHANGE RATES

The following table sets forth, for each of the years indicated, the year-end noon exchange rate, the average noon exchange rate and the high and low noon exchange rates of one Canadian dollar in exchange for U.S. dollars using information provided by the Bank of Canada. The noon exchange rate on the Business Day before the Filing Date, using information provided by the Bank of Canada for the conversion of Canadian dollars into U.S. dollars, was Cdn$1.00 equalled U.S.$0.7928. The noon exchange rate on the date hereof, using information provided by the Bank of Canada for the conversion of Canadian dollars into U.S. dollars, is Cdn$1.00 equalled U.S.$0.7649.

	Year Ended December 31,		
	2013	**2014**	**2015**
High	U.S.$1.0164	U.S.$0.9422	U.S.$0.8527
Low	U.S.$0.9348	U.S.$0.9054	U.S.$0.7148
Average	U.S.$0.9710	U.S.$0.8589	U.S.$0.7820
End of Period	U.S.$0.9402	U.S.$0.8620	U.S.$0.7225

The following table sets forth, for each of the years indicated, the year-end noon exchange rate, the average noon exchange rate and the high and low noon exchange rates of one Canadian dollar in exchange for Colombian Pesos ("**COP**") using information provided by the Bank of Canada. The noon exchange rate on the Business Day before the Filing Date, using information provided by the Bank of Canada for the conversion of Canadian dollars into Colombian Pesos, was Cdn$1.00 equalled COP2,331.00. The noon exchange rate on the date hereof, using information provided by the Bank of Canada for the conversion of Canadian dollars into Colombian Pesos, is Cdn$1.00 equalled COP2.247.19.

	Year Ended December 31,		
	2013	**2014**	**2015**
High	COP1,879.70	COP2,100.84	COP2,444.99
Low	COP1,751.31	COP1,706.48	COP1,897.53
Average	COP1,814.16	COP1,807.42	COP2,132.98
End of Period	COP1,814.88	COP2,057.61	COP2,293.58

ABBREVIATIONS AND DEFINITIONS

bbl	barrels of oil	MMbbl	million barrels
bbl/d	barrels of oil per day	Mboe	thousand barrels of oil equivalent
Bcf	billion cubic feet	MMboe	million barrels of oil equivalent
boe	barrels of oil equivalent	Mcf	thousand cubic feet
boe/d	barrels of oil equivalent per day	Mcf/d	thousand cubic feet per day
Btu	British thermal units	Mcfg/d	thousand cubic feet gas per day
COP	Colombian Pesos	MMBtu	million British thermal units
DWT	Dead weight tonnage	MMcf	million cubic feet
km	kilometres	MMcf/d	million cubic feet per day
km^2	square kilometres	NGL	natural gas liquids
m	metres	U.S.$	United States dollars
m^2	square metres	WI	working interest
m^3	cubic metres	WTI	West Texas Intermediate
Mbbl	thousand barrels		

NOTE: Disclosure provided herein that is expressed in barrels of oil equivalent (boe) is derived by converting natural gas to oil in the ratio of five thousand seven hundred cubic feet (Mcf) (or, in certain cases, six thousand Mcf) of natural gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 5.7 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this Circular, the Corporation has expressed boe using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy for those properties located in Colombia. For those properties outside of Colombia, the Corporation has expressed boe using a conversion ratio of 6.0 Mcf: 1 bbl.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular, the following terms shall have the meanings set forth below. Words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.

"**2015 MD&A**" means management's discussion and analysis of operating results and financial condition of the Corporation, as amended, for the year ended December 31, 2015.

"**2015 Rights Plan**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan*".

"**2019 Note Indenture**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2019 Notes*".

"**2019 Notes**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2019 Notes*".

"**2021 Note Indenture**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2021 Notes*".

"**2021 Notes**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2021 Notes*".

"**2023 Note Indenture**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2023 Notes*".

"**2023 Notes**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2023 Notes*".

"**2025 Note Indenture**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2025 Notes*".

"**2025 Notes**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – The Notes – 2025 Notes*".

"**Acquiring Person**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan – Rights Exercise Privilege*".

"**Ad Hoc Committee**" means the ad hoc committee of Noteholders formed in connection with the Corporation's financial difficulties.

"**Administration Charge**" has the meaning ascribed to such term in the Initial Order.

"**Affected Claims**" means all Claims, including Guarantee Claims, that are not Equity Claims.

"**Affected Creditors**" means collectively, the Noteholders, the Bank Lenders and the Other Affected Creditors.

"**Affected Creditor Shares**" means the 2,910,000,000,000 New Common Shares to be issued under the Plan to the Affected Creditors in satisfaction of their Affected Claims (including the Early Consent Shares, where applicable) prior to the Common Share Consolidation, provided for greater certainty that (i) "Affected Creditor Shares" is the aggregate of the General Creditor Shares, the Early Consent Shares, and the Net Noteholder Shares, and (ii) the number of New Common Shares to be distributed to Affected Creditors shall be reduced by the number of Cash Consideration Shares and is otherwise subject to reduction and allocation in accordance with the terms of the Plan.

"**Agreed Additional Excluded Claims**" means any Claims that the Corporation, with the consent of the Monitor and the Requisite Consenting Parties, may designate as "Excluded Claims", including those set out on Schedule "B" to the Plan, provided that such designation shall occur prior to the Implementation Date, and upon such designation such Agreed Additional Excluded Claims will constitute Excluded Claims for the purposes of the Plan.

"**AHC Advisors**" means Goodmans LLP; Paul, Weiss, Rifkind, Wharton & Garrison LLP; Dentons Cardenas & Cardenas Abogados; Evercore Group L.L.C. and Evercore Partners International LLP.

"**AIF**" means the annual information form of the Corporation dated March 18, 2016 for the year ended December 31, 2015.

"**ALFA**" means ALFA S.A.B. de C.V.

"**allowable capital loss**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**Amended Articles**" means the altered articles of the Corporation to be deposited in the record books in the Corporation's record office maintained pursuant to the BCBCA, which Amended Articles shall contain the amendments described under "*The Corporation After Implementation of the Plan – Governance and Management – Amended Articles*".

"**Amended Indenture**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Note Indenture, DIP Notes and Exit Notes*".

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the Law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation.

"**Applicants**" means the applicants in the CCAA Proceeding, as named in the title of proceedings on page 1 of the Plan.

"**Application for Early Consent Consideration**" means the form to be completed by each holder of an Eligible Note Claim who is claiming Early Consent Shares.

"**Arrangement**" has the meaning ascribed to such term under "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

"**Arrangement Agreement**" has the meaning ascribed to such term under "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

"**ATOP**" means the Automated Tender Offer Program system operated by DTC.

"**Auditors**" means Ernst & Young LLP, Chartered Accountants, Vancouver, British Columbia.

"**Bank Agent Claim**" has the meaning ascribed to such term in "*Description of the Plan – Excluded Claims*".

"**Bank Agents**" means HSBC Bank USA, N.A., as agent under the HSBC Facility, and Bank of America, N.A., as agent under the Revolving Facility, in each case including any successors thereto.

"**Bank Claim**" means any right or claim of any Bank Lender that may be asserted or made in whole or in part against any of the Applicants, in any capacity, whether or not asserted or made, solely in respect of the principal of and accrued interest on the Credit Facilities.

"**Bank Lenders**" means the parties to the Credit Facilities other than the Corporation as borrower and the Existing Guarantors as guarantors thereunder, in their capacities as parties to the respective Bank Facilities, and includes, without limitation, any agent for the lenders thereunder.

"**Bank Lender Forbearance Agreements**" means the forbearance agreements entered into by the Corporation and the required lenders under the Credit Facilities on February 19, 2016.

"**Bank Lender Record Time**" means 5:00 p.m. (Toronto time) on July 8, 2016.

"**Bank Lenders' Allowed Claims**" means all principal amounts outstanding and all accrued interest under the Credit Facilities as at the Filing Date as determined in accordance with the Claims Procedure Order for purposes of voting on, and receiving distributions under, the Plan and "**Bank Lender's Allowed Claim**" means the portion of the Bank Lenders' Allowed Claims attributable to a particular Bank Lender as at the Filing Date.

"**BCBCA**" means the British Columbia Business Corporations Act, S.B.C. 2002, c. 57, as amended.

"**Beneficial Noteholder**" means a beneficial holder of Notes holding such Notes in a securities account with an Intermediary including, for greater certainty, an Intermediary only if and to the extent such Intermediary holds the Notes as a principal for its own account.

"**Bladex Facility**" means the Corporation's U.S.$75 million credit facility, as amended, provided by Banco Latinoamericano de Comercio Exterior, S.A.

"**BoA Facility**" means the Corporation's U.S.$109 million facility provided under the credit and guaranty agreement with Bank of America N.A. dated May 2, 2014 (as amended).

"**Board**" means the board of directors of the Corporation.

"**Board Resolution**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – Credit Facilities & Lines of Credit – Waiver*".

"**Break Fee**" means in the case of the Series 1 DIP Notes an amount equal to 6% of the original principal amount of such DIP Notes (for greater certainty, without regard to any original issue discount), namely U.S.$15,000,000 and in the case of the Series 2 DIP Notes an amount equal to 4% of the original principal amount of such DIP Notes (for greater certainty, without regard to any original issue discount), namely U.S.$10,000,000.

"**Business Day**" means a day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Toronto, Ontario and New York, New York.

"**BVC**" means the Bolsa de Valores de Colombia (the Colombia Stock Exchange).

"**Canadian Holder**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada*".

"**Cash Amount**" in respect of a Cash Election Creditor means the aggregate amount of cash payable to that Cash Election Creditor in respect of a validly made Cash Election calculated on the basis for quantification purposes only, that any Disputed Distribution Claims outstanding as of the Master Proxy/Election Deadline are valid, which amount is equal to:

(a) in respect of an election to receive an amount of cash calculated at the Designated Rate in lieu of New Common Shares (the "**Designated Common Shares**") which the Cash Election Creditor would otherwise be entitled to receive under the Plan:

(i) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at the Designated Rate is equal to or less than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at the Designated Rate, the Designated Rate multiplied by the total number of such Designated Common Shares, or

(ii) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at the Designated Rate is more than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at the Designated Rate, the Designated Rate multiplied by the number of such Designated Common Shares prorated downwards to the nearest whole number according to the ratio between the total number of New Common Shares agreed to be subscribed for, and paid for, by the Plan Sponsor and the Equity Subscribers at the Designated Rate and the total number of all Designated Common Shares of all Cash Election Creditors; and

(b) in respect of an offer to receive an amount of cash calculated at an Offer Rate in lieu of the New Common Shares (the "**Offered Common Shares**") which the Cash Election Creditor would otherwise be entitled to receive under the Plan:

(i) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at such Offer Rate is equal to or less than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at such Offer Rate, such Offer Rate multiplied by the total number of such Offered Common Shares, or

(ii) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at such Offer Rate is more than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at such Offer Rate, such Offer Rate multiplied by the number of such Offered Common Shares prorated downwards to the nearest whole number according to the ratio between the total number of New Common Shares subscribed for, and paid for, by the Plan Sponsor and the Equity Subscribers at such Offer Rate and the total number of all Offered Common Shares at such Offer Rate of all Cash Election Creditors.

"**Cash Consideration Shares**" means the New Common Shares to be issued to the Plan Sponsor and the Equity Subscribers pursuant to the Subscription Agreements and in accordance with the Plan.

"**Cash Election**" means an election validly made pursuant to the Meeting Order and the Plan by an Affected Creditor to receive cash in lieu of Affected Creditor Shares (including Early Consent Shares) which would otherwise be issued to them.

"**Cash Election Creditor**" means an Affected Creditor who makes a Cash Election.

"**Cash Election Form**" means (i) with respect to an Affected Creditor (other than a Noteholder), the document to be completed by such Affected Creditor to make a Cash Election, and (ii) with respect to a Noteholder who wishes to make a Cash Election, (A) in respect of Affected Creditor Shares (other than Early Consent Shares) to which the Noteholder would otherwise be entitled, the electronic election through ATOP, and (B) in respect of Early Consent Shares to which a Noteholder would be entitled, the Application for Early Consent Consideration.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada), and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Implementation Date.

"**CCAA Proceedings**" means the proceedings commenced by the Applicants under the CCAA as contemplated by the Initial Order.

"**Cdn$**" means Canadian dollars.

"**Chair**" means the Monitor or a representative of the Monitor that has been designated by the Monitor.

"**Charges**" means the Administration Charge, the DIP Note Charge, the D&O Charge, the KERP Charge and the L/C Providers' Charge, each created by the Initial Order.

"**Circular**" means this information circular and proxy statement, including all appendices hereto.

"**Claim**" means any Pre-filing Claim, Restructuring Period Claim or Director/Officer Claim, in each case other than an Excluded Claim.

"**Claim Settlement Shares**" means the Affected Creditor Shares less the number of Cash Consideration Shares.

"**Claims Bar Date**" means 5:00 p.m. (Toronto time) on June 10, 2016.

"**Claims Procedure Order**" means the Order of the Court granted May 10, 2016 which, among other things, established the procedures by which claims of Affected Creditors shall be filed in the CCAA Proceedings, as such Order may be amended and supplemented from time to time.

"**Co-Agent**" means Computershare Inc. and Computershare Trust Company, N.A., collectively in their capacity as co-agent under the DIP Warrant Indenture.

"**Co-Chairs**" has the meaning ascribed to such term under "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

"**Code**" means the United States *Internal Revenue Code of 1986*, as now in effect and as it may be amended from time to time prior to the Implementation Date.

"**Collateral**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Note Indenture, DIP Notes and Exit Notes*".

"**Collateral Trust Agreement (First Lien)**" has the meaning ascribed to such term under "*DIP Facilities – Collateral Trust Agreement (First Lien)*".

"**Collateral Trust Agreement (Second Lien)**" has the meaning ascribed to such term under "*DIP Facilities – Collateral Trust Agreement (Second Lien)*".

"**Colombian Affected Creditors**" has the meaning ascribed to such term under *Income Tax Considerations – Certain Colombian Income Tax Considerations*".

"**Colombian Recognition Order Account**" means the bank account maintained by the Monitor in trust into which the Colombian Recognition Order Cash has been deposited.

"**Colombian Recognition Order Cash**" means the U.S.$50,000,000 of cash collateral held by the Monitor pursuant to the seventh resolution of the recognition order of the Colombian court made on June 10, 2016.

"**Commissioner**" has the meaning ascribed to such term under "*Certain Regulatory Matters Relating to the Plan – Merger Control Approval*".

"**Commitment Letters**" means, collectively, the Plan Sponsor Commitment Letter, the DIP Note/Exit Facility Commitment Letter and the DIP LC/Exit Facility Commitment Letter.

"**Common Share Consolidation**" means the consolidation of the Existing Shares and New Common Shares pursuant to and as a step in the Plan on the basis of one Consolidated Share for each 100,000 Common Shares outstanding immediately prior to the Common Share Consolidation.

"**Common Shares**" means the common shares in the capital of the Corporation that are duly issued and outstanding at any time.

"**Company Released Parties**" has the meaning ascribed to such term under "*Description of the Plan – Company Released Parties*".

"**Comparable Treasury Issue**" means the U.S. Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Exit Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

"**Comparable Treasury Price**" means, with respect to any redemption date (i) the average of the Reference Treasury Dealer Quotations quoted to the Independent Investment Banker for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (ii) if the Independent Investment Banker is quoted fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"**Competition Act**" means the *Competition Act* (Canada), as now in effect and as it may be amended from time to time prior to the Implementation Date.

"**Consent Deadline**" means the deadline to sign the Support Agreement or a joinder thereto in order to be eligible to receive the Early Consent Shares, which was 5:00 p.m. (Toronto time) on May 6, 2016.

"**Consenting Bank Lender**" means any holder of a Bank Claim that executed the Support Agreement or a joinder thereto and in respect of whom the Support Agreement has not been terminated, solely in its capacity as a holder of a Bank Claim subject to the Support Agreement.

"**Consenting Creditor**" means any Affected Creditor that executed the Support Agreement or a joinder thereto and in respect of whom the Support Agreement has not been terminated.

"**Consenting Noteholder**" means any holder of a Noteholder Claim that executed the Support Agreement or a joinder thereto on or prior to April 20, 2016, in respect of whom the Support Agreement has not been terminated.

"**Consolidated Shares**" means the Common Shares that will be issued and outstanding immediately following the Common Share Consolidation.

"**Corporation**" means Pacific Exploration & Production Corporation.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

"**Credit Facilities**" means collectively, the Revolving Facility, HSBC Facility and BoA Facility.

"**Creditor**" means any Person having a Claim and includes without limitation the transferee or assignee of a Claim transferred and recognized as a Creditor in accordance with paragraphs 42 and 43 of the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

"**Creditor Released Parties**" has the meaning ascribed to such term under "*Description of the Plan – Creditor Released Parties*".

"**Crown**" means Her Majesty in right of Canada or a province of Canada.

"**D&O Charge**" has the meaning ascribed to such term in the Initial Order.

"**DDSU**" means a deferred share unit granted under the DDSU Plan.

"**DDSU Plan**" means the deferred share unit plan for non-employee directors approved by the Board on February 3, 2012.

"**Designated Common Shares**" has the meaning ascribed to such term in the definition of Cash Amount.

"**Designated Offshore Securities Market**" has the meaning ascribed to such term in Rule 902 of Regulation S, and shall be a stock exchange that is acceptable to the Corporation and the Requisite Consenting Parties (having regard to the listing requirements of such stock exchange and the liquidity provided thereby).

"**Designated Rate**" means $0.00016 per New Common Share and, following the Common Share Consolidation, $16.00 per Consolidated Share.

"**DIP Closing Date**" means June 22, 2016.

"**DIP LC**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**DIP LC/Exit Facility Commitment Letter**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**DIP LC Facility**" means a debtor-in-possession letter of credit facility among the Corporation, the Guarantors, the DIP LC Facility Agent, and the DIP LC Lenders providing for a secured letter of credit facility of U.S.$115,532,794.

"**DIP LC Facility Agent**" means Wilmington Trust, National Association, as administrative agent under the DIP LC Facility.

"**DIP LC Lenders**" means the lenders under the DIP LC Facility, from time to time.

"**DIP LC Obligations**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**DIP Maturity Date**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**DIP Note Charge**" has the meaning ascribed to such term in the Initial Order.

"**DIP Note Indenture**" means the indenture dated June 22, 2016 among the Corporation, as issuer, the Guarantors, and Computershare Trust Company, National Association, as trustee, security registrar and paying agent, pursuant to which the Series 1 DIP Notes and Series 2 DIP Notes were issued.

"**DIP Note Purchase Agreement**" means the note purchase agreement dated as of June 20, 2016 among the Corporation, the Guarantors, and the DIP Note Purchasers pursuant to which (i) the DIP Note Purchasers acquired the DIP Notes, (ii) the DIP Note Purchasers (other than the Plan Sponsor) acquired the DIP Warrants, and (iii) on the Implementation Date, (A) the Series 2 DIP Notes become Exit Notes, and (B) the Series 1 DIP Notes are exchanged for Plan Sponsor Shares.

"**DIP Note Purchaser**" means a purchaser of DIP Notes, including the Plan Sponsor.

"**DIP Note/Exit Facility Commitment Letter**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement*".

"**DIP Notes**" means, collectively, the Series 1 DIP Notes and the Series 2 DIP Notes issued under the DIP Note Indenture pursuant to the DIP Note Purchase Agreement.

"**DIP Offering**" means the offering of DIP Notes and DIP Warrants pursuant to the DIP Note Purchase Agreement.

"**DIP Warrant Indenture**" means the warrant indenture dated June 22, 2016 between the Corporation, as issuer, Computershare Trust Company of Canada, as warrant agent and Computershare Trust Company, N.A. and Computershare Inc., as co-agents, pursuant to which the DIP Warrants were issued to the purchasers of the Series 2 DIP Notes.

"**DIP Warrants**" means the warrants issued under the DIP Warrant Indenture.

"**Director/Officer Claim**" means any right or claim of any Person against one or more of the Directors and/or Officers of the Corporation howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, for which any Director or Officer of the Corporation is alleged to be by statute or otherwise by law liable to pay in his or her capacity as a Director or Officer, other than an Excluded Claim.

"**Director/Officer Indemnity Claim**" means any existing or future right of any Director or Officer of the Corporation against the Corporation that arose or arises as a result of any Person filing a Proof of Claim in respect of a Director/Officer Claim in respect of such Director or Officer of the Corporation for which such Director or Officer of the Corporation is entitled to be indemnified by the Corporation.

"**Directors**" means all current and former directors (or their estates) of the Corporation in such capacity and any other Person deemed to be a director of the Corporation under section 11.03(3) of the CCAA, and "**Director**" means any one of them.

"**Disputed Claim**" means a Disputed Voting Claim or a Disputed Distribution Claim.

"**Disputed Director/Officer Claim**" means a Director/Officer Claim which is validly disputed in accordance with the Claims Procedure Order and which remains subject to adjudication in accordance with the Claims Procedure Order and the CCAA.

"**Disputed Distribution Cash Pool**" has the meaning ascribed to that term in the Plan.

"**Disputed Distribution Cash Pool Account**" means the segregated interest bearing trust account in which the Monitor shall hold the Disputed Distribution Cash Pool until its distribution in accordance with the final resolution of the Disputed Distribution Claims under the Plan.

"**Disputed Distribution Claim**" means an Affected Claim (including a contingent Affected Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Distribution Claim, which is validly disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order.

"**Disputed Distribution Share Reserve**" means the reserve, if any, to be established by the Applicants on the Implementation Date, which shall be comprised of the number of New Common Shares that would have been delivered to Affected Creditors on account of Disputed Distribution Claims if such Disputed Distribution Claims had been Distribution Claims as of such date, with such number being calculated without regard to any Cash Elections made in respect of such Disputed Distribution Claims.

"**Disputed Voting Claim**" means an Affected Claim (including a contingent Affected Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Voting Claim, which is validly disputed for voting purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for voting purposes in accordance with the Claims Procedure Order.

"**Distribution Claim**" means the amount of the Affected Claim of an Affected Creditor as finally accepted and determined for distribution purposes in accordance with the Claims Procedure Order and the CCAA.

"**DTC**" means The Depository Trust Company, or any successor thereof.

"**Early Consent Noteholders**" has the meaning ascribed to such term under "*Early Consent Shares*".

"**Early Consent Shares**" means the 110,000,000,000 New Common Shares to be issued under the Plan to Noteholders with Eligible Note Claims.

"**Ecopetrol**" means Ecopetrol, S.A.

"**EDSU**" means a deferred share unit granted under the EDSU Plan.

"**EDSU Plan**" means the deferred share unit plan for officers and employees of the Corporation approved by the Board on May 30, 2014.

"**EIG**" means EIG Management Company, LLC.

"**Elected Share Amount**" in respect of a Cash Election Creditor means the New Common Shares which that Cash Election Creditor would have been otherwise entitled to receive under the Plan in respect of which it is entitled to receive its Cash Amount in lieu of receiving such New Common Shares.

"**Eligible Note Claims**" means those Noteholder Claims that are entitled to Early Consent Shares in accordance with the terms of the Support Agreement and the Meeting Order.

"**Equity Claim**" has the meaning set forth in section 2(1) of the CCAA.

"**Equity Subscribers**" means those DIP Note Purchasers (other than the Plan Sponsor) who have entered into an Equity Subscription Agreement.

"**Equity Subscription Agreements**" means the agreements by which the Equity Subscribers subscribe, in connection with the Cash Elections, for (i) an aggregate of up to U.S.$50,000,000 of New Common Shares at a price per New Common Share based on the Designated Rate, and, if applicable (ii) such additional number of New Common Shares at such prices as may be elected by each such Equity Subscriber in accordance with the terms thereof and the Plan.

"**Equity Subscription Amount**" means the total aggregate amount to be paid by an Equity Subscriber to the Corporation to acquire New Common Shares under such Equity Subscriber's Equity Subscription Agreement.

"**Excess Elections**" has the meaning ascribed to such term under "*Cash Election – Funding of Cash Elections*".

"**Excess Subscription**" has the meaning ascribed to such term under "*Cash Election – Funding of Cash Elections*".

"**Exchange**" has the meaning ascribed to such term under "*Certain Regulatory Matters Relating to the Plan – Issuance and Resale of Securities Received under the Plan*".

"**Excluded Claim**" has the meaning ascribed to such term in "*Description of the Plan – Excluded Claims*".

"**Excluded Creditor**" means a Person who has an Excluded Claim, but only in respect of and to the extent of such Excluded Claim.

"**Exercised Warrants**" means DIP Warrants that have been exercised in accordance with the DIP Warrant Indenture.

"**Existing Equity Holders**" means, collectively, the Existing Shareholders and, as the context requires, the Registered Holders or beneficial holders of Existing Share Options and the Registered Holders or beneficial holders of Rights, in each case in their capacities as such.

"**Existing Guarantors**" means, collectively, Pacific E&P Holdings Corp., Meta Petroleum Corp., Pacific Stratus International Energy Ltd., Pacific Stratus Energy Colombia Corp., Pacific Stratus Energy S.A., Pacific Off Shore Peru S.R.L., Pacific Rubiales Guatemala S.A., Pacific Guatemala Energy Corp., PRE-PSIE Coöperatief U.A., and Petrominerales Colombia Corp.

"**Existing Share Options**" means all rights, options, warrants and other securities (other than the Notes, Series 1 Notes and the DIP Warrants) convertible or exchangeable into equity securities of the Corporation.

"**Existing Shareholders**" means, as the context requires, Registered Holders or beneficial holders of the Existing Shares, in their capacities as such.

"**Existing Shares**" means all of the Common Shares that are issued and outstanding immediately prior to the Implementation Date, subject to adjustment as provided for in the Plan.

"**Exit LC Facility**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**Exit LC Maturity Date**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**Exit Note Issue Date**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Note Indenture, DIP Notes and Exit Notes – Exit Notes*".

"**Exit Notes**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Note Indenture, DIP Notes and Exit Notes – Exit Notes*".

"**Expiry Time**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Warrants and DIP Warrant Indenture*".

"**Filing Date**" means the date of the Initial Order, being April 27, 2016.

"**First Lien Collateral Trustee**" has the meaning ascribed to such term under "*DIP Facilities – Collateral Trust Agreement (First Lien)*".

"First Lien Debt Cap" has the meaning ascribed to such term under "*DIP Facilities – Intercreditor Agreement*".

"**First Lien Obligations**" has the meaning ascribed to such term under "*DIP Facilities – Intercreditor Agreement*".

"**First Lien Secured Parties**" has the meaning ascribed to such term under "*DIP Facilities – Intercreditor Agreement*".

"**Flip-in Event**" has the meaning ascribed to such term under "*The Corporation After the Plan – Rights Plan – Rights Exercise Privilege*".

"**General Creditor**" means an Affected Creditor other than a Noteholder (being a Bank Lender or Other Affected Creditor), in its capacity as such.

"**General Creditor Cash Election Form**" means, with respect to an Affected Creditor (other than a Noteholder), the document to be completed by such Affected Creditor to make a Cash Election.

"**General Creditor Proxy**" means the form of proxy for General Creditors as further described in the Meeting Order.

"**General Creditors Shares**" means the Affected Creditor Shares excluding the Noteholder Shares.

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**Guarantee Claim**" means any Bank Claim or Noteholder Claim against any Existing Guarantor, and "**Guarantee Claims**" means all of such Bank Claims and Noteholder Claims.

"**Guarantors**" means, collectively, Pacific E&P Holdings Corp., Meta Petroleum A.G., Pacific E&P Holdings, S.a.r.l., Pacific Global Capital, Pacific Stratus International Energy Ltd., Pacific Brasil Exploracão e Produção de Óleo e Gás Ltda., Pacific Stratus Energy Colombia Corp., Pacific Stratus Energy S.A., Pacific Marketing International Corp., Pacific Off Shore Peru S.R.L., Pacific Stratus Energy del Peru S.A., Petrominerales Peru Ltd., Petro International Ltd., Petrominerales Bermuda Ltd., PRE-PSIE Cooperatief U.A., Petrominerales Colombia Corp., C&C Energia Holding SRL, Grupo C&C Energia (Barbados) Ltd., PRE Corporate Services Corp., Pacific Midstream Holding Corp., Pacinfra Holding Ltd., Major International Oil S.A., Agro Cascada S.A.S and Pacific Guatemala Energy Corp.

"**Harbour Energy**" means, collectively, Harbour Energy Ltd and Harbour Energy, L.P.

"**Hedging Facility**" means one or more secured hedging facilities that provide for secured hedging of up to 60% of the oil and gas production of the Corporation and its subsidiaries, or such other amount as may be permitted by the DIP Note Indenture and the DIP LC Facility (or the indenture for the Exit Notes and the Exit LC Facility, as applicable).

"**HSBC Facility**" means the Corporation's U.S.$250 million term facility, as amended, provided by HSBC Bank USA, N.A.

"**IFRS**" means the International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, as amended from time to time.

"**Implementation Date**" means the Business Day on which the Plan becomes effective, which shall be the Business Day designated by the Monitor in the Monitor's Certificate, or such other date as the Applicants, the Monitor and the Requisite Consenting Parties may designate.

"**Implementation Documents**" means the Subscription Agreements and any other documents required to complete the transactions in Section 9.5 of the Plan for the implementation of the Plan, which documents shall be in form and substance satisfactory to the Requisite Consenting Parties.

"**Implementation Time**" means 12:01 a.m. (Toronto time) on the Implementation Date (or such other time as the Applicants, the Monitor and the Requisite Consenting Parties may designate).

"**Indenture Trustee**" means The Bank of New York Mellon, as trustee, under each of the Note Indentures.

"**Independent Committee**" means the independent committee created by the Board to consider and advise the Board on matters relating to the Corporation's financial difficulties.

"**Independent Directors**" has the meaning ascribed to such term in the Amended Articles.

"**Independent Investment Banker**" means one of the Reference Treasury Dealers appointed by the Corporation.

"**Initial Cash Pool**" has the meaning ascribed to such term in the Plan.

"**Initial Cash Pool Account**" means a segregated interest bearing trust account established by the Monitor to hold the Initial Cash Pool until distribution to the Cash Election Creditors in accordance with the Plan.

"**Initial Order**" means the initial Order of Court granted on April 27, 2016, as amended, restated or varied from time to time and attached to this Circular as Appendix "C".

"**Intercreditor Agreement**" has the meaning ascribed to such term under "*DIP Facilities – Intercreditor Agreement*".

"**Intermediary**" means a bank, broker or other intermediary that holds Notes on behalf of a Beneficial Noteholder.

"**IRS**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

"**KERP**" means the key employee retention plan adopted by the Corporation in connection with the Restructuring.

"**KERP Charge**" has the meaning ascribed to such term in the Initial Order.

"**L/C Providers**" has the meaning ascribed to such term in the Initial Order.

"**L/C Providers' Charge**" has the meaning ascribed to such term in the Initial Order.

"**Law**" means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada, the United States, Colombia or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity.

"**Lazard**" means, collectively, Lazard Frères & Co. LLC and Lazard Asesores Financieros, S.A.

"**LC Advance**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**LC Commitments**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**LC Draw**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**LC Fee**" has the meaning ascribed to such term under "*DIP Facilities – DIP LC Facility and Exit LC Facility – DIP LC Facility*".

"**Majority Consenting Bank Lenders**" means Consenting Bank Lenders holding at least a majority of the aggregate principal amount of all Bank Claims held by all Consenting Bank Lenders at the applicable time.

"**Majority Consenting Noteholders**" means Consenting Noteholders holding at least a majority of the aggregate principal amount of all Noteholder Claims held by all Consenting Noteholders at the applicable time.

"**Management Incentive Plan**" means the management incentive plan of the Corporation to be approved by the New Board with effect following the Restructuring.

"**Master Proxy**" means the form of master proxy to be used by the Intermediaries in connection with voting for or against the Plan Resolution which is a summary of all the voting instructions received by the Intermediaries via VIFs from Beneficial Noteholders.

"**Master Proxy/Election Deadline**" means 10:00 a.m. (Toronto time) on August 16, 2016.

"**Maturity Date**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Note Indenture, DIP Notes and Exit Notes – DIP Notes*".

"**Meeting**" means the meeting of the Affected Creditors held pursuant to the Meeting Order and includes any meeting resulting from any adjournment or postponement thereof.

"**Meeting Order**" means the Meeting Order of the Court granted on June 30, 2016, pursuant to which, among other things, the Applicants were authorized to file the Plan and to convene the Meeting, as amended, restated or varied from time to time.

"**Monitor**" means PricewaterhouseCoopers Inc., in its capacity as Court-appointed Monitor of the Applicants in the CCAA Proceedings.

"**Monitor's Certificate**" means the certificate to be delivered by the Monitor pursuant to Section 13.6 of the Plan.

"**Net Noteholder Shares**" means the Noteholder Shares, excluding the Early Consent Shares.

"**New Board**" means the Board of the Corporation appointed on the Implementation Date pursuant to the Amended Articles and the Plan.

"**New Common Shares**" means the 5,000,000,000,000 Common Shares to be issued pursuant to the Plan (before giving effect to the Common Share Consolidation), being the aggregate of the Claim Settlement Shares, Cash Consideration Shares, Warrant Shares (assuming that all the DIP Warrants are exercised) and the Plan Sponsor Shares, subject to reduction as a result of the elimination of fractional shares, DIP Warrants that are not exercised and the cancellation of Undeliverable Distributions pursuant to the Plan.

"**New Facility**" has the meaning ascribed to such term under "*DIP Facilities – Collateral Trust Agreement (Second Lien)*".

"**New Right**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan – Issuance of Rights*".

"**New Rights Plan**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan*".

"**NI 62-104**" means has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan*".

"**Non-Resident Holder**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Not Resident in Canada*".

"**Norton Rose**" means Norton Rose Fulbright Canada LLP.

"**Note Indentures**" means, collectively, the 2019 Note Indenture, the 2021 Note Indenture, the 2023 Note Indenture and the 2025 Note Indenture.

"**Note Party**" means the Corporation and the Guarantors.

"**Noteholder Claim**" means any right or claim of any Noteholder that may be asserted or made in whole or in part against any of the Applicants, in any capacity, whether or not asserted or made, solely in respect of the principal and accrued interest on the Notes.

"**Noteholder Information Packages**" means, collectively, the Notice of Meeting, this Circular, the VIF, the Application for Early Consent Consideration and the applicable Cash Election Form.

"**Noteholder Record Date**" means July 8, 2016.

"**Noteholder Shares**" means the Affected Creditor Shares to be issued to all Noteholders on account of Noteholders' Allowed Claims, which shall be that portion of the Affected Creditor Shares that is equal to the proportion of all Noteholders' Allowed Claims calculated as at the Filing Date bears to the aggregate of all Distribution Claims (including each Disputed Distribution Claim until such time that such Disputed Distribution Claim has been finally resolved or disallowed), calculated as at the Filing Date.

"**Noteholders**" means, as context requires, the Registered Holders of the Notes or the Beneficial Noteholders, in their capacities as such.

"**Noteholders' Allowed Claims**" means all principal amounts outstanding and all accrued interest under the Notes as at the Filing Date as determined in accordance with the Claims Procedure Order for purposes of voting on, and receiving distributions under, the Plan and "**Noteholder's Allowed Claim**" means the portion of the Noteholders' Allowed Claims attributable to a particular Noteholder as at the Filing Date.

"**Notes**" means, collectively, the 2019 Notes, the 2021 Notes, the 2023 Notes and the 2025 Notes.

"**Notice of Meeting**" means the notice of the Meeting.

"**Number of Warrant Shares**" means the number of Warrant Shares equal to 12.5% multiplied by the total number of Common Shares issued and outstanding, on a fully diluted basis (which assumes, for certainty, the exercise of all DIP Warrants and the exchange of the Series 1 DIP Notes for New Common Shares in accordance with their terms), immediately following the Implementation Date, after excluding from such number (i) any Existing Shares (or any Common Shares issued on the Implementation Date in exchange for such Common Shares), provided that such number of Common Shares shall not in the aggregate represent more than 0.006% of the total number of Common Shares issued and outstanding, on a fully diluted basis (which assumes, for certainty, the exercise of all DIP Warrants and the exchange of the Series 1 DIP Notes for New Common Shares in accordance with their terms, but does not include Common Shares issued or issuable under the Management Incentive Plan) immediately following the Implementation Date and (ii) any Common Shares issued or issuable under the Management Incentive Plan.

"**Offered Common Shares**" has the meaning ascribed to such term in the definition of Cash Amount.

"**Offer Rate**" means a rate equal to (i) a minimum of $0.000161 per New Common Share and following the Common Share Consolidation, $16.10 per Consolidated Share, or (ii) such higher rates in increments of $0.000001 above $0.000161 per New Common Share and following the Common Share Consolidation, of $0.10 above $16.10 per Consolidated Share.

"**Officers**" means all current and former officers (or their estates) of the Corporation in such capacity and "**Officer**" means any one of them.

"**Options**" means any option to purchase Common Shares granted under the Stock Option Plan or otherwise.

"**Order**" means any order of the Court in the CCAA Proceedings.

"**Osler**" means Osler, Hoskin & Harcourt LLP.

"**Other Affected Creditor**" means creditors with a Claim other than Noteholders and Bank Lenders, who have complied with the procedures set out in the Claims Procedure Order and filed a valid Proof of Claim by the Claims Bar Date.

"**Outside Date**" means October 24, 2016 (or such other date as the Applicants and the Requisite Consenting Parties may agree).

"**Pacific Acquisition**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Corporate Structure*".

"**Pacific Group**" means the Corporation and its subsidiaries.

"**Pacific Stratus Energy**" means Pacific Stratus Energy Ltd.

"**Participant Holder**" has the meaning ascribed thereto in the Meeting Order.

"**PEH**" means Pacific E&P Holdings Corp.

"**PEH Acquisition**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Corporate Structure*".

"**Permitted Bid**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan – Rights Exercise Privilege*".

"**Person**" means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, Governmental Entity or any agency, regulatory body or officer thereof or instrumentality thereof or any other entity, wherever situated or domiciled, and whether or not having legal status.

"**Petrominerales Acquisition**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Corporate Structure*".

"**PFIC**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations – Tax Consequences to U.S. Holders of New Common Shares – Distributions of New Common Shares*".

"**Plan**" means the Plan of Compromise and Arrangement proposed by the Corporation pursuant to the CCAA, a copy of which is attached as Appendix "B" to this Circular, and any amendments, restatements, modifications or supplements thereto made in accordance with the terms thereof or made at the direction of the Court in the Sanction Order.

"**Plan Resolution**" means the resolution of the Affected Creditors relating to the Plan to consider at the Meeting, a copy of which is attached as Appendix "A" to this Circular, as it may be amended from time to time in accordance with the terms of the Plan and Meeting Order.

"**Plan Sponsor**" means The Catalyst Capital Group Inc. or any funds managed or administered by it or its affiliates;

"**Plan Sponsor Commitment**" has the meaning ascribed to such term under "*DIP Facilities – The Plan Sponsor Commitment Letter*".

"**Plan Sponsor Commitment Letter**" has the meaning ascribed to such term under "*DIP Facilities – The Plan Sponsor Commitment Letter*".

"**Plan Sponsor/Creditor Proposal**" has the meaning ascribed to such term under "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

"**Plan Sponsor Released Parties**" has the meaning ascribed to such term under "*Description of the Plan – Plan Sponsor Released Parties*".

"**Plan Sponsor Shares**" has the meaning ascribed to such term under "*Description of the Plan – Purpose of the Plan*".

"**Plan Sponsor Subscription Agreement**" means the agreement by which the Plan Sponsor subscribes in connection with a Cash Election for (i) up to U.S.$200,000,000 of New Common Shares at a price per New Common Share based on the Designated Rate, and, if applicable, (ii) such additional number of Common Shares at such prices as may be elected by the Plan Sponsor in accordance with the terms thereof and the Plan.

"**Plan Sponsor Subscription Amount**" means the aggregate amount to be paid by the Plan Sponsor to the Corporation to acquire New Common Shares under the Plan Sponsor Subscription Agreement.

"**Post-filing Claim**" means any claims against the Corporation that arose from the provision of authorized goods and services provided or otherwise incurred on or after the Filing Date in the ordinary course of business, but specifically excluding any Restructuring Period Claim.

"**Preferred Shares**" means, as the context may require, the preferred shares in the capital of the Corporation that are duly issued and outstanding at any time.

"**Pre-filing Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the Corporation, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Corporation, and any interest accrued thereon or costs payable in respect thereof, in existence on the Filing Date, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, and whether or not any such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and including any claims that would have been claims provable in bankruptcy had the Corporation become bankrupt on the Filing Date, other than an Excluded Claim.

"**Pro Rata Share**" means:

(a) in respect of the General Creditor Shares, the percentage that a General Creditor's Distribution Claim calculated as at the Filing Date bears to the aggregate of: (i) all General Creditors' Distribution Claims calculated as at the Filing Date; and (ii) all Disputed Distribution Claims (other than Disputed Distribution Claims that are Noteholders' Claims) calculated as at the Filing Date;

(b) in respect of the Net Noteholder Shares, the percentage that a Noteholder's Allowed Claim calculated as at the Filing Date bears to the aggregate of (i) all Noteholders' Allowed Claims calculated as at the Filing Date; and (ii) all Disputed Distribution Claims (relating to Noteholders Claims) calculated as at the Filing Date; and

(c) in respect of the Early Consent Shares, the percentage that an Eligible Note Claim calculated as at the Noteholder Record Date bears to the aggregate of all Eligible Note Claims calculated as at the Noteholder Record Date.

"**Proof of Claim**" means the form to be completed and filed by Affected Creditors in accordance with the Claims Procedure Order setting forth its proposed Claim.

"**Proxy**" means the Master Proxy or the General Creditor Proxy, as the context so requires.

"**Proxy/Election Deadline**" means 10:00 a.m. (Toronto time) on August 10, 2016.

"**RCL Proposed Director**" means an individual on the New Board proposed by the Requisite Consenting Bank Lenders that is reasonably acceptable to the Requisite Consenting Noteholders.

"**RCN Proposed Director**" means an individual on the New Board proposed by the Requisite Consenting Noteholders that is reasonably acceptable to the Requisite Consenting Bank Lenders.

"**Recapitalization Term Sheet**" means the recapitalization term sheet which contemplates the Restructuring which is attached as Exhibit "A" to the Support Agreement.

"**Reference Treasury Dealer**" means Merrill Lynch, Pierce, Fenner & Smith Incorporated or its affiliates which are primary U.S. government securities dealers and four other leading primary U.S. government securities dealers in New York City reasonably designated by the Corporation; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a "**Primary Treasury Dealer**"), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

"**Registered Holder**" means: (i) in respect of the Notes, the holder of such Notes as recorded on the books and records of the Indenture Trustee; (ii) in respect of the Existing Shares, the holder of such Existing Shares as recorded on the share register maintained by the Transfer Agent; (iii) in respect of the DIP Warrants the holder of DIP Warrants as recorded on the books and records of the Warrant Agent; and (iv) in respect of the DIP Notes and Exit Notes, the person in whose name a DIP Note and Exit Note, respectively, is registered in the register kept by Computershare Trust Company, National Association as registrar.

"**Regulation S**" means Regulation S as promulgated by the US Securities Commission under the U.S. Securities Act.

"**Regulations**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

"**Released Parties**" means the Company Released Parties, the Creditor Released Parties and the Plan Sponsor Released Parties.

"**Remaining Indebtedness**" has the meaning ascribed to such term under "*Description of the Plan – Plan Steps*".

"**Required Majority**" means a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of Affected Creditors who are present and voting in person or by proxy on the Plan Resolution at the Meeting and who are entitled to vote at the Meeting in accordance with the Meeting Order.

"**Requisite Consenting Bank Lenders**" has the same meaning as "Majority Consenting Bank Lenders".

"**Requisite Consenting Creditors**" means, together, the Requisite Consenting Bank Lenders and the Requisite Consenting Noteholders.

"**Requisite Consenting Noteholders**" means Consenting Noteholders that are members of the Ad Hoc Committee holding at least sixty per cent (60%) in aggregate principal amount of the Noteholders' Allowed Claims held by all Consenting Noteholders that are members of the Ad Hoc Committee.

"**Requisite Consenting Parties**" means each of the Majority Consenting Lenders, the Majority Consenting Noteholders, and the Plan Sponsor;

"**Restricted Subsidiaries**" has the meaning ascribed to such term under "*DIP Facilities – DIP Note Purchase Agreement – DIP Note Indenture, DIP Notes and Exit Notes – Exit Notes*".

"**Restructuring**" means a comprehensive restructuring of certain financial obligations of the Pacific Group to be implemented in accordance with the terms and conditions set forth in the Recapitalization Term Sheet and certain related agreements by commencing the Restructuring Proceedings.

"**Restructuring Period Claim**" means any right or claim of any Person against an Applicant in connection with any indebtedness, liability or obligation of any kind whatsoever owed to such Person arising out of the restructuring, disclaimer, repudiation or termination by an Applicant on or after the Filing Date of any contract, lease or other agreement, whether written or oral, other than an Excluded Claim.

"**Restructuring Period Claims Bar Date**" means seven days after termination, repudiation or resiliation of the applicable agreement or other event giving rise to the applicable Restructuring Period Claim.

"**Restructuring Proceedings**" means the CCAA Proceedings together with appropriate proceedings in Colombia under Ley 1116 of 2006 and in the United States under chapter 15 of title 11 of the United States Code.

"**Revolving Facility**" has the meaning ascribed to such term under "*The Corporation Before the Plan – Capital Structure – Credit Facilities & Lines of Credit – U.S. Dollar Syndicated Revolving Credit Facility*".

"**Rights**" means the rights issued pursuant to the 2015 Rights Plan.

"**RRIF**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Eligibility for Investment*".

"**RRSP**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Eligibility for Investment*".

"**Sanction Order**" means the Order of the Court sanctioning and approving the Plan pursuant to section 6(1) of the CCAA, which shall include such terms as may be necessary or appropriate to (i) give effect to the Plan, in form and substance satisfactory to the Applicants and the Requisite Consenting Parties, each acting reasonably, and (ii) allow the Corporation

to rely on the exemption from registration set forth in section 3(a)(10) of the US Securities Act for purposes of the issuance of the Claim Settlement Shares.

"**SEC**" means the United States Securities and Exchange Commission.

"**Second Lien Collateral Trustee**" has the meaning ascribed to such term under "*DIP Facilities – Collateral Trust Agreement (Second Lien)*".

"**Second Lien Obligations**" has the meaning ascribed to such term under "*DIP Facilities – Intercreditor Agreement*".

"**Second Lien Secured Parties**" has the meaning ascribed to such term under "*DIP Facilities – Intercreditor Agreement*".

"**Secretary**" means the person designated by the Monitor to act as secretary of the Meeting.

"**Secured Claims**" means that portion of any indebtedness or obligation of the Corporation that is: (i) secured by security validly charging or encumbering property or assets of the Corporation (including statutory and possessory liens that create security interests) but only up to the value of such collateral; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date.

"**Securityholders**" means the Noteholders, Bank Lenders and the Existing Shareholders.

"**Separation Time**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Rights Plan – Rights Exercise Privilege*".

"**Series 1 DIP Notes**" means the notes created under the DIP Note Indenture known as the "12.0% Series 1 DIP Notes".

"**Series 2 DIP Notes**" means the notes created under the DIP Note Indenture known as the "12.0% Series 2 DIP Notes".

"**Service List**" means the list of parties for service maintained by the Monitor and available at www.pwc.com/ca/pacific.

"**Share Amount**" in respect of an Affected Creditor means the number of New Common Shares that such Affected Creditor would be entitled to receive under the Plan, if such Affected Creditor did not make a Cash Election.

"**Shareholder**" means a holder of Common Shares.

"**Solicitation Agent**" means Kingsdale Shareholder Services, or any successor solicitation agent.

"**Standard & Poor's**" means Standard & Poor's Financial Services LLC.

"**Steering Committee**" has the meaning ascribed to such term under "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

"**Stock Option Plan**" means the stock option plan of the Corporation in effect as of the Filing Date.

"**Subscription Agreements**" means the Plan Sponsor Subscription Agreement and the Equity Subscription Agreements.

"**Subscription Amount**" has the meaning ascribed to such term in the Plan.

"**Superintendencia**" means the Colombian Superintendencia de Sociedades (the "Superintendence of Corporations" in English).

"**Supplementary Information Request**" has the meaning ascribed to such term under "*Certain Regulatory Matters Relating to the Plan – Merger Control Approval*".

"**Support Agreement**" means the Support Agreement made as of April 20, 2016 (as amended from time to time) between the Corporation, the Plan Sponsor and the Affected Creditors party thereto, together with any joinder executed by other Affected Creditors from time to time.

"**Tax**" or "**Taxes**" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever, including all interest, penalties, fines, additions to tax or other additional amounts in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C., 1985, c.1 (5th Supplement) and the regulations thereunder.

"**Tax Proposals**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

"**taxable capital gain**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

"**TFSA**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Eligibility for Investment*".

"**Transfer Agent**" means Computershare Trust Company of Canada.

"**Treasury Rate**" means, with respect to any redemption date, the rate *per annum* equal to the monthly equivalent yield to maturity or interpolated maturity (on a day-count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"**Trustee Claims**" has the meaning ascribed to such term in "*Description of the Plan – Excluded Claims*".

"**Trustors**" has the meaning ascribed to such term under "*DIP Facilities – Collateral Trust Agreement (First Lien)*".

"**TSX**" means the Toronto Stock Exchange.

"**TSX-V**" means the TSX Venture Exchange.

"**UBS**" means UBS Securities Canada Inc.

"**Undeliverable Distribution**" means any distribution of Consolidated Shares or of a Cash Amount that is undeliverable (for greater certainty, meaning that (i) it cannot be properly registered or delivered to the intended recipient because of inadequate or incorrect registration or delivery information, (ii) any cheque in respect of a Cash Amount is not deposited or cashed by the recipient within six months from the date of issue, or (iii) it is otherwise undeliverable for any reason).

"**U.S. dollars**", "**U.S.$**" or "**$**" means United States dollars.

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended and now in effect and as it may be further amended from time to time prior to the Implementation Date.

"**U.S. Holder**" has the meaning ascribed to such term under "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended and now in effect and as it may be further amended from time to time prior to the Implementation Date.

"**U.S. Securities Laws**" means, collectively, the *Sarbanes-Oxley Act of 2002* ("**Sarbanes-Oxley**"), the U.S. Securities Act, the U.S. Exchange Act, the rules and regulations of the SEC and the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board.

"**VIF**" means the voting instruction form used by Beneficial Noteholders to instruct Intermediaries with respect to voting for or against the Plan Resolution.

"**Voting Agreement**" has the meaning ascribed to such term under "*The Corporation After Implementation of the Plan – Governance and Management*".

"**Voting Claim**" means the amount of the Affected Claim of an Affected Creditor against the Corporation as finally accepted and determined for purposes of voting at the Meeting, in accordance with the provisions of the Claims Procedure Order and the CCAA.

"**Voting Creditor**" means an Affected Creditor who is entitled to vote on the Plan pursuant to the Plan and the Meeting Order.

"**Warrant Agent**" means, as the case may be, one or more of Computershare Trust Company of Canada, as warrant agent or Computershare Trust Company, N.A. or Computershare Inc. as co-agents, under the DIP Warrant Indenture.

"**Warrant Exercise Record Date**" mean the date that is the tenth Business Day prior to the anticipated Implementation Date established by the Corporation and notified to the Warrant Agent, DTC and the holder of a DIP Warrant in accordance with the DIP Warrant Indenture.

"**Warrant Shares**" has the meaning ascribed to such term under "*Description of the Plan – Purpose of the Plan*".

SUMMARY

This summary highlights selected information from this Circular to help Affected Creditors understand the Plan. Affected Creditors should read this Circular carefully in its entirety to understand the terms of the Plan as well as tax and other considerations that may be important to them in deciding whether to approve the Plan. Affected Creditors should pay special attention to the "Risk Factors" section of this Circular. The following summary is qualified in its entirety by reference to the detailed information contained or incorporated by reference in this Circular. Capitalized terms used herein, and not otherwise defined, have the meanings ascribed to them in the "Glossary of Terms" which begins on page 6.

Pacific Exploration & Production Corporation

Pacific Exploration & Production Corporation (formerly Pacific Rubiales Energy Corp.) is a Canadian public company amalgamated under the BCBCA. The head office of the Corporation is located at 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2, Canada and its records office is located at 1188 West Georgia Street, Suite 650, Vancouver, British Columbia, V6E 4A2, Canada.

Background to the Plan

During the second half of 2014 and into the first half of 2015, oil prices declined to their lowest levels since 2009; then in late 2015 and early 2016, oil prices again declined to levels not seen for 13 years. The decline and volatility in oil prices over this period contributed to a substantial decline in the trading price of the Common Shares and the profitability of the Pacific Group as a whole. In this context, on April 27, 2016, the Corporation made an application for, among other things, creditor protection under the CCAA and the Initial Order was granted by the Court.

The Corporation believes that filing for Court protection under the CCAA and pursuing the implementation of the Plan is the best way, given the circumstances, to reduce the Corporation's debt levels and increase liquidity for the Corporation's operations. The Corporation believes that the Plan represents the best alternative for the long-term interests of the Corporation, the Pacific Group, and the Pacific Group's approximately 2,200 employees and more than 3,000 contract workers, suppliers, customers and other stakeholders.

The Plan represents the culmination of a thorough solicitation process with consensual and direct negotiations among the Corporation, the Ad Hoc Committee, certain Bank Lenders and each of the bidders, including the Plan Sponsor. Once effected, the Plan will significantly reduce debt, improve liquidity, and best position the Corporation to navigate the current oil price environment.

Absent the approval of a transaction such as the Plan, it is likely there will be a "free-fall" bankruptcy of the Corporation and/or appointment of a receiver over all of the assets and undertakings of the Corporation or the Superintendencia will take actions to take control of the Corporation and its subsidiaries and branches in Colombia, neither of which would be in the best interests of the Corporation**.**

See "*Background to and Reasons for the Plan*".

Meeting

Pursuant to the Meeting Order, a meeting has been called for the purpose of having Affected Creditors consider and, if deemed advisable, pass the Plan Resolution to approve the Plan and all matters ancillary thereto. The Meeting will be held at 10:00 a.m. (Toronto time) on Wednesday, August 17, 2016 at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario, M5J 2Z4, Canada.

See "*Information Concerning the Meeting*".

Entitlement to Vote and Voting

There will be one class of creditors consisting of the Affected Creditors (being the Noteholders, Bank Lenders and Other Affected Creditors). The procedure for determining the validity and value of the Claims of Affected Creditors for voting and distribution purposes is as set forth in Claims Procedure Order, the Meeting Order and the Plan.

The only Persons entitled to notice of, to attend or to speak at the Meeting are eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Applicants, the Independent Committee, the Plan Sponsor, the Ad Hoc Committee, the Bank Agents, the Indenture Trustee, such parties' financial and legal advisors, the Chair, the Secretary and scrutineers. The quorum for the Meeting is the presence, in person or by proxy, at the Meeting of one Affected Creditor with a Voting Claim. The date set as the record date in respect of Noteholders and Bank Lenders entitled to vote at the Meeting is 5:00 p.m. (Toronto time) on July 8, 2016. There is no record date in respect of Other

Affected Creditors and, therefore, a holder of an Other Affected Creditor's claim will be entitled to vote at the Meeting to the extent the procedures set out in the Claims Procedure Order and the Meeting Order have been complied with.

Beneficial Noteholders should receive a VIF with this Circular, if no such VIF is enclosed Beneficial Noteholders should contact their Intermediary immediately. Beneficial Noteholders as of the Noteholder Record Date will be entitled to provide instructions relating to their Notes and attend the Meeting. Each Beneficial Noteholder will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim as determined in accordance with the Meeting Order. A Beneficial Noteholder may indicate its instructions with respect to voting for or against the Plan Resolution on the VIF, by making arrangements with their Intermediary to attend the Meeting and vote in person or by using the Broadridge QuickVote™ service.

Only Bank Lenders as of the Bank Lender Record Time will be entitled to vote, in person or by proxy, at the Meeting as a Bank Lender. Each Bank Lender will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim as determined in accordance with the Meeting Order. Each Other Affected Creditor with a Voting Claim will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim as determined in accordance with the Meeting Order. General Creditors must attend the Meeting in person or use the General Creditor Proxy, which they should have received with this Circular, to vote on the Plan Resolution. If no such Proxy is enclosed, General Creditors should contact the Monitor or the Corporation immediately.

In order to be effective:

- VIFs must be received by each Beneficial Noteholder's Intermediary prior to 10:00 a.m. (Toronto time) on August 10, 2016; and

- General Creditor Proxies must be received by the Monitor at Monitor of Pacific Exploration & Production Corporation et al., PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, facsimile number: 1 416-814-3219 or email: cmt_processing@ca.pwc.com, prior to 10:00 a.m. (Toronto time) on August 10, 2016.

Affected Creditors holding a Disputed Voting Claim will be entitled to attend the Meeting and will be entitled to one vote at the Meeting. The value of such vote will be determined in accordance with the Claims Procedure Order and the Meeting Order. The Monitor will keep a separate record of votes cast by Affected Creditors with Disputed Voting Claims and will report to the Court with respect thereto at the motion in respect of the Sanction Order. The votes cast in respect of any Disputed Voting Claims will be recorded and, if the votes associated with Disputed Voting Claims affect the determination as to whether a Required Majority is obtained, then direction from the Court will be sought. Excluded Creditors will not be entitled to vote at the Meeting in respect of such Excluded Claims. Holders of Equity Claims and Existing Shareholders will not be entitled to vote at the Meeting in respect of such Equity Claims or Existing Shares.

If a transfer of a Beneficial Noteholder's Affected Claim occurs after the Noteholder Record Date and prior to the applicable deadline for voting on the Plan, the transferor of such Affected Claim who is a party to the Support Agreement is obligated to vote for the Plan Resolution in accordance with the Support Agreement.

At the Bank Lender Record Time, the transfer ledgers for Bank Lenders' Allowed Claims, maintained by the Corporation and/or the Bank Agents, as applicable, will be closed, and there will be no further changes in the record holders of such Bank Lenders' Allowed Claims for purposes of the Cash Election and for purposes of distributions of Claim Settlement Shares and Cash Amounts under the Plan. The Corporation, the Monitor and the Bank Agents will have no obligation to recognize any transfer of any Bank Lender's Allowed Claim occurring after the Bank Lender Record Time and will be entitled instead to recognize and deal for all purposes under the Plan (including the Cash Election and for distribution purposes) with only those record holders listed on the transfer ledgers as of the Bank Lender Record Time. The holder of a Bank Lender's Affected Claim as of the Bank Lender Record Time who is a party to the Support Agreement is obligated to vote for the Plan Resolution in accordance with the Support Agreement.

See "*Entitlement to Vote and Receive Distributions*".

Description of the Plan

This Circular describes the Plan. If completed as contemplated, the Plan will effect a number of significant changes to the capital structure of the Corporation, as more particularly described below and elsewhere in this Circular.

The Plan is expected to substantially improve the capital structure of the Corporation by reducing the amount of outstanding net debt by approximately U.S.$5.1 billion (plus accrued interest) on a consolidated basis and providing

U.S.$480 million of additional liquidity through the DIP Offering and a committed DIP LC Facility of approximately U.S.$116 million. With an improved capital structure, the Corporation will benefit from a reduction in its annual interest cost of approximately U.S.$258 million.

The Plan provides that:

- Each Affected Creditor shall forgive, settle and extinguish a portion of its Affected Claim for no consideration and exchange, in full and final settlement of its Affected Claim, the remaining portion of its Allowed Claim for its portion of New Common Shares, being the Affected Creditor Shares, representing approximately 58.2% of all the New Common Shares, which portion shall be determined as follows:
  - Each General Creditor shall receive its Pro Rata Share of the General Creditors Shares;
  - Each Noteholder shall receive its Pro Rata Share of the Net Noteholder Shares; and
  - Each Early Consent Noteholder that complies with the procedures set out in the Support Agreement and Meeting Order shall receive its Pro Rata Share of the Early Consent Shares;

  provided, however, that each Affected Creditor may elect, in its sole discretion, to participate in the Cash Election and receive cash in lieu of the Affected Creditor Shares to which it would otherwise be entitled (subject to the amount of cash available). See "*Cash Election*";
- The Plan Sponsor shall exchange its DIP Notes into 1,465,000,000,000 New Common Shares (representing approximately 29.3% of all the New Common Shares other than any Common Shares to be issued under the Management Incentive Plan);
- The DIP Note Indenture will be amended and restated such that the Series 2 DIP Notes will become the Exit Notes and each DIP Note Purchaser (other than the Plan Sponsor) will, following the implementation of the Plan, hold Exit Notes;
- Each DIP Warrant issued to a DIP Note Purchaser shall, unless a holder thereof has revoked, or is deemed to have revoked, its election to exercise the DIP Warrants, be exercised for 100,000 New Common Shares representing in the aggregate (assuming the exercise of all DIP Warrants), the Number of Warrant Shares, being 625,000,000,000 New Common Shares (representing approximately 12.5% of all the New Common Shares other than any Common Shares to be issued under the Management Incentive Plan); and
- All Existing Shares and New Common Shares shall be consolidated on the basis of one Consolidated Share for every 100,000 Existing Shares or New Common Shares with each fractional Consolidated Share rounded down to the nearest whole number with no consideration paid for fractional shares.

See "*Description of the Plan*".

Conditions to the Plan Becoming Effective

The conditions to the Plan being effective include the following:

(a) The Plan shall have been approved by the Required Majority at the Meeting;

(b) The Court shall have granted the Sanction Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(c) No Applicable Law shall have been passed and become effective, the effect of which makes the consummation of the Plan illegal or otherwise prohibited;

(d) All necessary judicial consents and any other necessary or desirable third-party consents, if any, to deliver and implement all matters related to the Plan shall have been obtained;

(e) All documents necessary to give effect to all material provisions of the Plan (including the Sanction Order, the Plan, the Common Share Consolidation, the Cash Election, and the issuance of the New Common Shares to be issued under the Plan) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to the Applicants and the Requisite Consenting Parties;

(f) All required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Requisite Consenting Parties and the

Corporation each acting reasonably and in good faith and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(g) The Colombian Recognition Order Cash shall be released concurrently with the implementation of the Plan on the Implementation Date;

(h) The conditions precedent to the issuance of the Exit Notes pursuant to Section 3.3 of the DIP Note Indenture shall be satisfied or waived;

(i) The conditions precedent to the effectiveness of the Exit LC Facility under the DIP LC shall be satisfied or waived;

(j) The Plan Sponsor Subscription Amount shall have been received by the Monitor;

(k) The members of the New Board shall have been selected and publicly announced in accordance with Plan;

(l) The Amended Articles shall have been deposited and filed in the record books in the Corporation's record office maintained pursuant to the BCBCA, and the Sanction Order shall have been filed and registered as an effective order of the Supreme Court of British Columbia;

(m) The Voting Agreement shall have been executed by the Corporation and the Plan Sponsor;

(n) The Consolidated Shares and Exit Notes shall be DTC eligible;

(o) The Consolidated Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Requisite Consenting Parties without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation; and

(p) The issuance of the Claim Settlement Shares shall be exempt from registration under the U.S. Securities Act pursuant to the provisions of section 3(a)(10) of the U.S. Securities Act.

See "*Description of the Plan – Conditions to the Plan Becoming Effective*".

Cash Election

The Plan includes an option for Affected Creditors (other than the Plan Sponsor, the Equity Subscribers and the funds managed or administered by them or their respective affiliates), who would otherwise receive New Common Shares under the Plan, to make a Cash Election to irrevocably accept cash in lieu of such New Common Shares. An Affected Creditor may vote against the Plan and nevertheless be a Cash Election Creditor.

In making a Cash Election, each Cash Election Creditor may irrevocably elect to receive, subject to the terms of the Plan, one (and only one) of the following:

- cash in the amount of the Designated Rate (U.S.$16.00 on a post-Common Share Consolidation basis) in respect of each New Common Share which would otherwise be issued to it under the Plan, or
- cash in the amount equal to (i) one (and only one) Offer Rate (being a single rate to be designated by the Cash Election Creditor on a post-Common Share Consolidation basis, provided that such rate must be U.S.$16.10 or such higher rate in increments of U.S.$0.10 above U.S.$16.10) per New Common Share in respect of a percentage (not to exceed 100%), to be specified by the Cash Election Creditor, of the New Common Shares which would otherwise be issued to it under the Plan, and (ii) the Designated Rate in respect of the remaining percentage of the New Common Shares which would otherwise be issued to it under the Plan, or
- cash in the amount equal to one (and only one) Offer Rate in respect of each New Common Share which would otherwise be issued to it under the Plan.

If, subject to the foregoing or the terms of the Plan, a Cash Election is accepted in respect of only a portion of the New Common Shares that a Cash Election Creditor would be entitled to under the Plan, the Cash Election Creditor will receive the New Common Shares in respect of which the Cash Election was not accepted.

The Plan Sponsor and Equity Subscribers have agreed to subscribe for up to U.S.$250,000,000 of New Common Shares at a price per share equal to the Designated Rate on the Implementation Date in order to enable the Corporation to fund Cash

Elections. The Plan Sponsor also has the option to increase the amount funded at the Designated Rate or to subscribe for shares at Offer Rates in order to fund Excess Elections (as defined herein).

A Beneficial Noteholder that wishes to make a Cash Election in respect of Affected Creditor Shares to which it would otherwise be entitled pursuant to the Plan, other than in connection with Early Consent Shares, shall instruct its Intermediary to make an election through ATOP by 10:00 a.m. (Toronto time) on August 10, 2016. **NOTES IN RESPECT OF WHICH A CASH ELECTION IS MADE THROUGH ATOP OR OTHERWISE WILL NO LONGER BE TRANSFERABLE BY THE NOTEHOLDER MAKING SUCH ELECTION AND THUS THE ELECTION MADE CANNOT BE WITHDRAWN**. Beneficial Noteholders who would otherwise be entitled to Early Consent Shares who make Cash Elections must do so by completing the "Cash Election" section of the Application for Early Consent Consideration which should have been received by Beneficial Noteholders with this Circular.

General Creditors must use the General Creditor Cash Election Form, which should be received by General Creditors with this Circular, to make a Cash Election. In order to be effective, Cash Election Forms must be made by the Proxy/Election Deadline as follows:

- in the case of a General Creditor, by completing the General Creditor Cash Election Form and filing it with the Monitor at PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, telephone number: 1 844-855-8568 (Canada) or 01 800-518-2167 (Colombia), facsimile number: 1 416-814-3219, or email: cmt_processing@ca.pwc.com;
- in the case of a Beneficial Noteholder, with respect to Affected Creditor Shares (other than Early Consent Shares), by instructing its Intermediary to make a Cash Election electronically through ATOP; and
- in the case of a Beneficial Noteholder with respect to Early Consent Shares, by delivery of the Application for Early Consent Consideration to its Participant Holder.

A CASH ELECTION CREDITOR MUST MAKE A CASH ELECTION IN RESPECT OF ALL OF ITS NEW COMMON SHARES IT WOULD OTHERWISE RECEIVE UNDER THE PLAN, AND ALL AFFECTED CLAIMS BENEFICIALLY OWNED BY A CASH ELECTION CREDITOR SHALL BE SUBJECT TO A CASH ELECTION REGARDLESS OF HOW THE CASH ELECTION IS EFFECTED.

See *"Cash Election"*.

Effect of the Plan

Effect on Affected Creditors

On the Implementation Date and in accordance with the steps and sequence set forth in the Plan, each Beneficial Noteholder shall, and shall be deemed to, irrevocably and finally forgive, settle and extinguish a portion of its Notes for no consideration and exchange the remaining portion of its Notes for the following consideration which shall and shall be deemed to be received in full and final settlement of all its Notes and all its Noteholder's Allowed Claim (including any Guarantee Claim) and, if applicable, its Eligible Note Claim:

(a) if a Beneficial Holder has not made a Cash Election:

  (i) its Pro Rata Share of the Net Noteholder Shares; and

  (ii) its Pro Rata Share of the Early Consent Shares, if such Noteholder has an Eligible Note Claim; and

(b) if a Beneficial Noteholder has made a Cash Election:

  (i) its Cash Amount; and

  (ii) its Share Amount less its Elected Share Amount.

On the Implementation Date and in accordance with the steps and sequence set forth in the Plan, each General Creditor shall and shall be deemed to irrevocably and finally forgive, settle and extinguish a portion of its Affected Claim for no consideration and exchange the remaining portion of its Affected Claim for the following consideration which shall, and shall be deemed to be received in full and final settlement of its Affected Claim (including any Guarantee Claim):

(a) if a General Creditor has not made a Cash Election, its Pro Rata Share of the General Creditor Shares; or

(b) if a General Creditor has made a Cash Election:

(i) its Cash Amount; and

(ii) its Share Amount less its Elected Share Amount.

Effect on Holders of Series 2 DIP Notes

Under the Plan, the Series 2 DIP Notes shall be amended and restated, on a dollar for dollar basis, as Exit Notes as contemplated by the DIP Note Indenture.

Effect on Plan Sponsor

Under the Plan, the Plan Sponsor will exchange its Series 1 DIP Notes for Plan Sponsor Shares representing approximately 29.3% of the New Common Shares outstanding immediately following the implementation of the Plan (other than any Common Shares issued under the Management Incentive Plan). In addition, the Plan Sponsor may, in connection with Cash Elections, acquire additional New Common Shares pursuant to the terms of the Plan Sponsor Subscription Agreement.

Effect on Existing Shareholders

Each Existing Shareholder will retain its Existing Shares and, following the issuance of the New Common Shares, all of the then outstanding Common Shares will be consolidated on the basis of one Consolidated Share for each 100,000 Existing Shares or New Common Shares outstanding immediately prior to the Common Share Consolidation. No fractional Consolidated Shares will be issued and any fractional Consolidated Shares otherwise issuable will be rounded down to the nearest whole number with no consideration paid for fractional shares. Following implementation of the Plan (including completion of the Common Share Consolidation), Existing Shareholders will hold, in the aggregate, approximately 3,000 Common Shares, which will constitute no more than 0.006% (rounded to the nearest thousandth of a percent) of the Common Shares outstanding following the issuance of the New Common Shares. If the Existing Shares, in the aggregate, after the issuance of the New Common Shares, constitute more than that percentage of the outstanding Common Shares, the Plan provides that such excess Existing Shares shall be cancelled on a pro rata basis without compensation. Holders of Existing Shares will not receive any consideration or distributions under the Plan and will not be entitled to vote on the Plan at the Meeting in respect of such shares.

Effect on Holders of Equity Claims

All Equity Claims, and all Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under the Plan and shall not be entitled to vote on the Plan at the Meeting in respect of such Claims.

Effect on Option Holders, Rights Holders and Share Unit Holders

Upon implementation of the Plan, all Existing Share Options will be cancelled for no consideration. The 2015 Rights Plan and all Rights granted and existing thereunder will be cancelled for no consideration. The DDSU Plan, the EDSU Plan, and all DDSUs or EDSUs granted or existing thereunder will be cancelled for no consideration.

Effect on Trustee Claims and Bank Agents

The Trustee Claims and Bank Agent Claims are unaffected by the Plan.

Director/Officer Indemnity Claims

Director/Officer Indemnity Claims that are not based on or related to Equity Claims are not affected by the Plan. The D&O Charge shall continue to secure the indemnification of Directors and Officers, in accordance with the Initial Order until the Implementation Date.

See "*Description of the Plan – Treatment of Claims*".

The Corporation After Implementation of the Plan

After the Plan is implemented, the authorized capital of the Corporation will consist of an unlimited number of Common Shares and an unlimited number of Preferred Shares without par value. On the Implementation Date, no Preferred Shares will be outstanding and, after giving effect to the Common Share Consolidation contemplated by the Plan, approximately (but in any event not more than) 50,003,000 Common Shares will be outstanding.

As part of the Plan, the Amended Articles will become effective on the Implementation Date which shall amend and restate the articles of the Corporation. The Amended Articles contain, among other things, provisions relating to the Board

composition, including (i) that the Board be comprised of a majority of "Independent Directors", (ii) the selection process of certain board members, and (iii) special approval rights for certain matters.

Additionally, pursuant to the Voting Agreement, the Plan Sponsor has agreed to vote all of its Common Shares in favour of the RCN Proposed Director and the RCL Proposed Director (if they consent to election) at the two annual general meetings of shareholders immediately following the Implementation Date, which provision shall cease to apply if the Plan Sponsor owns less than 10% of the outstanding Consolidated Shares.

The Corporation will adopt the New Rights Plan on the Implementation Date, which will contain customary terms. The New Rights Plan will contain substantially the same terms and conditions as the 2015 Rights Plan, adapted for changes in the law and grandfathering the Plan Sponsor.

See "*The Corporation After Implementation of the Plan*".

Support Agreement

As of the date of this Circular, Affected Creditors holding approximately 79% of the Affected Claims of the Bank Lenders and the Noteholders have signed the Support Agreement or a joinder thereto, thereby agreeing to support the Plan and vote their Voting Claims in favour of the Plan Resolution at the Meeting, subject to the terms and conditions of the Support Agreement.

See "*Support Agreement*".

Early Consent Shares

Each holder of a Noteholder's Allowed Claim that: (i) validly executed the Support Agreement or a joinder thereto with respect to the Noteholder's Allowed Claim on or before 5:00 p.m. (Toronto time) on the Consent Deadline; (ii) votes in favour of the Plan Resolution; and (iii) holds, immediately prior to the Implementation Time, Notes in an aggregate principal amount equal to, or in excess of, the fair market value of the Early Consent Shares that such holder would otherwise be entitled to receive, will receive, in partial satisfaction of such Noteholder's Allowed Claim, its Pro Rata Share of the Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election), being, in the aggregate, approximately 2.2% of the New Common Shares (other than any Common Shares issued under the Management Incentive Plan), provided that Early Consent Shares will be issued in respect of any Noteholder's Allowed Claim otherwise entitled to such shares only to the holder of such Noteholder's Allowed Claim as of the Noteholder Record Date, notwithstanding any subsequent transfer of such Noteholder's Allowed Claim. Persons who (i) acquire Noteholder Allowed Claims after the Noteholder Record Date (or who otherwise cannot demonstrate that they are the holder of such Noteholder's Allowed Claim as of such date) or (ii) do not hold Notes in an aggregate principal amount equal to, or in excess of, the fair market value of the Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election) such holder would otherwise be entitled to receive, will not receive any Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election) in respect of such Noteholder Allowed Claim. The entitlement to Early Consent Shares will be allocated from the Claim Settlement Shares otherwise payable to the Noteholders and as a result, for greater certainty, the issuance of Early Consent Shares to Early Consent Noteholders does not affect the entitlements of General Creditors under the Plan.

The Meeting Order provides that in order to be entitled to Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election), a holder of a Noteholders' Allowed Claim as of the Noteholder Record Date must duly complete and submit the Application for Early Consent Consideration by the Proxy/Election Deadline to its Participant Holder. A holder of a Noteholders' Allowed Claim will not be entitled to Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election) in respect of such Noteholder's Allowed Claim if its Participant Holder has not received that Noteholder's Application for Early Consent Consideration, properly completed, by the Proxy/Election Deadline.

ELIGIBLE NOTEHOLDERS MUST VOTE IN FAVOUR OF THE PLAN RESOLUTION IN ORDER TO RECEIVE EARLY CONSENT SHARES.

See "*Early Consent Shares*".

DIP Facilities

The DIP Note Purchasers acquired, pursuant to the DIP Note Purchase Agreement, U.S.$500 million in principal amount of DIP Notes (issued with an original issue discount) and 6,250,000 DIP Warrants for an aggregate purchase price of U.S.$479,999,375 (after taking into account the original issue discount). The DIP Note Purchasers placed U.S.$625 into escrow with the Warrant Agent to fund the exercise price of the DIP Warrants. The purchase price under the DIP Note

Purchase Agreement was allocated as follows: (i) U.S.$240 million to the Series 1 DIP Notes; (ii) U.S.$220 million to the Series 2 DIP Notes; and (iii) U.S.$19,999,375 to the DIP Warrants.

See "*DIP Facilities – DIP Note Purchase Agreement*".

DIP Note Indenture

The DIP Notes sold pursuant to the DIP Note Purchase Agreement were issued pursuant to the DIP Note Indenture. The DIP Note Indenture governs the terms of the DIP Notes and provides that on the Implementation Date: (i) the Plan Sponsor shall exchange its Series 1 DIP Notes into the Plan Sponsor Shares; and (ii) the Series 2 DIP Notes shall be amended, restated, supplemented, modified or otherwise reissued as Exit Notes through the amendment and restatement of the DIP Note Indenture.

See "*DIP Facilities – DIP Note Purchase Agreement*".

DIP Notes

The aggregate principal amount of the DIP Notes issued by the Corporation under the DIP Note Indenture is U.S.$500 million. The DIP Notes were issued in two series: Series 1 DIP Notes with an aggregate principal amount of U.S.$250 million, purchased by the Plan Sponsor, and Series 2 DIP Notes with an aggregate principal amount of U.S.$250 million, purchased by the DIP Note Purchasers (other than the Plan Sponsor).

The DIP Notes bear interest at a rate of 12% *per annum* from the issue date of such DIP Note or from the most recent interest payment date to which interest has been paid, as the case may be, payable monthly in arrears on the last Business Day of each calendar month and on the Maturity Date or the Implementation Date, as applicable, commencing on the last Business Day of June 2016, until the principal thereof is paid or duly provided for or, in the case of the Series 1 DIP Notes, until such DIP Note is exchanged into Plan Sponsor Shares in accordance with the Plan. The Corporation will pay interest on overdue principal, if any, at a rate equal to 2.00% *per annum* in excess of the interest rate on the DIP Notes, and to the extent lawful, it will pay interest on overdue installments of interest from time to time on demand at the same rate. Interest payments will be subject to certain tax gross-up obligations.

See "*DIP Facilities – DIP Note Purchase Agreement*".

Exit Notes

On the Implementation Date, subject to the implementation of the Plan, the Series 2 DIP Notes shall be amended, restated, supplemented, modified or otherwise reissued as Exit Notes through the Amended Indenture, in an aggregate principal amount of U.S.$250 million.

The Exit Notes will bear interest at a rate of 10% *per annum* from the issue date of such Exit Note or from the most recent interest payment date to which interest has been paid, as the case may be, payable monthly in arrears on the last Business Day of each month, commencing at the end of the month when the Implementation Date occurs, until the Maturity Date. The Corporation will pay interest on overdue principal and premium, at a rate equal to 2.00% *per annum* in excess of the interest rate on the Exit Notes, and to the extent lawful, it will pay interest on overdue installments of interest from time to time on demand at the same rate. Interest payments will be subject to certain tax gross-up obligations.

For a period of two years following the Implementation Date, the Corporation shall have the option, if the Corporation's unrestricted cash in operating accounts falls below U.S.$150 million, to make "payments-in-kind" with respect to any interest payment owed on the principal amount of the Exit Notes, at a rate of 14% *per annum*.

The Exit Notes will mature five years after the Implementation Date. On the maturity date, the Corporation will make payment, in U.S. dollars, of the principal, all accrued and unpaid interest (and certain tax gross-up obligations, if any), due on each Exit Note on the maturity date.

See "*DIP Facilities – DIP Note Purchase Agreement*".

DIP Warrants and DIP Warrant Indenture

The DIP Warrants sold pursuant to the DIP Note Purchase Agreement were issued pursuant to the DIP Warrant Indenture.

Pursuant to the terms of the DIP Warrant Indenture 6,250,000 DIP Warrants were issued with each DIP Warrant exercisable for 100,000 Warrant Shares at an exercise price of U.S.$0.0001 per 100,000 Warrant Shares. Assuming all of the DIP Warrants are exercised, then 625 billion New Common Shares will be issued which, after the Common Share

Consolidation, will represent 6,250,000 Consolidated Shares (representing approximately 12.5% of the Consolidated Shares, other than any Common Shares issued under the Management Incentive Plan).

The DIP Warrants are exercisable only on the Implementation Date. The DIP Note Purchasers have agreed to exercise the DIP Warrants on the Implementation Date and have pre-funded the exercise price under the DIP Warrants. All DIP Warrants for which the agreement to exercise is not revoked or deemed to have been revoked will automatically be exercised, without any further action required on the part of the holder thereof other than the completion of the certification requirement set out in the DIP Warrant Indenture and without any additional payment or consideration required to be made on the part of the holder thereof.

See "*DIP Facilities – DIP LC Facility and Exit LC Facility*".

DIP LC Facility

The DIP LC Lenders provided commitments in an aggregate principal amount of U.S.$115,532,794 for the DIP LC Facility. The DIP LC Facility: (i) provides that the LC Commitments be used to renew or extend certain of the Corporation's existing letters of credit issued by the respective DIP LC Lenders; and (ii) contemplates conversion, on the Implementation Date, into an Exit Letter of Credit Facility.

In the event that any DIP LC is drawn, the Corporation is obligated to reimburse the relevant DIP LC Lender within two Business Days of such draw down. In the event the Corporation does not reimburse an LC Draw, such unreimbursed LC Draw shall be deemed to create an LC Advance owed by the Corporation to the applicable DIP LC Lenders, which shall bear interest at a default rate, but the failure to reimburse any LC Draw and the creation of an LC Advance in respect thereof shall not independently constitute a default or event of default under the DIP LC Facility.

Interest will be payable in cash on the aggregate amount of outstanding LC Draws and LC Advances under the DIP LC Facility at a rate equal to 8% *per annum*, plus an additional 2% *per annum* of default interest, due and payable in arrears on the first Business Day after the end of each calendar month during which an LC Advance is outstanding. The DIP LC Lenders will also receive an amount equal to 5% *per annum*, computed on a quarterly basis in advance of and due and payable on the first Business Day of each fiscal quarter, calculated on the undrawn portion of outstanding DIP LCs, as a fee for their risk of drawing. Upon the occurrence and during the continuation of an event of default and for so long as any LC Advance is outstanding, all amounts bear interest at the applicable interest rate plus 2% *per annum* and the LC Fee shall increase by 2% *per annum*, in each case payable on demand in arrears in cash.

The outstanding obligations (including the obligation to cash-collateralize undrawn DIP LCs and repay LC Advances, if applicable) under the DIP LC Facility shall be repayable in full on the DIP Maturity Date. In the event that the Implementation Date has not occurred on or prior to the DIP Maturity Date, all other DIP LC Obligations shall become immediately due and payable to the respective issuers of the DIP LCs.

See "*DIP Facilities – DIP LC Facility and Exit LC Facility*".

Exit LC Facility

The Exit LC Facility will become effective on the Implementation Date upon the implementation of the Plan and satisfaction of certain other conditions. The Exit LC Facility will be effectuated by an amendment and restatement of the DIP LC Facility.

The Exit LC Facility will: (i) mature on the Exit LC Maturity Date; (ii) bear interest and fees at the same rates and under the same terms as the DIP LC Facility; and (iii) contain representations and warranties substantially similar to those in the DIP Note Purchase Agreement and covenants and events of default substantially similar to those in the Amended Indenture. Failure to reimburse an LC Draw within two Business Days of any drawing of a letter of credit under the Exit LC Facility will constitute an event of default under the Exit LC Facility.

The Exit LC Facility will (i) be guaranteed by the Guarantors that guarantee the DIP LC Facility; and (ii) be secured by the same Collateral with the same priority as the DIP LC Facility.

See "*DIP Facilities – DIP LC Facility and Exit LC Facility*".

Court Approval of the Plan

The implementation of the Plan is subject to, among other things, approval of the Court.

Following the Meeting, and provided that the Plan is approved by the Required Majority at the Meeting, the Corporation intends to apply to the Court for the Sanction Order. The hearing in respect of the Sanction Order is currently scheduled to

take place on August 23, 2016 at 10:00 a.m. (Toronto time). At the hearing, any person who wishes to participate, or to be represented, or to present evidence or argument, may do so, subject to filing with the Court and serving upon the solicitors for the parties prescribed in the Meeting Order at the times prescribed in the Meeting Order, a notice of appearance and satisfying any other requirements of the Court as provided in, and on the timelines required by, the Meeting Order or otherwise. At the hearing for the Sanction Order, the Court will consider, among other things, the fairness of the terms and conditions of the Plan and the approval of the Plan by the Affected Creditors.

See "*CCAA Proceeding – Court Approval and Implementation of the Plan*".

Recommendation of the Board

After careful consideration of the recommendation of the Independent Committee, and upon consultation with its financial advisors and the Corporation's counsel, on June 27, 2016 the Board approved the Plan, authorized its submission to the Affected Creditors and the Court for their respective approvals and recommended that Affected Creditors vote in favour of the Plan Resolution. Accordingly, the Board unanimously recommends that Affected Creditors vote **FOR** the Plan Resolution.

See "*Background to and Reasons for the Plan – Recommendations of the Independent Committee and Approval by the Board*".

Income Tax Considerations

Canadian Income Tax Considerations

For a detailed description of the Canadian income tax considerations applicable to certain Securityholders resulting from the Plan, please refer to "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

United States Income Tax Considerations

For a detailed description of the United States federal income tax considerations applicable to a U.S. Holder resulting from the Plan, please refer to "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

Colombian Income Tax Considerations

For a detailed description of the Colombian federal income tax considerations applicable to Colombian Affected Creditors resulting from the Plan, please refer to "*Income Tax Considerations – Certain Colombian Income Tax Considerations*".

Risk Factors

Affected Creditors should carefully consider the risk factors concerning implementation and non-implementation, respectively, of the Plan and the business of the Corporation described under "*Risk Factors*".

INFORMATION CONCERNING THE MEETING

General

No person has been authorized to give any information or to make any representations in connection with the Plan not contained in this Circular and, if given or made, any such other information or representation should be considered as not having been authorized.

Meeting

Pursuant to the Meeting Order, the Corporation has called the Meeting for the purpose of having Affected Creditors consider and, if deemed advisable, pass the Plan Resolution to approve the Plan and all matters ancillary thereto. The Meeting will be held at 10:00 a.m. (Toronto time) on Wednesday, August 17, 2016 at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, Canada, M5J 2Z4.

Interest of Management and Others

Except as otherwise described or incorporated by reference herein, management of the Corporation is unaware of any material interest of any current director or officer of the Pacific Group or, any associate or affiliate of any such individual in any transaction since the beginning of the last completed financial year of the Corporation or in any proposed transaction or in connection with the Plan that has materially affected or will materially affect the Pacific Group. Except as otherwise described in this Circular (including the KERP and the Management Incentive Plan), there are no agreements or arrangements between the Pacific Group and any of their current directors and officers or employees in respect of the Plan.

ENTITLEMENT TO VOTE AND RECEIVE DISTRIBUTIONS

Classification of Affected Creditors

For the purposes of considering and voting on the Plan Resolution and receiving distributions under the Plan, there will be one class of creditors consisting of the Affected Creditors (being the Noteholders, Bank Lenders and Other Affected Creditors).

Claims Procedure Order

The procedure for determining the validity and value of the Claims of Affected Creditors for voting and distribution purposes is as set forth in the Claims Procedure Order, a copy of which is attached as Appendix "E" to this Circular, the Meeting Order, a copy of which is attached as Appendix "D" to this Circular, the Plan, a copy of which is attached as Appendix "B" to this Circular and the CCAA. The Corporation and the Monitor will have the right to seek the assistance of the Court in valuing any Disputed Claim in accordance with the Claims Procedure Order, the Meeting Order, the Plan and the CCAA, if required, to ascertain the result of any vote on the Plan Resolution.

The Claims Procedure Order provides for, among other things: (i) a Claims Bar Date (or in the case of Affected Creditors holding Restructuring Period Claims, a Restructuring Period Claims Bar Date) prior to which Affected Creditors were required to file their Proofs of Claim; and (ii) the procedures pursuant to which the validity and value of Affected Claims are quantified and determined for voting and distribution purposes, including the procedures by which any Affected Claims that are disputed will be adjudicated and resolved for voting and distribution purposes. Pursuant to the Claims Procedure Order, an Affected Creditor that did not file its Proof of Claim before the Claims Bar Date (or, in the case of Restructuring Period Claims, the Restructuring Period Claims Bar Date) is forever barred from making or enforcing any Claim against the Corporation and/or the Directors or Officers thereof and its Claim will be forever extinguished. The Claims Procedure Order also provides that the Corporation will deal exclusively with the Monitor (or a claims officer if, with the consent of the Majority Consenting Bank Lenders and Majority Consenting Noteholders, the Corporation applies to the Court for an Order appointing a claims officer) to resolve Disputed Claims and/or Disputed Director/Officer Claims. All Affected Creditors should refer to the Claims Procedure Order and the Meeting Order for a complete description of these procedures.

Entitlement to Vote and Voting

The validity and value of Affected Claims will be determined for voting purposes in accordance with the procedures set forth in the Claims Procedure Order, the Meeting Order and the Plan.

The only Persons entitled to notice of, to attend or to speak at the Meeting are eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Applicants, the Independent Committee, the Plan Sponsor, the Ad Hoc Committee, the Bank Agents, the Indenture Trustee, such parties' financial and legal advisors, the Chair, the Secretary and scrutineers. Any other person may be admitted to the Meeting only by invitation of the

Corporation or the Chair. The quorum for the Meeting has been set by the Meeting Order as one Affected Creditor with a Voting Claim present at such Meeting in person or by proxy.

Only the Beneficial Noteholders as of the Noteholder Record Date will be entitled to provide instructions relating to voting their Notes and attend the Meeting as Noteholders. Each Beneficial Noteholder will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim as determined in accordance with the Meeting Order.

Only Bank Lenders as of the Bank Lender Record Time will be entitled to vote, in person or by proxy, at the Meeting as a Bank Lender. Each Bank Lender will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim as determined in accordance with the Meeting Order.

If an Other Affected Creditor transfers or assigns the whole of its Affected Claim to another Person, such transferee or assignee shall not be entitled to receive notice of or attend the Meeting or vote the transferred or assigned Claim at the Meeting unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Corporation and the Monitor in writing in accordance with the Claims Procedure Order and the Meeting Order. Each Other Affected Creditor with a Voting Claim will be entitled to one vote, which vote will have a value equal to the dollar value of its Voting Claim as determined in accordance with the Meeting Order.

The solicitation of votes from, and the procedures for voting by, the Beneficial Noteholders will be conducted in accordance with the Meeting Order as more particularly described below under "– *Appointment of Proxyholders, Voting and Revocation*".

Each Affected Creditor holding a Disputed Voting Claim will be entitled to attend the Meeting and will be entitled to one vote at the Meeting. The value of such vote will be determined in accordance with the Claims Procedure Order and the Meeting Order. The Monitor will keep a separate record of votes cast by Affected Creditors with Disputed Voting Claims and will report to the Court with respect thereto at the motion in respect of the Sanction Order. The votes cast in respect of any Disputed Voting Claims will be recorded and, if the votes associated with Disputed Voting Claims affect the determination as to whether a Required Majority is obtained, then direction from the Court will be sought.

Excluded Creditors will not be entitled to vote at the Meeting in respect of such Excluded Claims.

Holders of Equity Claims and Existing Shareholders will not be entitled to vote at the Meeting in respect of such Equity Claims or Existing Shares.

Entitlement to Receive Distributions

The validity and value of Affected Claims will be determined for distribution purposes in accordance with the Claims Procedure Order, the Meeting Order, the Plan and the CCAA. For Disputed Claims, Affected Creditors should refer to the Claims Procedure Order in order to ascertain the treatment of such Disputed Distribution Claim under the Plan.

An Affected Creditor holding a Disputed Distribution Claim will not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Disputed Distribution Claim becomes a Distribution Claim. Pursuant to the Claims Procedure Order, the acceptance, admission, settlement, resolution, valuation (for any purpose) or revision of any Disputed Distribution Claim with an Affected Creditor by the Monitor or the Corporation that exceeds U.S.$1,000,000 shall be subject to the consent of the Majority Consenting Bank Lenders and the Majority Consenting Noteholders or a further Order.

The Plan does not affect Excluded Claims. Excluded Creditors will not be entitled to or receive any distributions under the Plan in respect of such claims. Nothing in the Plan will affect any of the Corporation's rights and defences, both legal and equitable, with respect to any Excluded Claims, including all rights with respect to legal and equitable defences or entitlements to set-off or recoupment against such claims.

At the Bank Lender Record Time, the transfer ledgers for Bank Lenders' Allowed Claims, maintained by the Corporation and/or the Bank Agents, as applicable, will be closed, and there will be no further changes in the record holders of such Bank Lenders' Allowed Claims for purposes of the Cash Election and for purposes of distributions of Claim Settlement Shares and Cash Amounts under the Plan. The Corporation, the Monitor and the Bank Agents will have no obligation to recognize any transfer of any Bank Lender's Allowed Claim occurring after the Bank Lender Record Time and will be entitled instead to recognize and deal for all purposes under the Plan (including the Cash Election and for distribution purposes) with only those record holders listed on the transfer ledgers as of the Bank Lender Record Time.

Transferor Required to Vote

If a transfer of a Beneficial Noteholder's Affected Claim occurs after the Noteholder Record Date and prior to the applicable deadline for voting on the Plan, the transferor of such Affected Claim who is a party to the Support Agreement is obligated to vote for the Plan Resolution in accordance with the Support Agreement.

A Bank Lender's Affected Claim is not transferable after the Bank Lender Record Time and, therefore, the holder of a Bank Lender's Affected Claim as of the Bank Lender Record Time, who is a party to the Support Agreement is obligated to vote for the Plan Resolution in accordance with the Support Agreement.

Solicitation of Proxies

Proxies are being solicited for use at the Meeting. The Corporation is paying for this solicitation, which is being made by mail, with possible supplemental telephone or other personal solicitations by employees or agents of the Corporation (including the Solicitation Agent). The Corporation has requested brokers and nominees who hold Claims in their names to furnish this Circular and accompanying materials to the beneficial holders of the Claims and to request authority to deliver a Proxy. The costs of such solicitation will be borne by the Corporation as a cost of the CCAA Proceedings.

Appointment of Proxyholders, Voting and Revocation

Appointment of Proxyholders and Voting

Beneficial Noteholders should receive a VIF with this Circular. If no such VIF is enclosed Beneficial Noteholders should contact their Intermediary immediately. Beneficial Noteholders who wish to vote for or against the Plan Resolution must either complete and return to their Intermediary a VIF or make alternative arrangements with their Intermediary to attend the Meeting and vote in person. Additionally, Beneficial Noteholders may be contacted by the Solicitation Agent to vote electronically, including directly over the telephone using the Broadridge QuickVote™ service. If voting in person, Beneficial Noteholders must contact their Intermediary immediately to make such alternative arrangements and should advise the Solicitation Agent as soon as possible in advance of the Meeting. Intermediaries will compile all instructions sent through VIFs and complete and return Master Proxies to the Solicitation Agent. A Beneficial Noteholder may indicate its instructions with respect to voting for or against the Plan Resolution on the VIF.

General Creditors must attend the Meeting in person or use the General Creditor Proxy, which should be received by General Creditors with this Circular, to vote on the Plan Resolution. If no such Proxy is enclosed, General Creditors should contact the Monitor or the Corporation immediately. A General Creditor has the right to appoint as his or her proxy a person other than those whose names are printed on the accompanying form of General Creditor Proxy, and who need not be a Voting Creditor. A General Creditor may appoint another person as proxyholder by inserting the name of such person in the space provided in the General Creditor Proxy and signing the General Creditor Proxy. If no name is inserted in the blank space provided in the General Creditor Proxy, the person named in the enclosed form of General Creditor Proxy who is a representative of the Monitor shall be designated as proxyholder. Where the General Creditor is a corporation, the General Creditor Proxy must be executed by an individual duly authorized to represent the corporation and may be required to provide documentation evidencing such power and authority to sign the Proxy.

In order to be effective:

- VIFs must be received by each Beneficial Noteholder's Intermediary prior to 10:00 a.m. (Toronto time) on August 10, 2016; and
- General Creditor Proxies must be received by the Monitor at Monitor of Pacific Exploration & Production Corporation et al., PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, facsimile number: 1 416-814-3219 or email: cmt_processing@ca.pwc.com, prior to 10:00 a.m. (Toronto time) on August 10, 2016.

If a Beneficial Noteholder or General Creditor specifies a choice with respect to voting on the Plan Resolution on a VIF (in the case of a Beneficial Noteholder) or General Creditor Proxy (in the case of a General Creditor), the vote to which the Beneficial Noteholder or General Creditor is entitled represented by such VIF or General Creditor Proxy, respectively, will be voted in accordance with the specification so made. **In the absence of such specification, all VIFs (in the case of Beneficial Noteholders) and General Creditor Proxies (in the case of a General Creditor) will be voted <u>FOR</u> the Plan Resolution.**

The General Creditor Proxy as well as the VIF (through the Master Proxy) confers discretionary authority to the individuals designated therein with respect to amendments, modifications, variations or supplements to the Plan and

to any other matters that may come before the Meeting or any adjournment or postponement of the Meeting. As of the date hereof, the Corporation knows of no such amendment, variation or other matters to come before the Meeting.

Advice to Beneficial Noteholders

The information set forth in this section is of significant importance to Beneficial Noteholders, as the Beneficial Noteholders do not hold Notes registered in their own names on the records of the Corporation, but rather, hold Notes that are registered in the name of DTC's nominee, Cede & Co., and beneficially held through Intermediaries such as investment dealers, brokers, banks, trust companies, trustees, custodians or other nominees, or a clearing agency in which an Intermediary participates. It is anticipated that DTC will deliver to the Solicitation Agent the Omnibus Consent of Cede & Co., whereby DTC will assign its voting authority (by virtue of being the Registered Holder of the Notes) to each of its participating Intermediaries, in proportion to such nominee's Notes as of the Noteholder Record Date. Without specific instructions from the Beneficial Noteholders, Intermediaries are prohibited from voting the Notes, as applicable, on behalf of their clients. Management of the Corporation does not know for whose benefit the Notes that are registered in the name of DTC are held.

Pursuant to the Meeting Order, the Corporation has distributed copies of the Noteholder Information Packages to DTC and Intermediaries (or their agents) for onward distribution to Beneficial Noteholders. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Noteholders in order to ensure that their Notes are voted at the Meeting.

A Beneficial Noteholder should have received, as part of the Noteholder Information Packages, a VIF, if no such VIF is enclosed Beneficial Noteholders should contact their Intermediary immediately. In order to vote, a Beneficial Noteholder must complete the VIF and return it to its Intermediary in accordance with the directions on the VIF or as instructed by the Intermediary. If a Beneficial Noteholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Noteholder's behalf), the Beneficial Noteholder should contact their Intermediary immediately to make the necessary arrangements. Beneficial Noteholders should follow the instructions on the VIF they receive and contact their broker or other Intermediary promptly if they need assistance.

Revocation of Voting Instruments

In addition to any other manner permitted by law, a Proxy may be revoked by an instrument in writing executed by a Voting Creditor that has submitted a form of Proxy or such Voting Creditor's attorney pursuant to a power of attorney duly authorized in writing or, in the case of a Voting Creditor that is not an individual, by an instrument in writing executed by a duly authorized officer or attorney of such Voting Creditor, in each case delivered to the Monitor prior to the commencement of the Meeting (or any adjournment or postponement thereof). A Beneficial Noteholder that wishes to alter instructions it has provided pursuant to a VIF must contact its Intermediary and abide by the procedures and time limits established by such Intermediary for effecting any such alterations.

DOCUMENTS INCORPORATED BY REFERENCE

Any material change reports (excluding confidential material change reports) and any news release issued by the Corporation that specifically states that it is intended to be incorporated by reference in this Circular and subsequently filed by the Corporation with a securities commission or similar authority in any province or territory of Canada subsequent to the date of this Circular shall be deemed to be incorporated by reference into this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Circular to the extent that a statement contained herein or any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

BACKGROUND TO AND REASONS FOR THE PLAN

Events Prior to the Filing for Protection under the CCAA

The Plan represents the culmination of an extensive competitive bid solicitation process involving the submission and consideration of six bids as well as consensual and direct negotiations among the Corporation, the Ad Hoc Committee, certain Bank Lenders and each of the bidders, including the Plan Sponsor. Once effected, the Plan will significantly reduce debt, improve liquidity, and best position the Corporation to navigate the current low oil price environment.

During the second half of 2014 and into the first half of 2015, oil prices declined to their lowest levels since 2009; then in late 2015 and early 2016 oil prices again declined to levels not seen for 13 years. During this period, WTI crude oil prices ranged from a high of U.S.$107.26 per barrel on June 20, 2014, to a low of approximately U.S.$26.50 per barrel on February 11, 2016. The Pacific Group's operations, including profitability and cash flow, are particularly sensitive to oil prices. The decline and volatility in oil prices over this period contributed to a substantial decline in the trading price of the Common Shares and the profitability of the Pacific Group as a whole.

In this context, the Corporation reviewed and considered various strategic alternatives, including potential investment and divestment opportunities. On May 20, 2015, the Corporation entered into an arrangement agreement (the "**Arrangement Agreement**") with ALFA and Harbour Energy, pursuant to which a newly-formed corporation owned by ALFA and Harbour Energy agreed to acquire all of the Corporation's outstanding Common Shares (not already owned by the ALFA) by way of an arrangement under the BCBCA for cash consideration of Cdn$6.50 per share, representing an 81% premium to the then current 30-day volume weighted average price of the Common Shares on the TSX (the "**Arrangement**").

In early July 2015, the Arrangement Agreement was terminated at the request of ALFA and Harbour Energy as proxy returns suggested that Shareholders holding a significant number of shares would vote against the Arrangement and it was most likely the Arrangement would not be approved by Shareholders.

Following the termination of the Arrangement Agreement, oil prices continued to be volatile with a general downward trend. As a result, the Pacific Group continued to face decreased cash flow, reduced profitability and constrained financial flexibility.

At the end of September 2015, the Corporation realized that it would be in violation of its covenants under its Credit Facilities to maintain consolidated net worth above U.S.$1 billion and it therefore needed to obtain a waiver from the Bank Lenders to avoid a default thereunder, which waiver was granted on September 29, 2015 but was scheduled to terminate on December 28, 2015.

Starting in October 2015, in light of the Corporation's financial position, the Corporation, with its financial advisors, renewed its consideration of the Corporation's strategic alternatives. In light of continued weakness in oil prices, which dipped below U.S.$40 a barrel in December 2015, continued financial weakness and forthcoming scheduled interest payments, the Corporation, with its financial and legal advisors, began to consider various alternatives available to it, including a potential restructuring of debt.

In mid-December 2015, the Corporation engaged Lazard as its financial advisor in order to provide restructuring advice, to assist the Corporation with its negotiations with a steering committee of its Bank Lenders (the "**Steering Committee**") and to aid in the Corporation's consideration and execution of potential strategic alternatives.

On December 28, 2015, the Corporation received further waivers under its Credit Facilities, including an extension of the previous waiver granted through February 26, 2016.

On January 13, 2016, a subsidiary of Harbour Energy announced tender offers to purchase all of the Corporation's outstanding Notes for between U.S.$0.12 to U.S.$0.17 per U.S.$1.00 principal amount. The tender offer was withdrawn by the end of March 2016.

At around this time, the price of oil hit a 13-year low of approximately U.S.$26.50 per barrel (as it did again on February 11, 2016).

On or about January 14, 2016, the Corporation elected to utilize the 30-day grace period pursuant to the 2025 Note Indenture and 2019 Note Indenture rather than make scheduled interest payments due on such Notes. The Corporation intended to use the grace period to engage with its creditors (including its Bank Lenders and Noteholders) with a view to making its capital structure more suitable to current market conditions.

Also on January 14, 2016, the Corporation formed the Independent Committee to assist the full Board in analyzing strategic alternatives in respect of the Corporation's capital structure in this low oil price environment, including but not limited to a

restructuring and/or recapitalization of all, or part, of the Pacific Group. The Independent Committee engaged Osler as its legal advisor.

In late January 2016, Zolfo Cooper was engaged by the Corporation to provide restructuring advice.

Towards the end of January, the Ad Hoc Committee advised the Independent Committee that it desired to be consulted as part of a process to develop a comprehensive plan to address the current oil price environment and ensure the long-term viability of the Pacific Group.

By February 19, 2016, the Corporation was able to announce that it had entered into forbearance agreements with certain holders of the 2019 Notes and the 2025 Notes and the Bank Lenders. Under the forbearance agreements, and subject to certain terms and conditions thereof, the Noteholders and the Bank Lenders agreed to forbear from declaring the principal amounts of certain Notes or the Credit Facilities, as the case may be, due and payable until March 31, 2016. The Corporation remained current with its suppliers, trade partners and contractors and normal operations continued.

At about this time, Lazard distributed letters to approximately 60 potentially interested parties describing the requirements for submitting preliminary proposals with respect to an acquisition of substantially all or a portion of the Corporation's assets or an investment to support a recapitalization of the Corporation. The Corporation received six responses to these letters from both financial and strategic investors, including from the Plan Sponsor. In light of the participation at that time in the process by the co-chairs of the Corporation (the "**Co-Chairs**"), the Corporation through the Independent Committee implemented certain protocols in order to protect the integrity of the process, including excluding the Co-Chairs from a portion of Board meetings where bids were discussed and not providing information regarding any bids to the Co-Chairs.

The Corporation, with its advisors, considered each proposal and directed Lazard to discuss such proposals with the Ad Hoc Committee and the Steering Committee. During this time, the Corporation caused Lazard to negotiate with each of the potential investors to improve their proposals and eliminate conditionality.

On February 29, 2016, the Independent Committee engaged UBS as its independent financial advisor. At around this time, the Corporation entered into confidentiality agreements with certain Noteholders so as to facilitate the sharing of confidential information regarding the proposals, including copies of the term sheets received in connection with the proposals.

During this time, the Corporation entered into discussions with each of the six bidders and elected to allow each of them to progress to the second phase of the solicitation process and, on March 9, 2016, Lazard provided to the six parties that submitted a preliminary proposal a second letter describing the requirements for submitting binding proposals containing no diligence, financial, approval or other material conditions. The Corporation received six bids in response to this second process letter, including one from the Plan Sponsor. The Corporation, the Independent Committee and their respective advisors carefully analyzed and considered each proposal. Lazard also discussed each proposal with the Ad Hoc Committee and the Steering Committee.

The Corporation elected on March 21, 2016 not to make the interest payments due on March 28, 2016 under the 2023 Notes. The Corporation had a 30-day period from the scheduled payment date to cure the failure to make such payment, failing which, the failure to make such payment would be an event of default under the 2023 Notes.

The holders of the 2019 Notes, the holders of the 2025 Notes and the Bank Lenders agreed on March 24, 2016, subject to certain terms and conditions, to extend the terms of their forbearance agreements to April 29, 2016.

Throughout March and the beginning of April, Lazard, on behalf of the Corporation, and with input from the Independent Committee, the Ad Hoc Committee and Steering Committee, engaged with the potential bidders to discuss key issues and to encourage them to improve their offers. Meetings were held on March 22, 2016 and March 23, 2016 in New York City among representatives of the Corporation, the Independent Committee, the Ad Hoc Committee, the Steering Committee and three of the remaining potential bidders. During these meetings, the Corporation reviewed with each respective bidder its proposal and asked questions of the bidder. Following these meetings, it was determined to proceed with negotiations with the three active bidders, but not to grant exclusivity to any of them or otherwise limit in any way the ability of the parties to negotiate.

Over the next days, the Corporation was able to negotiate various extensions and other concessions in respect of the bidders' proposals and over the course of March 25, 2016 to March 28, 2016, the Noteholders and the Bank Lenders engaged in ongoing discussions and negotiations with three of the bidders.

The Corporation and the Independent Committee, together with the Noteholders and the Bank Lenders, organized additional meetings and conference calls with the active bidders over the course of March 30, 2016 and March 31, 2016.

On April 1, 2016, members and representatives of the Ad Hoc Committee and the Steering Committee met with the Independent Committee to provide their views to the Independent Committee on the various proposals and to discuss timing and next steps, with discussions among the various parties continuing until April 4, 2016. Further discussions with multiple bidders occurred over this period as well.

The Independent Committee met on several occasions during the period to, among other things, review the status of, and provide input with respect to, the strategic review process undertaken by the Corporation.

On April 5, 2016, following extensive deliberation and in light of the desirability, given the liquidity concerns faced by the Corporation, of entering into a definitive agreement on an expedited basis, management of the Corporation, Norton Rose, Lazard, UBS, and Osler were instructed by the Independent Committee to conclude the proposal solicitation process and engage with the Plan Sponsor to finalize a transaction as quickly as possible. The decision was, in part, based on support from the Ad Hoc Committee and certain positively revised terms of the Plan Sponsor's proposal.

From April 5 to April 11, 2016, the Bank Lenders, Noteholders, Plan Sponsor and the Corporation, with the help of their legal and financial advisors, proceeded to negotiate the terms of the Restructuring, including the form of Commitment Letters and form of Support Agreement.

Over the next days, the Independent Committee met on numerous occasions to discuss the status of the transaction documents and to consider whether it should continue to support the effort to finalize the proposal that had been negotiated and developed with the Plan Sponsor (the "**Plan Sponsor/Creditor Proposal**").

On April 11, 2016, the Independent Committee had prolonged discussions to consider the Plan Sponsor/Creditor Proposal and to formulate its recommendation to the Board. After receiving input from its legal and financial advisors and careful consideration of all relevant factors, including, among other things, the factors set out below under "*– Reasons for the Plan*" , the Independent Committee unanimously recommended that the Board approve the Plan Sponsor/Creditor Proposal and enter into definitive documents in respect thereof.

Following receipt of the Independent Committee's recommendation, the Board met on April 13, 2016 with its financial and legal advisors and considered the Independent Committee's recommendation and, in particular, the specific transaction terms that had been negotiated, the merits of entering into such a transaction and the effect of the Plan Sponsor/Creditor Proposal on the Corporation's stakeholders. After detailed discussion, the Board authorized the directors and officers of the Corporation to finalize the various draft transaction documents in respect of such proposal and thereafter enter into such documents.

Following the April 13, 2016 Board meeting, the Corporation, the Independent Committee, the Ad Hoc Committee and the Steering Committee continued to negotiate and finalize the various transaction documents.

On April 18, 2016, the Corporation announced that it received notice from the TSX that the TSX was reviewing the eligibility of the Common Shares for continued listing on the TSX.

During the course of April 18, 2016 and into the early morning of April 19, 2016, the Corporation was able to finalize its agreement with the Plan Sponsor in respect of the Plan and announced, by way of press release, its agreement with the Plan Sponsor and the general terms of the Plan. In light of this announcement, the TSX suspended trading in the Common Shares while it reviewed the Corporation's continued eligibility for listing under the TSX's Expedited Review Process. The Corporation announced these developments and advised it did not intend to make any submissions to the TSX in respect thereof and expected that the Common Shares would be delisted from the TSX on or about May 25, 2016. The decision of the TSX to delist the Common Shares of the Corporation was confirmed on April 26, 2016.

Over the course of April 19, 2016 and into April 20, 2016, the Corporation continued to negotiate and finalize transaction documents with various Bank Lenders and Noteholders and, on April 20, 2016, announced the entering into of the Support Agreement.

During the morning of April 27, 2016, the Board received a supplemental report from the Independent Committee advising of recent developments and providing further information concerning the strategic review process undertaken by the Corporation. At this time, the Board was also advised of the resignation of certain members of the Board. The Board considered the Independent Committee's report and following a discussion, authorized the CCAA Proceedings. In the afternoon of April 27, 2016, the Court issued the Initial Order.

On May 3, 2016, the Corporation and certain other members of the Pacific Group with branches in Colombia filed a request for recognition in Colombia under Ley 1116 in respect of the CCAA Proceedings. At this time, the Superintendencia increased the level of supervision and monitoring over the Corporation and certain other members of the Pacific Group.

On May 7, 2016, the Corporation received a revised offer from EIG, one of the bidders that had participated in the solicitation process. On May 18, 2016, after receiving a report of the Independent Committee with respect thereto, the Board, after deliberation and discussion, reaffirmed that the Plan Sponsor/Creditor Proposal was in the best interests of the Corporation including as compared to EIG's updated offer and that it would not exercise its right under the Support Agreement to terminate such agreement in relation to such offer.

On May 25, 2016 the Common Shares were delisted from the TSX.

On June 9, 2016, the United States Bankruptcy Court for the Southern District of New York entered an order under chapter 15 of title 11 of the United States Code granting recognition of the CCAA Proceedings.

On June 10, 2016, the Superintendencia granted an order under Ley 1116 recognizing the CCAA Proceedings as the foreign main proceedings for the Restructuring. The Superintendencia also authorized the granting of security over the Colombian branches of certain as the Corporation's subsidiaries in connection with the DIP Offering.

Recommendations of the Independent Committee and Approval by the Board

The Independent Committee met to consider the matters involved in, and the discussions leading to, the entering into by the Corporation of various agreements in connection with the Restructuring and the commencement of the CCAA Proceedings. It received advice from its independent legal counsel, independent financial advisor and from the Corporation's legal counsel and financial advisor. Following detailed discussions and careful consideration of these matters, the Independent Committee unanimously recommended on April 11, 2016 to the Board that the Board approve the Plan Sponsor/Creditor Proposal, and on June 27, 2016, after having reviewed the Plan and having received advice from Osler and UBS, recommended to the Board that it approve the Plan for submission to the Court.

After careful consideration of the recommendation of the Independent Committee, and upon consultation with its financial advisors and the Corporation's counsel, on June 27, 2016 the Board approved the Plan, authorized its submission to the Affected Creditors and the Court for their respective approvals and recommended that Affected Creditors vote in favour of the Plan Resolution. Accordingly, the Board unanimously recommends that Affected Creditors vote **FOR** the Plan Resolution.

Reasons for the Plan

The Independent Committee and the Board believe that the Plan represents the best alternative for the long-term interests of the Corporation, the Pacific Group, and the Pacific Group's approximately 2,200 employees and more than 3,000 contract workers, suppliers, customers and other stakeholders. Once effected, the Plan will significantly reduce debt, improve liquidity, and best position the Corporation to navigate the current oil price environment.

In arriving at their respective recommendations the Board and the Independent Committee considered, among other things:

- **Robust Solicitation Process:** The Corporation, through its financial advisor, Lazard, undertook an extensive and prolonged solicitation process and negotiation of multiple proposals which resulted in a robust and competitive bidding process. The process was conducted in consultation with, and with full and transparent participation by, the Steering Committee and Ad Hoc Committee and their respective legal and financial advisors. The Corporation and its advisors had discussions with over 50 parties regarding a potential investment in the Corporation.
- **Consensual Arrangement:** The Independent Committee received advice from UBS and Osler that the Ad Hoc Committee's and the Bank Lenders' advisors indicated that the proposal from the Plan Sponsor was the most likely proposal received through the solicitation process to result in a consensual arrangement with the Ad Hoc Committee and the Bank Lenders which could be implemented through a pre-packaged or pre-arranged insolvency filing with the prospects of obtaining the best result for the Corporation's stakeholders. Affected Creditors holding approximately 79% of the aggregate Affected Claims of the Bank Lenders and of the Noteholders have signed the Support Agreement or a joinder thereto indicating that Affected Creditors overwhelmingly support the Plan.
- **Going Concern:** The Plan gives the Corporation the best opportunity to continue as a going concern and represents the best offer for the Corporation's stakeholders to maximize recovery on their claims. The trade creditors of the Corporation's subsidiaries will be unaffected by the Plan.
- **Insolvent:** Since there was a real prospect that the Corporation would not have sufficient cash flow to meet its obligations in the near term if a restructuring was not advanced in a timely manner, it is likely there would be a "free-fall" bankruptcy of the Corporation and/or appointment of a receiver over all of the assets and undertakings of the Corporation or the Superintendencia would take actions to take control of the Corporation and its

subsidiaries and branches in Colombia if the Plan is not implemented, any one of which would not be in the best interests of the Corporation.

- **Returns:** The consideration offered to the Noteholders, Bank Lenders and the Other Affected Creditors under the Plan is likely to be significantly higher than they would be expected to receive in the event of a "free-fall" bankruptcy, liquidation, receivership or any Colombian insolvency proceeding. Taken as a whole, the benefits received by the Corporation, Affected Creditors and other stakeholders of the Corporation under the Plan are competitive with or superior to those offered by other proposals received.
- **Fair and Reasonable:** The Plan is fair and reasonable in the circumstances and, including by virtue of its consensual nature, will produce a more favourable result for all stakeholders, (other than existing shareholders for whom the outcome would be the same), than on a "free-fall" bankruptcy liquidation. Existing Shareholders would likely receive no return in a bankruptcy.
- **Business Uncertainties:** The results of a review of financial and business information respecting the Corporation, including the impact of the significant decline in the price of oil on the Corporation's significant financial obligations and working capital deficiency, the difficulties and challenges faced in financing the Corporation given current industry and economic conditions, the short and long-term expectations regarding the Corporation's cash flow and operating performance and the expectations of the future of the industry and the risks and uncertainties affecting the Corporation and its business require that a restructuring be implemented as quickly as possible.
- **Capital Markets Risk:** The results of an assessment of the current and anticipated future state of the credit, debt and equity markets that could be available to the Corporation given its present leverage and the downturn in oil prices to provide the Corporation with the full amount of funding it requires to finance its existing business and operations and future opportunities, including the risk that such funding may not be obtained in a reasonable time or in full or on terms satisfactory to the Corporation, as well as an assessment of current and anticipated market conditions including prices for oil.
- **Arm's Length Negotiations:** The terms and conditions of the Plan, as well as the Support Agreement and other definitive documents, are the result of a focused negotiation process that was undertaken at arm's length between certain of the Consenting Creditors (through the Steering Committee and the Ad Hoc Committee), the Plan Sponsor and the Corporation, with the engagement of their respective advisors. The negotiations included oversight and participation of the Independent Committee and its independent legal and financial advisors. The Corporation believes that such negotiations resulted in the most economically viable restructuring proposal. The benefit being derived under the Plan by the Corporation, the Affected Creditors and all other stakeholders is, taken as a whole, the most favourable alternative available, taking into account the consideration received by Affected Creditors, the participation of the Affected Creditors in the Corporation's future, the risk that the transaction might not be completed and the other terms and conditions of the Plan.
- **Dual Vote:** To be effective, the Plan must be supported by the Affected Creditors by a dual vote representing a majority in number of Affected Creditors representing at least two-thirds in value of the Voting Claims of Affected Creditors who are present and voting in person or by proxy on the Plan Resolution at the Meeting (and who are entitled to vote at the Meeting in accordance with the Meeting Order).
- **Court Approval:** The Plan must be approved by the Court through a plan of arrangement under the CCAA, and the Plan will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the terms and conditions are fair and reasonable.

The information and factors described above and considered by the Independent Committee and Board in reaching their determinations and making their recommendations are not intended to be exhaustive but do include the material factors considered by the Independent Committee and Board. In view of the wide variety of factors considered in connection with their evaluation of the Plan and the complexity of these matters, the Independent Committee and Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Independent Committee and Board may have given different weight to different factors. Each member of the Independent Committee and Board has made their recommendations based upon the totality of the information presented to and considered by him or her.

CCAA PROCEEDING

Initial Order

On April 27, 2016, the Corporation made an application for, among other things, creditor protection under the CCAA and the Initial Order was granted by the Court. A copy of the Initial Order is attached to this Circular as Appendix "C" and can also be obtained at the Monitor's website at: www.pwc.com/ca/pacific.

Among other things, the Initial Order:

- imposed a general stay of proceedings against the Applicants with respect to any liabilities or claims that relate to agreements involving the Applicants or their business or any obligations, liabilities or claims affecting the Applicants or their business, other than proceedings authorized under Ley 1116 of 2006 (which stay is currently effective until August 26, 2016, subject to extensions);
- authorized the Corporation to pay certain amounts arising prior to the date of the Initial Order;
- authorized the Corporation to take all steps and actions in respect of, and to comply with all of its obligations pursuant to, the Support Agreement and the Commitment Letters;
- authorized the Corporation, subject to the CCAA and the terms of the various documents entered into in connection with the DIP Offering, to cease or downsize operations in Canada;
- appointed the Monitor to, among other things, monitor the receipts and disbursements of the Corporation, to report to the Court from time to time on matters that may be relevant to the CCAA Proceedings, to provide updates to the Superintendencia on the status of the CCAA Proceedings and to assist the Corporation in various matters relating to the CCAA Proceedings;
- authorized and empowered the Applicants to, as applicable, issue the DIP Notes, the DIP LC Facility and enter into all definitive documents in respect thereof; and
- relieved the Corporation from any obligation to call and hold an annual meeting of its shareholders until a further order of the Court.

In addition, the Initial Order created certain Charges, being charges against all of the current and future assets of the Applicants. These Charges rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, in favour of any Person. Among themselves, the Charges rank as follows:

(a) the Administration Charge up to a maximum of U.S.$45,000,000, to secure amounts owing to the Monitor, its counsel and other certain advisors and persons retained by the Applicants and others involved in the Restructuring;

(b) ranking *pari passu*, (i) the DIP Note Charge as security for amounts owning to the DIP Note Purchasers from time to time under the agreements made pursuant to the DIP Offering and (ii) the KERP Charge, up to a maximum of U.S.$14,120,000, to secure the amounts payable to certain employees of the Applicants in accordance with the KERP;

(c) the D&O Charge, up to a maximum of U.S.$11,000,000, to secure the indemnity created under the Initial Order in favour of the directors and officers of the Applicants; and

(d) the L/C Providers' Charge to secure any reimbursement obligations that arise or mature in respect of outstanding letters of credit issued by the L/C Providers.

Claims Procedure Order

On May 10, 2016, the Corporation obtained the Claims Procedure Order, which provides for, among other things, the establishment of a claims procedure for the identification, quantification and determination of certain claims against the Corporation and its Directors and Officers. The Claims Procedure Order is attached as Appendix "E" to this Circular.

Under the terms of the Claims Procedure Order, June 10, 2016 at 5:00 p.m. was the applicable Claims Bar Date for filing Claims (other than Restructuring Period Claims) for voting purposes and distribution purposes in connection with the Plan. The Monitor is assisting the Corporation in the conduct of the claims process pursuant to the Claims Procedure Order.

Neither the Noteholders nor the Indenture Trustee were required to file proofs of claim in respect of any Claims pertaining to the principal of and accrued interest on the Notes, and neither the Bank Lenders nor the Bank Agents were required to

file proofs of claims in respect of any Claims pertaining to principal or accrued interest under the Credit Facilities. The Claims Procedure Order establishes a separate procedure for the identification, quantification and determination of the Noteholders' Allowed Claims and Bank Lenders' Allowed Claims, which will be undertaken by, as the case may be, the Indenture Trustee, the Corporation, the Monitor and the Bank Lenders.

Meeting Order

On June 30, 2016, the Court granted the Meeting Order authorizing and directing the Corporation to call the Meeting and establishing procedures for the vote in respect of the Plan (including approving the forms of Master Proxy, General Creditor Proxy and VIFs). The Meeting Order establishes procedures for distribution of this Circular. The Meeting Order authorizes and directs the Corporation to call a meeting of the Affected Creditors on August 17, 2016 and set the Noteholder Record Date as 5:00 p.m. (Toronto time) on July 8, 2016 and the Bank Lender Record Time as 5:00 p.m. (Toronto time) on July 8, 2016. The Meeting Order is attached as Appendix "D" to this Circular.

Pursuant to the Meeting Order, VIFs must be received by each Beneficial Noteholder's Intermediary prior to 10:00 a.m. (Toronto time) on August 10, 2016. The Intermediary is required to use the instructions contained therein to complete the Intermediary's Master Proxy which is to be delivered to the Solicitation Agent at or before 10:00 a.m. (Toronto time) on August 16, 2016. The Solicitation Agent will then submit the Master Proxies to the Monitor on or before 1:00 p.m. on August 16, 2016. General Creditor Proxies must be received by the Monitor prior to 10:00 a.m. (Toronto time) on August 10, 2016.

Court Approval and Implementation of the Plan

Following the Meeting, and provided that the Plan is approved by the Required Majority at the Meeting, the Corporation intends to apply to the Court for the Sanction Order. The hearing in respect of the Sanction Order is scheduled to take place on August 23, 2016 at 10:00 a.m. (Toronto time) or as soon thereafter as the motion can be heard at the courthouse at 330 University Avenue, Toronto, Ontario, Canada. At the hearing, any person who wishes to participate, or to be represented, or to present evidence or argument, may do so, subject to filing with the Court and serving upon the solicitors for the parties prescribed in the Meeting Order at the times prescribed in the Meeting Order, a notice of appearance and satisfying any other requirements of the Court as provided in, and on the timelines required by, the Meeting Order or otherwise. At the hearing for the Sanction Order, the Court will consider, among other things, the fairness of the terms and conditions of the Plan and the approval of the Plan by the Affected Creditors. See "*Description of the Plan – Sanction Order and Implementation of the Plan*" below for a summary of the proposed Sanction Order.

Prior to the hearing on the Sanction Order, the Court will be informed that the Claim Settlement Shares (including the Early Consent Shares) to be issued pursuant to the Plan will be issued in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder and applicable Canadian securities law exemptions, upon the Court's approval of the Plan and the Court's approval of the fairness of the Plan after a fairness hearing in accordance with the provisions of Section 3(a)(10) of the U.S. Securities Act. The Court may approve the Plan in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Sanction Order is granted and the other conditions set forth in "*Description of the Plan – Conditions to the Plan Becoming Effective*" are satisfied or waived, it is anticipated that the transactions provided for in the Plan will occur in the order indicated in the Plan. See "*Description of the Plan – Plan Steps*".

IMPACT OF THE PLAN

The Plan is expected to substantially improve the capital structure of the Corporation by reducing the amount of outstanding net debt by approximately U.S.$5.1 billion (plus accrued interest) on a consolidated basis and providing U.S.$480 million of additional liquidity through the DIP Offering and a committed DIP LC Facility of approximately U.S.$116 million. With an improved capital structure, the Corporation will benefit from a reduction in its annual interest cost of approximately U.S.$258 million. Management of the Corporation believes that the Plan will enable the Corporation to continue to pursue its business plan. The successful implementation of the Plan is expected to be a significant positive step in assisting the Corporation in stabilizing its operations. See "*Note Regarding Forward-Looking Information and Statements*", "*Description of the Plan*" and "*Risk Factors*".

Based on the current price of oil and the current level of expenditures (before debt service), the Corporation and its subsidiaries anticipate that the Corporation will, absent the implementation of the Plan (and giving effect to the consequential repayment of the funds provided under the DIP Offering), cease to have sufficient cash resources to continue operations during the third quarter of 2016.

The following table sets out the Corporation's consolidated capital structure, without respect to undrawn letters of credit; (a) as at December 31, 2015 and (b) as at December 31, 2015 *pro forma* to reflect the implementation of the Plan including the relevant adjustments:

	As at December 31, 2015	**Adjustment**	**As at December 31, 2015 *Pro Forma* the implementation of the Plan**
Credit Facilities	U.S.$1,273,146,000	(U.S.$1,273,146,000)	-
Notes	U.S.$4,104,200,000	(U.S.$4,104,200,000)	-
Exit Notes	-	U.S.$250,000,000[(1)]	U.S.$250,000,000
Total Debt	U.S.$5,377,346,000	(U.S.$5,127,346,000)	U.S.$250,000,000
Less: Cash and Cash Equivalents[(2)]	U.S.$342,660,000	U.S.$480,000,000	U.S.$822,660,000
Total Net Debt	U.S.$5,034,686,000	(U.S.$5,607,346,000)	(U.S.$572,660,000)
Number of Common Shares Outstanding[(3)]	316,094,858	(266,091,858)	50,003,000

Notes:

(1) *Pro forma* conversion of U.S.$250,000,000 Series 1 DIP Notes into Plan Sponsor Shares.

(2) *Pro forma* gross proceeds from DIP Offering prior to any transaction fees and expenses.

(3) *Pro forma* Common Shares outstanding based on extinguishment of Affected Claims into Claim Settlement Shares (and, if the Cash Election is used, the issuance of the Cash Consideration Shares), conversion of U.S.$250,000,000 DIP Notes into Plan Sponsor Shares, the exercise of all of the DIP Warrants into Warrant Shares and the Common Share Consolidation.

The estimated fees, costs and expenses payable by the Corporation in connection with the completion of the Plan including, without limitation, financial advisory fees, filing fees, legal and accounting fees and printing and mailing costs are anticipated to be approximately U.S.$118 million.

Until the Implementation Date, the proceeds of the DIP Offering are to be used in accordance the DIP Note Purchase Agreement. See "*DIP Facilities – DIP Note Purchase Agreement*".

SUPPORT AGREEMENT

As of the date of this Circular, Affected Creditors holding approximately 79% of the Affected Claims of the Bank Lenders and the Noteholders have signed the Support Agreement or a joinder thereto, thereby agreeing to support the Plan and vote their Voting Claims in favour of the Plan Resolution at the Meeting, subject to the terms and conditions of the Support Agreement.

Each Consenting Creditor has entered into the Support Agreement, or a joinder thereto, pursuant to which, among other things, each such Consenting Creditor has committed to:

(a) take all commercially reasonable actions that are reasonably necessary or appropriate to consummate the Plan in accordance with the agreed on terms and conditions;

(b) vote any Affected Claim which is beneficially owned or controlled by it, inclusive of any claims acquired after it executes the Support Agreement and that are required to be subject to the Support Agreement, to accept the Plan by taking such actions as are necessary to accept the Plan on a timely basis;

(c) not change or withdraw (or cause to be changed or withdrawn) such vote except on termination of the Support Agreement;

(d) not, in its capacity as a Consenting Creditor: (i) object to, delay, impede or take any other action, including initiating any legal proceedings or enforcing rights as a holder of an Affected Claim, to interfere with the acceptance, approval or implementation of the Plan (including approval of the DIP Offering); (ii) propose, file, participate in or knowingly facilitate, support or vote for, or enter into any letter of intent or other agreement regarding any restructuring, workout, liquidation, plan of arrangement or plan of reorganization for the Corporation under any applicable bankruptcy or insolvency laws other than the Plan; (iii) exercise any right or remedy for the enforcement, collection or recovery of any claim

against the Corporation or any direct or indirect subsidiaries of the Corporation that do not seek relief or protection under applicable insolvency law except in a manner consistent with the Support Agreement; or (iv) solicit or direct any person, including, without limitation, the Indenture Trustee under the Note Indentures and the Bank Lenders (and agents, as applicable) under the Credit Facilities, to undertake any action prohibited by the foregoing clauses (i)-(iii) of this paragraph (d); provided, however, that, except as otherwise set forth in the Support Agreement, the foregoing prohibition will not limit any Consenting Creditor's rights under any applicable indenture, credit agreement, other loan document (including, without limitation, enforcing rights under the DIP Offering) or Applicable Law to appear and participate as a party in interest in any matter to be adjudicated, so long as such appearance and the positions advocated in connection therewith are consistent with the Support Agreement and do not materially hinder, delay, or prevent consummation of the Plan; and

(e) not seek or support any amendment or supplement to the KERP without the consent of the Plan Sponsor and the Corporation.

In addition under the Support Agreement, the Plan Sponsor has agreed that it shall:

(a) take all commercially reasonable actions that are reasonably necessary or appropriate to promptly consummate the Plan in accordance with the agreed terms and conditions;

(b) subject to the terms and conditions of the Plan Sponsor's Commitment Letter, take all actions required to be taken thereunder to purchase the DIP Notes and consummate the transactions set forth therein on the timeline set forth in such Commitment Letter;

(c) vote any Affected Claim which is beneficially owned or controlled by it to accept the Plan by taking such actions as are necessary to accept the Plan on a timely basis;

(d) not change or withdraw (or cause to be changed or withdrawn) such vote except on termination of the Support Agreement;

(e) not (i) object to, delay, impede or take any other action, including initiating any legal proceedings or enforcing rights as a holder of a Affected Claim, to interfere with the acceptance, approval or implementation of the Plan (including approval of the DIP Offering); (ii) propose, file, participate in or knowingly facilitate, support or vote for, or enter into any letter of intent or other agreement regarding any restructuring, workout, liquidation, plan of arrangement or plan of reorganization for the Corporation under any applicable bankruptcy or insolvency laws other than the Plan; (iii) exercise any right or remedy for the enforcement, collection or recovery of any claim against the Corporation or any direct or indirect subsidiaries of the Corporation that do not seek relief or protection under applicable insolvency law except in a manner consistent with the Support Agreement; or (iv) solicit or direct any person, including, without limitation, the Indenture Trustee under the Note Indentures and the Bank Lenders (and agents, as applicable) under the Credit Facilities, to undertake any action prohibited by the foregoing clauses (i)-(iii) of this paragraph (e); provided, however, that, except as otherwise set forth in the Support Agreement, the foregoing prohibition will not limit the Plan Sponsor's rights under any applicable indenture, credit agreement, other loan document or Applicable Law to appear and participate as a party in interest in any matter to be adjudicated, so long as such appearance and the positions advocated in connection therewith are consistent with the Support Agreement and do not materially hinder, delay, or prevent consummation of the Plan;

(f) take no actions, directly or indirectly, and not encourage any other person to take any actions, that are inconsistent with or are reasonably likely to interfere with, frustrate, delay or prevent the timely approval and consummation of the Plan; and

(g) not seek or support any amendment or supplement to the KERP without the consent of the Requisite Consenting Creditors and the Corporation.

The Corporation has agreed under the Support Agreement to, among other things:

(a) take all actions reasonably necessary or appropriate to consummate the Plan as soon as possible in accordance with the agreed to terms and conditions, including: (i) making appropriate disclosures; (ii) providing draft court and other materials to the Consenting Creditors and the Plan Sponsor; (iii) filing court and other materials within the time periods ascribed therefor in the Support Agreement; (iv) taking

all steps reasonably necessary to cause the effective date of the Plan to occur on or before the Outside Date; (v) taking no actions, directly or indirectly, and not encouraging any other person to take any actions, that are inconsistent with or are reasonably likely to interfere with, frustrate, delay or prevent the timely approval and consummation of the Plan; (vi) promptly notifying the Consenting Creditors and the Plan Sponsor if there have been any changes, events, or circumstances (other than changes in commodity prices) which could adversely affect the business, operations, or condition (financial or otherwise) of the Corporation or any constituent member thereof such that the Corporation may not be able to perform its material obligations in accordance with the terms of the Plan; (vii) executing and/or delivering, as soon as is practicable, all other documents, agreements, instructions, proxies, directions, consents, ballots, votes, or other materials required to be submitted, or that the Requisite Consenting Creditors or Plan Sponsor reasonably request that the Corporation submit, in connection with a vote on, solicitation of votes for, implementation of or in pursuit of the Plan, and file all other notices, and take such other action that is consistent with or reasonably required to implement the Plan; and (viii) taking no steps to amend or supplement the KERP without the consent of the Requisite Consenting Creditors and the Plan Sponsor; and

(b) reimburse all of the currently outstanding and future fees and documented expenses incurred in connection with the Plan by: (i) the legal and financial advisors to the Corporation; (ii) the Monitor and its legal advisors; (iii) the legal and financial advisors to the Ad Hoc Committee; (iv) the legal and financial advisors to each administrative agent under the Credit Facilities; and (v) the legal and financial advisors to the Plan Sponsor, in each case regardless of whether the Plan is actually consummated.

During the effective period of the Support Agreement, none of the Consenting Creditors nor the Plan Sponsor is permitted to transfer any Affected Claims, and any purported transfer of any such Affected Claims shall be void and without effect, unless: (i) the transferee is a Consenting Creditor or the Plan Sponsor; or (ii) if the transferee is not a Consenting Creditor or the Plan Sponsor prior to the transfer, such transferee delivers by email to the Corporation, with a copy to (A) Goodmans LLP in respect of any Affected Claims transferred by a Noteholder and (B) Davis Polk & Wardwell LLP in respect of any Affected Claims transferred by a Consenting Bank Lender, within one Business Day of the proposed transfer, an executed copy of the joinder in the form attached to the Support Agreement in respect of the Affected Claims being transferred by such Consenting Creditor or the Plan Sponsor. Upon consummation of any transfer, any person or entity that is a transferee shall be fully bound by the Support Agreement as a "Consenting Creditor" and the transferor shall no longer be bound by the Support Agreement with respect to the Affected Claims that have been transferred; provided, however, that if the transfer occurs: (i) in the case of Beneficial Noteholders, after the Noteholder Record Date and prior to the applicable deadline for voting on the Plan; (ii) in the case of Bank Lenders, after the Bank Lender Record Time and prior to the applicable deadline for voting on the Plan; or (iii) in the case of Other Affected Creditors, if the notice of transfer required by the Claims Procedure Order and the Meeting Order is not received prior to the applicable deadline for voting on the Plan, the transferor's obligations with respect to voting in favour of the Plan Resolution shall survive such transfer.

The Support Agreement permits a Consenting Creditor or the Plan Sponsor to acquire Affected Claims, and such Affected Claims shall automatically and immediately be deemed subject to all of the terms of the Support Agreement.

The Support Agreement shall automatically terminate upon any of the following events:

(a) the aggregate amount of Affected Claims held by the Plan Sponsor and the Consenting Creditors that have not terminated their obligations in compliance with the Support Agreement is less than 35% of the aggregate amount of outstanding Affected Claims and remains as such for a period of five Business Days after delivery of written notice thereof;

(b) the Court denies approval of the Sanction Order or, if the Court enters the Sanction Order, if such order is subsequently reversed, vacated or otherwise materially modified in a manner inconsistent with the Support Agreement, the Recapitalization Term Sheet and the Restructuring;

(c) the Implementation Date shall not have occurred on or before the date that is 270 days after the Filing Date; and

(d) the Implementation Date.

Upon the occurrence and continuation of, among other things, any of the following events, the Requisite Consenting Noteholders or the Requisite Consenting Bank Lenders, as the case may be, may, on notice, terminate the Support Agreement as between the Noteholders or Bank Lenders parties thereto, as applicable, and all other parties to the Support Agreement:

- the material breach by any party to the Support Agreement (other than any Noteholder party thereto or Consenting Bank Lender, as applicable) of any of the representations, warranties, or covenants of such party, as applicable, set forth in the Support Agreement, that adversely affects the Plan or consummation of the Restructuring, and such breach shall continue for five Business Days after receipt by the breaching party, as applicable, of written notice thereof from the Requisite Consenting Noteholders or Requisite Consenting Bank Lenders, as applicable;
- the failure of certain events to occur by specified deadlines, including: (i) the failure to hold the Meeting within 112 days after the Filing Date; (ii) the Sanction Order shall not have been made by the Court within 118 days after the Filing Date; and (iii) the Implementation Date shall not have occurred within 180 days after the Filing Date;
- any of the Corporation or a Guarantor shall have filed, propounded, solicited votes upon, sought confirmation of, or otherwise supported any plan of reorganization under any Applicable Law, other than the Plan;
- the enactment of any statute, regulation, ruling or order declaring the Support Agreement or any material portion thereof to be unenforceable or enjoining or otherwise restricting the consummation of a material portion of the Restructuring (including with respect to the regulatory approvals or tax treatment required for completion of the Restructuring), which remains uncured for a period of five Business Days;
- a receiver or similar individual (other than the Monitor) having been appointed or any of the Restructuring Proceedings having been converted to liquidation cases under applicable insolvency law, or the proceedings having been dismissed by an order or converted to liquidation cases;
- any of the Corporation or a Guarantor having announced its intention to terminate the Restructuring or not to consummate the Restructuring on the terms and conditions set forth in the Support Agreement;
- any of the Corporation or a Guarantor shall be declared the subject of any insolvency, bankruptcy, liquidation or reorganization proceeding (other than the Restructuring Proceedings);
- the material breach by the Plan Sponsor of its obligations under either the Plan Sponsor Commitment Letter, the DIP Note Purchase Agreement or DIP Note Indenture;
- certain breaches of, or amendments to, the DIP Note Purchase Agreement or DIP Note Indenture and related documents, or orders of the Court, that are inconsistent with the Support Agreement; or
- the Corporation or any of its direct or indirect subsidiaries (or any branch thereof) shall be declared subject to (either voluntarily or involuntarily): (i) main insolvency proceedings under Ley 1116; or (ii) proceedings under chapter 11 of title 11 of the United States Code, in each case without the consent of the Consenting Noteholders or Consenting Bank Lenders, as applicable.

Any one Consenting Creditor may, on notice, terminate the Support Agreement as between that Consenting Creditor and all other parties to the Support Agreement upon the occurrence and continuation of, among other things:

- certain breaches of, or amendments to, the DIP Note Purchase Agreement or DIP Note Indenture and related documents, or orders of the Court, that are inconsistent with the Support Agreement;
- the enactment of any statute, regulation, ruling or order declaring the Support Agreement or any material portion thereof to be unenforceable or enjoining or otherwise restricting the consummation of a material portion of the Restructuring (including with respect to the regulatory approvals or tax treatment required for completion of the Restructuring), which remains uncured for a period of five Business Days;
- the Corporation or any of its direct or indirect subsidiaries (or any branch thereof) shall be declared subject to (either voluntarily or involuntarily): (i) main insolvency proceedings under Ley 1116; or (ii) proceedings under chapter 11 of title 11 of the United States Code, in each case without such Consenting Creditor's consent;
- any of the Corporation or a Guarantor shall be declared the subject of any insolvency, bankruptcy, liquidation or reorganization proceeding (other than the Restructuring Proceedings); or
- if the Implementation Date shall not have occurred on or before the date that is 270 days after the Filing Date.

Upon the occurrence and continuation of, among other things, any of the following events the Plan Sponsor, may, on notice, terminate the Support Agreement as between the Plan Sponsor and all other parties to the Support Agreement:

- certain breaches of, or amendments to, the DIP Note Purchase Agreement or DIP Note Indenture and related documents, or orders of the Court, that are inconsistent with the Support Agreement;
- any of the Corporation or a Guarantor shall have filed, propounded, solicited votes upon, sought confirmation of, or otherwise supported any plan of reorganization under any Applicable Law, other than the Plan;
- any of the Corporation or a Guarantor has announced its intention to terminate the Restructuring or not to consummate the Restructuring on the terms and conditions set forth in the Support Agreement;
- the Corporation or any of its direct or indirect subsidiaries (or any branch thereof) shall be declared subject to (either voluntarily or involuntarily): (i) main insolvency proceedings under Ley 1116; or (ii) proceedings under chapter 11 of title 11 of the United States Code, in each case without the Plan Sponsor's consent; or
- the enactment of any statute, regulation, ruling or order declaring the Support Agreement or any material portion thereof to be unenforceable or enjoining or otherwise restricting the consummation of a material portion of the Restructuring (including with respect to the regulatory approvals or tax treatment required for completion of the Restructuring), which remains uncured for a period of five Business Days.

Finally, the Corporation has the right to terminate the Support Agreement upon the occurrence and continuation of, among other things:

- the Board reasonably determines in good faith, having received the advice of outside counsel and the recommendation of the Independent Committee, that the Restructuring and the Plan are not in the best interests of the Corporation having regard to the reasonable expectations of the holders of the Noteholders and Bank Lenders and continued support of the Restructuring and the Plan pursuant to the Support Agreement would be inconsistent with a Directors' fiduciary obligations having regard to the reasonable expectations of the Noteholders and Bank Lenders; or
- the issuance, promulgation, or enactment by any competent governmental entity, including any regulatory or licensing authority or court of competent jurisdiction, of any statute, regulation, ruling or order declaring the Support Agreement or any material portion thereof to be unenforceable or enjoining or otherwise restricting the consummation of a material portion of the Restructuring (including with respect to the regulatory approvals or tax treatment required for completion of the Restructuring), which action remains uncured for a period of five Business Days after the issuance of such issuance, enactment, statute, regulation, ruling or order; provided, that the Corporation used commercially reasonable efforts to lift or otherwise reverse the effect of the governmental action giving rise to such termination event.

The Support Agreement has been filed on www.sedar.com under the Corporation's profile.

EARLY CONSENT SHARES

Each holder of a Noteholder's Allowed Claim that: (i) validly executed the Support Agreement or a joinder thereto with respect to the Noteholder's Allowed Claim on or before the Consent Deadline; (ii) votes in favour of the Plan Resolution; and (iii) holds, immediately prior to the Implementation Time, Notes in an aggregate principal amount equal to, or in excess of, the fair market value of the Early Consent Shares that such holder would otherwise be entitled to receive, will receive, in partial satisfaction of such Noteholder's Allowed Claim, its Pro Rata Share of the Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election), being, in the aggregate, approximately 2.2% of the New Common Shares (other than any Common Shares issued under the Management Incentive Plan), provided that Early Consent Shares will be issued in respect of any Noteholder's Allowed Claim otherwise entitled to such shares only to the holder of such Noteholder's Allowed Claim as of the Noteholder Record Date, notwithstanding any subsequent transfer of such Noteholder's Allowed Claim (the Persons so entitled to the Early Consent Shares, the "**Early Consent Noteholders**"). Persons who (i) acquire Noteholder Allowed Claims after the Noteholder Record Date (or who otherwise cannot demonstrate that they are the holder of such Noteholder's Allowed Claim as of such date) or (ii) do not hold Notes in an aggregate principal amount equal to, or in excess of, the fair market value of the Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election) such holder would otherwise be entitled to receive, will not receive any Early Consent Shares (or cash in lieu thereof pursuant to the Cash Election) in respect of such Noteholder Allowed Claim. The entitlement to Early Consent Shares will be allocated from the Claim Settlement Shares otherwise payable to the Noteholders and as a result, for greater certainty, the issuance of Early Consent Shares to Early Consent Noteholders does not affect the entitlements of General Creditors under the Plan.

The Meeting Order provides, that in order to be entitled to Early Consent Shares, a holder of a Noteholders' Allowed Claim as of the Noteholder Record Date must duly complete and submit the Application for Early Consent Consideration by the Proxy/Election Deadline (being 10:00 a.m. (Toronto time) on August 10, 2016) to its Participant Holder. A holder of a Noteholders' Allowed Claim will not be entitled to Early Consent Shares in respect of such Noteholder's Allowed Claim if its Participant Holder has not received that Noteholder's Application for Early Consent Consideration, properly completed, by the Proxy/Election Deadline.

ELIGIBLE NOTEHOLDERS MUST VOTE IN FAVOUR OF THE PLAN RESOLUTION IN ORDER TO RECEIVE EARLY CONSENT SHARES.

DIP FACILITIES

The Plan Sponsor Commitment Letter

In connection with the Restructuring and prior to the Initial Order, pursuant to the terms of a commitment letter dated April 20, 2016 (the "**Plan Sponsor Commitment Letter**"), the Plan Sponsor committed to purchase the entire amount of the DIP Notes (the "**Plan Sponsor Commitment**") provided that the Plan Sponsor Commitment would be reduced by the amount of DIP Notes actually funded by any other DIP Note Purchasers, up to the amount of U.S.$240 million (being U.S.$250 million principal amount of DIP Notes less an original issue discount). The Plan Sponsor's commitment was not conditioned on the completion of any further due diligence. See "*DIP Facilities – DIP Note Purchase Agreement*" for a description of the DIP Notes and DIP Note Purchasers.

In connection with the Plan Sponsor Commitment, the Corporation agreed that it would not, for a period of 12 weeks from April 20, 2016, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Plan Sponsor relating to the restructuring of the Corporation including, without limitation, any recapitalization and/or disposition of the Corporation or any material part of the stock or assets of the Corporation.

The Corporation further agreed, should the transactions contemplated by the Plan Sponsor Commitment Letter not timely be effected for any reason including, without limitation, the Corporation entering into any alternative debtor-in-possession facility and/or any alternative transaction whatsoever, that it would immediately pay to the Plan Sponsor in cash an amount equal to the Break Fee.

Under the Plan Sponsor Commitment Letter, the Corporation agreed to pay all of the Plan Sponsor's out-of-pocket expenses associated with the preparation, negotiation, execution, delivery and administration of the various documents associated with the Restructuring or otherwise incurred in connection with the relevant proceedings (including fees, costs, disbursements and expenses of its advisors).

The Corporation has indemnified the Plan Sponsor in connection with the Plan Sponsor Commitment Letter and agreed that the Plan Sponsor shall not have any liability under the Plan Sponsor Commitment Letter except, in each case, as a result of gross negligence, wilful misconduct or material breach of the Plan Sponsor Commitment Letter.

DIP Note Purchase Agreement

In accordance with the Plan Sponsor Commitment Letter and commitment letter with the DIP Note Purchasers (other than the Plan Sponsor) (the "**DIP Note/Exit Facility Commitment Letter**"), the DIP Note Purchasers acquired, pursuant to the DIP Note Purchase Agreement, U.S.$500 million in principal amount of DIP Notes (issued with an original issue discount) and 6,250,000 DIP Warrants for an aggregate purchase price of U.S.$479,999,375 (after taking into account the original issue discount). The DIP Note Purchasers placed U.S.$625 into escrow with the Warrant Agent to fund the exercise price of the DIP Warrants. The purchase price under the DIP Note Purchase Agreement was allocated as follows: (i) U.S.$240 million to the Series 1 DIP Notes; (ii) U.S.$220 million to the Series 2 DIP Notes; and (iii) U.S.$19,999,375 to the DIP Warrants.

The DIP Note Purchase Agreement provides that the aggregate proceeds of the issuance of the DIP Notes and DIP Warrants solely be used for the following purposes and in the following order:

(a) to fund the exercise price of the DIP Warrants payable in escrow to the Warrant Agent;

(b) to fund the Colombian Recognition Order Cash into the Colombian Recognition Order Account;

(c) to pay the financial advisory fees and expenses of the DIP Note Purchasers and DIP LC Lenders and the legal fees and expenses of a single counsel to in each relevant jurisdiction for: (i) the DIP Note Purchasers (other than the Plan Sponsor) (as a group), the DIP LC Lenders (as a group), provided that for

the purposes of local security in jurisdictions outside of Canada, Colombia and the United States, all DIP LC Lenders and DIP Note Purchasers (other than the Plan Sponsor) shall use a single common counsel; (ii) the Plan Sponsor; (iii) the Noteholders (as a group); (iv) the Bank Lenders (as a group) and the legal fees and expenses of counsel for the Monitor;

(d) to fund the Note Parties' and their subsidiaries' (to the extent permitted under the DIP Note Indenture) immediate funding requirements (to the extent permitted under the DIP Note Indenture); and

(e) with the prior written consent of the DIP Note Purchasers, to pay obligations of the Corporation or other Note Parties (or their respective subsidiaries or affiliates) incurred prior to the date of the Initial Order, except that such consent will not be needed (to the extent permitted under the DIP Note Indenture) to pay: (i) fees and expenses set out in item (a) above incurred prior to the date of the Initial Order; (ii) amounts due to trade creditors in the ordinary course of business; (iii) amounts owing or permitted under the KERP; and (iv) taxes, accrued payroll and other ordinary course liabilities.

Under the DIP Note Purchase Agreement, the Note Parties, jointly and severally, agree to pay the financial advisory fees and expenses of the DIP Note Purchasers and the DIP LC Lenders and the legal fees and expenses of a single counsel in each relevant jurisdiction for: (i) the Plan Sponsor; (ii) the DIP Note Purchasers (other than the Plan Sponsor) (as a group), the DIP LC Lenders (as a group), provided that for the purposes of local security in jurisdictions outside of Canada, Colombia and the United States, all DIP LC Lenders and DIP Note Purchasers (other than the Plan Sponsor) shall use a single common counsel; (iii) the Noteholders (as a group); and (iv) the Bank Lenders (as a group) and the legal fees and expenses of counsel for the Monitor.

Each Note Party formed under the laws of Colombia and each other Note Party with a Colombian branch agreed to amend its bylaws to prohibit, until the Implementation Date, the incurrence of any indebtedness except as otherwise permitted from time to time pursuant to the DIP Note Indenture.

The Note Parties have agreed to indemnify the DIP Note Purchasers or their respective affiliates or any of their respective partners, officers, members, directors, agents, employees, advisors or controlling persons (if any) from all losses, claims, damages or liabilities arising in connection with, or as a result of, the DIP Note Purchase Agreement or the transactions contemplated thereunder, except to the extent that such loss, claim, damage or liability: (i) has been found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from: (A) gross negligence or wilful misconduct of the indemnified person in performing its obligations under the DIP Note Purchase Agreement, or (B) the material breach of the obligations of the indemnified person under the DIP Note Purchase Agreement; or (ii) the result of any proceeding that is not the result of an act or omission by the Corporation or any of its affiliates and that is brought by an indemnified person against any other indemnified person.

Each DIP Note Purchaser other than the Plan Sponsor is free, subject to applicable securities laws and conditions related thereto, to transfer its DIP Notes and/or its DIP Warrants (together or separately) and all of its rights and obligations relating thereto under the DIP Note Purchase Agreement, provided that no DIP Note Purchaser (other than the Plan Sponsor) may, to the extent known to the individual making such transfer, transfer its DIP Notes and/or its DIP Warrants to any of the parties disclosed as principal holders of the Common Shares on page 35 of the Corporation's information circular dated June 5, 2015, nor to any person or entity known to the individual making such transfer to be acting on behalf of any of the foregoing. The DIP Notes and DIP Warrants are subject to a "restricted period" under applicable Canadian securities laws of four months and one day from the closing of the DIP Offering during which time such holder may not trade the DIP Warrants or DIP Notes purchased by it in Canada without filing a prospectus or pursuant to one of the limited exemptions from the requirement to file a prospectus under Canadian securities laws.

The Plan Sponsor may not transfer its DIP Notes without the prior consent of the holders of DIP Notes (other than the Plan Sponsor) who collectively hold not less than 75% of the aggregate principal amount of DIP Notes issued under the DIP Note Purchase Agreement. The Plan Sponsor did not purchase any DIP Warrants.

The DIP Notes sold pursuant to the DIP Note Purchase Agreement were issued pursuant to the DIP Note Indenture and the DIP Warrants sold pursuant to the DIP Note Purchase Agreement were issued pursuant to the DIP Warrant Indenture, as more fully described below:

(a) DIP Note Indenture, DIP Notes and Exit Notes

DIP Note Indenture

The DIP Note Indenture governs the terms of the DIP Notes and provides that on the Implementation Date: (i) the Plan Sponsor shall exchange its Series 1 DIP Notes into the Plan Sponsor Shares; and (ii) the Series 2 DIP Notes shall be amended, restated, supplemented, modified or otherwise reissued as Exit Notes through the amendment and restatement of the DIP Note Indenture (the "**Amended Indenture**"). The following subsections describe the DIP Notes and the Exit Notes.

DIP Notes

The aggregate principal amount of the DIP Notes issued by the Corporation under the DIP Note Indenture is U.S.$500 million. The DIP Notes were issued in two series: Series 1 DIP Notes with an aggregate principal amount of U.S.$250 million, purchased by the Plan Sponsor, and Series 2 DIP Notes with an aggregate principal amount of U.S.$250 million, purchased by the DIP Note Purchasers (other than the Plan Sponsor).

The DIP Notes bear interest at a rate of 12% *per annum* from the issue date of such DIP Note or from the most recent interest payment date to which interest has been paid, as the case may be, payable monthly in arrears on the last Business Day of each calendar month and on the Maturity Date or the Implementation Date, as applicable, commencing on the last Business Day of June 2016, until the principal thereof is paid or duly provided for or, in the case of the Series 1 DIP Notes, until such DIP Note is exchanged into Plan Sponsor Shares in accordance with the Plan. The Corporation will pay interest on overdue principal, if any, at a rate equal to 2.00% *per annum* in excess of the interest rate on the DIP Notes, and to the extent lawful, it will pay interest on overdue installments of interest from time to time on demand at the same rate. Interest payments will be subject to certain tax gross-up obligations.

The DIP Notes maturity date (the "**Maturity Date**") will be the earliest to occur of the following dates: (i) the date on which a demand by the Registered Holders is made following the occurrence of any event of default which is continuing; (ii) the date that a restructuring, refinancing or sale transaction (with respect to a material amount of stock or assets of the Corporation or any of its subsidiaries), other than the Plan and other than certain permitted asset dispositions under the DIP Note Indenture, is approved by the applicable court or consummated without the consent of the Registered Holders; (iii) the date on which any stay of proceedings ordered pursuant to one or more of the Restructuring Proceedings expires without being extended or on which one or more of the Restructuring Proceedings are terminated or converted to a liquidation proceeding; and (iv) the Outside Date, provided that, if none of the foregoing events have occurred on or prior to the Implementation Date, then the Maturity Date shall be deemed to not have occurred and (A) the Series 1 DIP Notes shall be exchanged into the Plan Sponsor Shares in accordance with the DIP Note Indenture, and (B) the Series 2 DIP Notes shall remain outstanding as Exit Notes under the Amended Indenture, having the maturity date provided for thereunder.

Prior to the Implementation Date, if the Corporation has terminated the Support Agreement pursuant to section 5.06(a) thereof, the DIP Notes may be redeemed in whole by the Corporation in an amount equal to the principal amount of the DIP Notes, plus all interest payable through the then-current Outside Date plus the Break Fee plus certain tax gross-up obligations (if any).

On the Maturity Date, the Corporation will deposit or cause to be deposited with Computershare Trust Company, National Association, as paying agent, in immediately available funds, a sum in U.S. dollars sufficient to pay the principal of, and all accrued and unpaid interest (and the Break Fee and certain tax gross-up obligations, if any) due on, each DIP Note on the Maturity Date.

Each subsidiary of the Corporation (except certain excluded subsidiaries) shall become a guarantor under the DIP Note Indenture. The full and punctual payment (whether at an installment date or the Maturity Date, upon redemption, purchase pursuant to an offer to purchase or acceleration or otherwise) of the principal, Break Fee, interest and all other amounts that may come due and payable under each DIP Note and the full and punctual payment of all other amounts payable by the Corporation under the DIP Note Indenture as they come due, are absolutely, irrevocably and unconditionally guaranteed by the Guarantors. Certain limitations apply to the liability of Guarantors incorporated, organized or formed, as the case may be, in Switzerland and in the Grand Duchy of Luxembourg.

The Corporation and each Guarantor (other than Pacific Midstream Holding Corp. and Pacinfra Holding Ltd.) shall grant first-priority security interests in and over all of their respective present and future property and assets (subject to certain exclusions) (collectively, the "**Collateral**") pursuant to such collateral documents as are necessary or desirable in order to grant a validly perfected lien in favour of Computershare Trust Company, National Association, as collateral trustee, ranking in priority to all other liens (other than certain permitted charges and liens).

Upon the occurrence and during the continuation of an event of default, either Computershare Trust Company, National Association, as trustee of the DIP Note Indenture, or holders of not less than 66 2/3% in aggregate principal amount of all of the outstanding DIP Notes may, following an order of the Court, declare all the obligations and indebtedness arising under the DIP Notes, the DIP Note Indenture and other transaction documents, to be due and payable immediately, by a notice in writing to the Corporation, and upon any such declaration such obligations and indebtedness shall become immediately due and payable.

The Corporation and the Guarantors agreed to comply, and cause their subsidiaries to comply, with, among others, the following covenants, in each case as more fully described in the DIP Note Indenture:

(a) provide to holders, beneficial owners or prospective purchasers the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act;

(b) provide notice in case of default;

(c) maintain their records in accordance with IFRS or generally accepted accounting principles, as applicable;

(d) execute further documents required under the transaction documents;

(e) only incur indebtedness permitted by the DIP Note Indenture (as mentioned in the following paragraph);

(f) only incur liens permitted, such as liens required by law or court-ordered and existing liens;

(g) not: pay dividends or make distributions of capital stock, except dividends or distributions payable to the Corporation and its subsidiaries (limited to cash distributions in the case of Pacinfra Holding Ltd. and Pacific Midstream Holding Corp); acquire for value capital stock of the Corporation; pay, prepay, redeem, purchase or exchange any indebtedness or capital stock outstanding as of the DIP Closing Date, unless permitted; pay intercompany loans except as permitted; or make investments, unless permitted;

(h) not make any asset disposition, unless specifically permitted for certain projects or assets;

(i) not enter into sale and lease-back transactions;

(j) only enter into transactions with affiliates if certain conditions are met;

(k) not create restrictions on their respective ability of the subsidiaries to pay dividends and make other payments;

(l) provide access to information and prepare reports;

(m) maintain their existence and property;

(n) provide the guarantees and grant the security interests over the Collateral;

(o) maintain insurance;

(p) pay all material taxes;

(q) comply with applicable laws;

(r) only engage in business related, ancillary or complementary to the businesses of the Corporation and its Restricted Subsidiaries on the issue date of the DIP Notes;

(s) use the proceeds of the issue as described under "*– DIP Note Purchase Agreement"* above;

(t) fully document intercompany loans;

(u) comply with material contracts;

(v) not own title in fee simple to real estate in excess of U.S.$3,000,000, or leasehold interests in any real estate with a value in excess of U.S.$5,000,000, subject to certain exceptions;

(w) not assert subrogation or contribution rights;

(x) not permit changes of control (other than pursuant to the Plan);

(y) not commence bankruptcy proceedings (other than pursuant to the Restructuring Proceedings);

(z) not maintain pension plans;

(aa) cause cash from receivables to be deposited in blocked accounts;

(bb) maintain a minimum unrestricted operating cash (together with the amount in the cash collateral account and the Colombian Recognition Order Cash) of U.S.$200 million;

(cc) deposit the net proceeds of the issuance of the DIP Notes and other amounts in one or more cash collateral account;

(dd) request and obtain the release amounts deposited in the cash collateral account in accordance with certain requirements;

(ee) prohibit Pacinfra Holding Ltd. and Pacific Midstream Holding Corp. from undertaking acquisitions and disposition of assets, incurring indebtedness and liens and consolidating, amalgamating or merging;

(ff) prohibit Meta Petroleum Corp. or its Colombian branch from making any payments to Maurel & Prom Colombia B.V. on account of any indebtedness owed to Maurel & Prom Colombia B.V.; and

(gg) not consolidate, amalgamate, merge or dispose of assets unless in accordance with the DIP Indenture (and only other than Pacinfra Holding Ltd. and Pacific Midstream Holding Corp.).

The DIP Note Indenture only allows the Corporation and the Guarantors to incur the following indebtedness:

- certain intercompany loans between Note Parties; indebtedness owed to subsidiaries that are not Note Parties, subject to subordination; certain loans to subsidiaries that are not Note Parties provided that such loans constitute permitted investments;
- guarantees on permitted indebtedness and in the ordinary course of business;
- certain oil and gas and interest rate hedging obligations;
- the DIP Notes and the DIP Notes guarantees;
- indebtedness consisting of bonds, surety obligations, deposits or similar obligations arising from instruments drawn against insufficient funds in the ordinary course of business;
- indebtedness required by governmental requirements regarding oil and gas properties or offtake agreements relating to hydrocarbon infrastructure, up to U.S.$300 million;
- indebtedness under the DIP LC Facility, letters of credit and cash-collateralized letters of credit, in an aggregate principal amount not to exceed U.S.$200 million;
- indebtedness arising under any unsecured letters of credit;
- indebtedness of Pacific Midstream Ltd. and Pacific Infrastructure Ventures Inc. and their subsidiaries;
- indebtedness arising under cash-collateralized letters of credit to government entities and hydrocarbons infrastructure service providers outstanding on the DIP Closing Date and after the DIP Closing Date letters of credit and cash-collateralized letters of credit, in an aggregate principal amount not to exceed U.S.$10 million;
- capitalized lease obligations existing as of the DIP Closing Date; and
- indebtedness existing as of the DIP Closing Date.

Further restrictions or conditions may apply to the permitted indebtedness.

The DIP Notes are subject to transfer restrictions pursuant to, among other things, applicable securities laws, the rules and procedures of DTC, Euroclear and Clearstream, all as more particularly set out in the DIP Note Indenture.

Exit Notes

On the Implementation Date, subject to the implementation of the Plan, the Series 2 DIP Notes shall be amended, restated, supplemented, modified or otherwise reissued as exit notes (the "**Exit Notes**") through the Amended Indenture, in an aggregate principal amount of U.S.$250 million.

The Exit Notes will bear interest at a rate of 10% *per annum* from the issue date of such Exit Note (which date shall be the Implementation Date, also referred to as the "**Exit Note Issue Date**") or from the most recent interest payment date to which interest has been paid, as the case may be, payable monthly in arrears on the last Business Day of each month, commencing at the end of the month when the Implementation Date occurs, until the Maturity Date. The Corporation will pay interest on overdue principal and premium, at a rate equal to 2.00% *per annum* in excess of the interest rate on the Exit Notes, and to the extent lawful, it will pay interest on overdue installments of interest from time to time on demand at the same rate.

For a period of two years following the Implementation Date, the Corporation shall have the option, if the Corporation's unrestricted cash in operating accounts falls below U.S.$150 million, to make "payments-in-kind" with respect to any interest payment owed on the principal amount of the Exit Notes, at a rate of 14% *per annum*.

The Exit Notes will mature five years after the Implementation Date. On the maturity date, the Corporation will make payment, in U.S. dollars, of the principal, all accrued and unpaid interest (and certain tax gross-up obligations, if any), due on each Exit Note on the maturity date.

Each subsidiary of the Corporation (except certain excluded subsidiaries) shall become a guarantor under the Amended Indenture and irrevocably and unconditionally guarantee the performance of all obligations of the Corporation under the Amended Indenture and the Exit Notes. Certain limitations apply to the liability of Guarantors incorporated, organized or formed, as the case may be, in Switzerland and in the Grand Duchy of Luxembourg.

The Corporation and each Guarantor (other than Pacific Midstream Holding Corp. and Pacinfra Holding Ltd.) shall grant first-priority security interests in and over the Collateral pursuant to such collateral documents as are necessary or desirable in order to grant a validly perfected lien in favour of Computershare Trust Company, National Association, as collateral trustee, ranking in priority to all other liens (other than certain permitted liens).

The Corporation may at any time on or prior to the second anniversary of the date of issuance of the Exit Notes, redeem the Exit Notes at a redemption price equal to the greater of: (i) 100% of the principal amount of such Exit Notes; and (ii) the sum of the present value of the redemption price of such Exit Notes on the second anniversary of the Implementation Date (described below) and all required interest payments due on such notes through the second anniversary of the Implementation Date (exclusive of interest accrued to the date of redemption) discounted to the redemption date at the Treasury Rate plus 50 basis points, plus in each case accrued and unpaid interest to the redemption date.

The Corporation may redeem the Exit Notes at any time following the second anniversary of the Implementation Date, subject to the following redemption premiums: (i) following the second anniversary of the Implementation Date up to and including the third anniversary of the Implementation Date, 107.5% of the aggregate principal amount of the Exit Notes; (ii) following the third anniversary of the Implementation Date up to and including the fourth anniversary of the Implementation Date, 105% of the aggregate principal amount of the Exit Notes; and (iii) following the fourth anniversary of the Implementation Date up to and including the fifth anniversary of the Implementation Date, 102.5% of the aggregate principal amount of the Exit Notes.

The Corporation may also redeem the Exit Notes prior to the second anniversary of the Implementation Date, at a redemption premium of 107.5%, if, as a result of amendments to laws, the Corporation or a Guarantor becomes obligated to pay tax-gross up amounts in excess of those that would have been payable as of the Exit Note Issue Date, at a redemption premium of 107.5%.

If a change of control on the Corporation occurs, each Registered Holder will have the right to require the Corporation to repurchase all or any part of that Registered Holder's Exit Notes pursuant to a change of control offer at a purchase price of 101% of the principal amount and all accrued and unpaid interest (and certain tax gross-up obligations, if any).

The Corporation and certain subsidiaries (the "**Restricted Subsidiaries**") will agree to the following covenants (in each case as more fully described in the Amended Indenture):

(a) not incur any indebtedness during the two years following the Exit Note Issue Date (except for certain permitted indebtedness described below), and after such date they may incur indebtedness if: (i) they comply with certain debt leverage and fixed charge ratios; (ii) such indebtedness has a maturity date that is at least 90 days following the maturity date of the Exit Notes; and (iii) no default or event of default shall have occurred and be continuing;

(b) only incur permitted liens, such as liens required by law or court-ordered, existing liens certain permitted liens relating to hedging obligations and letters of credit and an additional U.S.$5 million basket;

(c) not, during the two years following the Exit Note Issue Date (except as permitted under the Amended Indenture): pay dividends or make distributions of capital stock, except for dividends or distributions payable solely in the form of issuance of additional capital stock and except dividends or distributions payable to the Corporation or a Restricted Subsidiaries, acquire for value capital stock of the Corporation, and purchase, repurchase, redeem, defease or acquire or retire for value, prior to scheduled maturity, repayment or sinking fund payment, any indebtedness of the Corporation or the Restricted Subsidiaries, which is subordinated to obligations under the Exit Notes. After the two-year anniversary of the Exit Note Issue Date, these payments shall not be restricted if the Corporation meets certain ratios and has availability in its restricted payment basket;

(d) not make any asset disposition, unless they comply with certain conditions regarding the consideration received and the application of the net available cash from such asset disposition;

(e) not enter into sale and lease-back transactions, unless they comply with certain conditions regarding the consideration received and the application of the net available cash from such sale and lease-back transaction;

(f) only enter into transactions with affiliates if certain conditions are met, such as that the terms of the transaction cannot be less favourable to the Corporation or the Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction;

(g) not create restrictions on the ability of the Restricted Subsidiaries to pay dividends and make other payments;

(h) provide access to financial information and prepare reports;

(i) provide to Registered Holders, beneficial owners or prospective purchasers the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act;

(j) use commercially-reasonable best efforts to maintain public ratings on the Exit Notes;

(k) only engage in business related, ancillary or complementary to the businesses of the Corporation and its Restricted Subsidiaries on the Exit Note Issue Date;

(l) prohibit Pacinfra Holding Ltd. and Pacific Midstream Holding Corp. from undertaking acquisitions and dispositions of assets, incurring of indebtedness and consolidating, amalgamating or merging;

(m) ensure that each blocked account shall at all times be subject to a blocked account agreement (each as defined in the Amended Indenture);

(n) not consolidate, amalgamate, merge or dispose of assets unless in accordance with the Amended Indenture;

(o) not enter into or assume (including through investments or acquisitions of assets or shares) any new take-or-pay or ship-or-pay agreements nor materially modify or amend any material take-or-pay or ship-or-pay agreements except with the approval of the Board;

(p) maintain its records in accordance with IFRS or generally accepted accounting principles, as applicable;

(q) execute further documents required under the transaction documents;

(r) maintain their existence and property;

(s) maintain insurance; and

(t) pay all material taxes.

Covenants regarding books and records, further assurances, maintenance of existence, insurance and payment of taxes and claims, included in the DIP Note Indenture, will also be included in the Amended Indenture.

The Corporation and the Restricted Subsidiaries may only incur indebtedness specifically permitted in the Amended Indenture, including:

- after the second anniversary of the Exit Note Issue Date, (except for certain permitted indebtedness described below), after which date the Corporation and the Restricted Subsidiaries may incur indebtedness if: (i) it complies with certain debt leverage and fixed charge ratios; (ii) such indebtedness has a maturity date that is at least 90 days

following the maturity date of the Exit Notes; and (iii) no default or event of default shall have occurred and be continuing at the time such indebtedness is incurred or as a result of such incurrence;

- indebtedness between the Corporation and Restricted Subsidiaries, provided that it is unsecured and assigned to the collateral trustee;
- indebtedness between the Corporation or Restricted Subsidiaries and subsidiaries of the Corporation other than the Restricted Subsidiaries, subject to subordination;
- indebtedness outstanding on the Exit Note Issue Date;
- guarantees on permitted indebtedness;
- certain indebtedness of Restricted Subsidiaries outstanding at the time they became Restricted Subsidiaries;
- certain indebtedness of any person outstanding at the time they merge or consolidate with the Corporation or Restricted Subsidiary;
- certain indebtedness in the ordinary course of business;
- indebtedness arising from indemnification agreement in connection with acquisition or disposition of a business of a Restricted Subsidiary;
- mortgage financings, purchase money obligations or other indebtedness incurred to finance or refinance any property or asset used in the line of business (or indebtedness incurred in connection with any lease financing), and capitalized lease obligations (as required in accordance with IFRS) at any one time aggregating up to U.S.$25 million;
- obligations under the Hedging Facility;
- indebtedness incurred to refinance indebtedness existing on the Exit Note Issue Date or permitted under the Amended Indenture;
- the DIP Notes and the DIP Notes guarantees;
- indebtedness arising from instruments drawn against insufficient funds in the ordinary course of business;
- indebtedness arising from unsecured letters of credit;
- indebtedness under the Exit LC Facility, and letters of credit such that the aggregate principal amount of letters of credit (including those under the Exit LC Facility) does not exceed U.S.$200 million (which may be secured by the Collateral on a *pari passu* basis with the liens securing the Exit LC Facility, or by cash collateral in an amount not to exceed U.S.$25 million);
- indebtedness required by governmental requirements regarding oil and gas properties or offtake agreements relating to hydrocarbon infrastructure, up to U.S.$300 million and 7.5% of the consolidated total assets shown on the consolidated balance sheet of the Corporation and its Restricted Subsidiaries;
- guarantees of indebtedness of Petroelectrica de los Llanos, Ltd.; and
- indebtedness of the Corporation or any of its Restricted Subsidiaries in an aggregate principal amount which, when taken together with all other outstanding indebtedness of the Corporation and its Restricted Subsidiaries (other than indebtedness permitted according to this paragraph) does not exceed U.S.$50 million.

Further restrictions or conditions apply to the permitted indebtedness.

The Corporation shall use commercially-reasonable best efforts to obtain a rating within ten Business Days after the Implementation Date and to obtain and maintain the listing of the Exit Notes on the Official List of the Luxembourg Stock Exchange.

(b) DIP Warrants and DIP Warrant Indenture

The DIP Warrants purchased under the DIP Note Purchase Agreement are governed by the DIP Warrant Indenture. Pursuant to the terms of the DIP Warrant Indenture, 6,250,000 DIP Warrants were issued with each DIP Warrant exercisable for 100,000 Warrant Shares at an exercise price of U.S.$0.0001 per 100,000 Warrant Shares. Assuming all of the DIP Warrants are exercised, then 625 billion New Common Shares will be issued which, after the Common Share

Consolidation, will represent 6,250,000 Consolidated Shares (representing approximately 12.5% of the Consolidated Shares, other than any Common Shares issued under the Management Incentive Plan). Each DIP Warrant may only be exercised in a sufficient number to acquire whole numbers of New Common Shares with any fractional New Common Shares rounded down to the nearest number of whole Warrant Shares for no consideration.

The total number of New Common Shares issuable upon the exercise of the DIP Warrants shall be equal to the Number of Warrant Shares. Therefore, in the event that the total number of Warrant Shares issuable upon the exercise of the DIP Warrants would constitute less, or more, than the Number of Warrant Shares, then the number of Warrant Shares issuable upon the exercise of each one DIP Warrant shall be adjusted accordingly.

The DIP Warrants are exercisable only on the Implementation Date. The DIP Note Purchasers have, in the Note Purchase Agreement and the DIP Warrant Indenture, agreed to exercise the DIP Warrants on the Implementation Date and have pre-funded the exercise price under the DIP Warrants. All DIP Warrants for which the agreement to exercise is not revoked or deemed to have been revoked will automatically be exercised, without any further action required on the part of the holder thereof other than the completion of the certification requirement set out in the DIP Warrant Indenture and without any additional payment or consideration required to be made on the part of the holder thereof, on the Implementation Date at the time specified for the exercise of the DIP Warrants in the Plan (which will be prior to the Common Share Consolidation).

Not less than 15 Business Days prior to the anticipated Implementation Date, the Corporation will notify the Warrant Agent, the Co-Agent, DTC and the holder of the DIP Warrants of the anticipated Implementation Date and the Warrant Exercise Record Date. On and after the Warrant Exercise Record Date, no transfer of a DIP Warrant will be accepted by the Warrant Agent and trading in the DIP Warrants will be blocked in the DTC book entry registration system.

The holder of a DIP Warrant must, no earlier than the Warrant Exercise Record Date and no later than 5:00 p.m. (Toronto time) on the Business Day prior to the anticipated Implementation Date, provide a certificate (substantially in the form attached as Schedule "F" to the DIP Warrant Indenture) to the Co-Agent on behalf of the Warrant Agent, with a copy to the Corporation, confirming the status of such holder with respect to its eligibility to acquire Warrant Shares. If such certificate is provided in respect of a DIP Warrant during such period (and the holder of the DIP Warrant has not revoked its election to exercise the DIP Warrant), such DIP Warrant will be exercised in accordance with the Plan and the holder thereof will be entitled to receive the Warrant Shares issued on exercise of the DIP Warrant. If the certification is not provided during the prescribed period in respect of a DIP Warrant (and the holder of the DIP Warrant has not revoked its election to exercise the DIP Warrant), such DIP Warrant will nonetheless be exercised in accordance with the Plan, however the Warrant Shares issued on exercise of such DIP Warrant will not be delivered to the holder but be retained by the Corporation or the Warrant Agent on behalf of the holder pending satisfaction of the certification requirements within a grace period of 30 days. If the required certification is provided during the 30-day grace period, the former holder of the DIP Warrant will be entitled to receive the Warrant Shares issued on exercise of the DIP Warrant. If the required certification is not provided during the 30-day grace period, the former holder of the DIP Warrant will be deemed to have revoked its election to exercise the DIP Warrant, such DIP Warrant will be deemed not to have been exercised, the former holder of such DIP Warrant shall have no further rights in connection therewith or in respect of Warrant Shares issued in respect of such DIP Warrant, and the Corporation may cancel or otherwise retain in treasury on its own behalf those Warrant Shares previously retained by the Corporation or the Warrant Agent on behalf of such holder.

In the event that the agreement to exercise all or any portion of the DIP Warrants has been revoked (or deemed to be revoked), then the DIP Warrants in respect thereof will not be exercised (or deemed not to have been exercised) on the Implementation Date and the exercise price in respect thereof will be returned to the applicable DIP Note Purchasers in amounts proportionate to each such DIP Note Purchaser's pro rata share of the DIP Warrants, provided that amounts payable to any Registered Holder, and consequently any beneficial holders entitled thereto, of less than U.S.$50 shall be deemed to have been forfeited by the holders and instead be paid to the Corporation.

A holder of a DIP Warrant may, by notice in writing (in the form set out in the DIP Warrant Indenture) delivered to the Warrant Agent on or after the Warrant Exercise Record Date and no later than 5:00 p.m. on the fifth Business Day prior to the Implementation Date (the "**Expiry Time**"), elect not to exercise one or more of its DIP Warrants. Any DIP Warrants in respect of which such election is made shall automatically expire effective as at the Expiry Time and the holders of such DIP Warrants shall have no further rights in connection therewith other than, subject as provided in the immediately preceding paragraph, the right to receive the exercise price in respect thereof. A beneficial holder of DIP Warrants who desires to elect not to exercise one or more of his or her DIP Warrants may do so by causing its Intermediary to deliver to

DTC on its behalf notice of his or her intention not to exercise DIP Warrants in accordance with DTC's applicable procedures or any other manner acceptable to DTC.

The DIP Warrants are subject to transfer restrictions pursuant to, among other things, applicable securities laws and the procedures of the Warrant Agent and DTC, all as more particularly set out in the DIP Warrant Indenture.

DIP LC Facility and Exit LC Facility

DIP LC Facility

In accordance with the Plan Sponsor Commitment Letter and commitment letter with the DIP LC Lenders (the "**DIP LC/Exit Facility Commitment Letter**"), the DIP LC Lenders provided commitments in an aggregate principal amount of U.S.$115,532,794 (the "**LC Commitments**") for the DIP LC Facility. The DIP LC Facility: (i) provides that the LC Commitments be used to renew or extend certain of the Corporation's existing letters of credit issued by the respective DIP LC Lenders (each, a "**DIP LC**"); and (ii) contemplates conversion, on the Implementation Date, into an Exit Letter of Credit Facility (the "**Exit LC Facility**"). The DIP LC Facility contains representations and warranties substantially similar to those in the DIP Note Purchase Agreement and covenants and events of default substantially similar to those in the DIP Note Indenture.

In the event that any DIP LC is drawn (an "**LC Draw**"), the Corporation is obligated to reimburse the relevant DIP LC Lender within two Business Days of such draw down. In the event the Corporation does not reimburse an LC Draw, such unreimbursed LC Draw shall be deemed to create an "**LC Advance**" owed by the Corporation to the applicable DIP LC Lender, which shall bear interest at the default rate described below, but the failure to reimburse any LC Draw and the creation of an LC Advance in respect thereof shall not independently constitute a default or event of default under the DIP LC Facility.

The LC Commitments may be reduced by the Corporation at any time on five Business Days' prior notice, but may not be reduced to an amount less than the aggregate amount of outstanding DIP LCs and LC Advances at such time, unless such DIP LCs are cancelled or cash collateralized or such LC Advances are repaid. In the event that any amount of the DIP Notes are voluntarily prepaid or refinanced (other than the DIP Notes issued to the Plan Sponsor, which shall not be repaid, prepaid, redeemed, repurchased or refinanced prior to the Implementation Date except pursuant to certain exclusions), the Corporation shall concurrently refinance or cash-collateralize the DIP LCs or repay LC Advances outstanding at such time on a pro rata basis with the DIP Notes prepaid or refinanced at such time according to each DIP LC Lender's pro rata share of the DIP LC Facility. If for any reason the aggregate amount of obligations outstanding under the DIP LC Facility at any time exceed the aggregate LC Commitments then in effect, the Corporation shall immediately prepay LC Advances and cash collateralize the DIP LCs on a pro rata basis in an aggregate amount equal to such excess. In addition, if (i) the Implementation Date does not occur; and (ii) any amounts remain outstanding under the DIP LC Facility on the DIP Maturity Date (as defined below), the Corporation shall be required to cash collateralize all outstanding DIP LCs and repay all outstanding LC Advances.

Interest is payable in cash on the aggregate amount of outstanding LC Draws and LC Advances under the DIP LC Facility at a rate equal to 8% *per annum*, plus an additional 2% *per annum* of default interest, due and payable in arrears on the first Business Day after the end of each calendar month during which an LC Advance is outstanding. The DIP LC Lenders will also receive an amount equal to 5% *per annum*, computed on a quarterly basis in advance and due and payable on the first Business Day of each fiscal quarter, calculated on the undrawn portion of outstanding DIP LCs, as a fee for their risk of drawing (the "**LC Fee**"). The DIP LC Lenders will also receive standard administrative and processing fees in accordance with their customary policies and procedures. Any advance interest or fees paid to any DIP LC Lenders prior to the DIP Closing Date with respect to prepetition letters of credit will be credited against the LC Fee payable to such DIP LC Lender on and after the DIP Closing Date. Upon the occurrence and during the continuation of an event of default or for so long as any LC Advance is outstanding, all amounts bear interest at the applicable interest rate plus 2% *per annum* and the LC Fee shall increase by 2% *per annum* (the "**default rate**"), in each case payable on demand in arrears in cash. All computations of fees and interest shall be made on the basis of a year of 365 days taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such fee or interest is payable.

The outstanding obligations (including the obligation to cash-collateralize undrawn DIP LCs and repay LC Advances, if applicable) under the DIP LC Facility (the "**DIP LC Obligations**") shall be repayable in full on the earliest to occur of the following dates (the "**DIP Maturity Date**"): (i) the date on which a demand is made by two or more DIP LC Lenders that collectively hold a majority of the principal amount of the outstanding DIP LCs following the occurrence of any event of default which is continuing; (ii) the date that a restructuring, refinancing or sale transaction (with respect to a material amount of stock or assets of the Corporation and any of its subsidiaries), other than the Plan and other than any permitted

asset disposition, is approved by the applicable court or consummated without the requisite consent of the DIP LC Lenders; (iii) the date on which any stay of proceedings ordered pursuant to one or more of the Restructuring Proceedings expires without being extended or on which one or more of the Restructuring Proceedings are terminated or converted to a liquidation proceeding; and (iv) the date that is six months following the DIP Closing Date, or such later date as may be agreed by the DIP LC Lenders in their sole discretion, provided that, if none of the foregoing events have occurred on or prior to the date on which the Plan is implemented, then on the Implementation Date, subject to the satisfaction of certain other conditions, the LC Commitments and the DIP LCs then outstanding shall remain outstanding as exit letters of credit until the date that is two years after the DIP Closing Date (the "**Exit LC Maturity Date**"), pursuant to the Exit LC Facility described below. In the event that the Implementation Date has not occurred on or prior to the DIP Maturity Date, all other DIP LC Obligations shall become immediately due and payable to the respective issuers of the DIP LCs.

Each subsidiary of the Corporation (except certain excluded subsidiaries) shall become a guarantor under the DIP LC Facility. The full and punctual payment of the principal, interest and all other amounts that may come due and payable to the DIP LC Lenders and the full and punctual payment of all other amounts payable by the Corporation under the DIP LC Facility as they come due, are absolutely, irrevocably and unconditionally guaranteed by the Guarantors. Certain limitations apply to the liability of Guarantors incorporated, organized or formed, as the case may be, in Switzerland and in the Grand Duchy of Luxembourg.

The Corporation and each Guarantor (other than Pacific Midstream Holding Corp. and Pacinfra Holding Ltd.) has granted second-priority security interests in the Collateral pursuant to such collateral documents as was necessary or desirable in order to grant a validly perfected lien in favour of Wilmington Trust, National Association, as administrative agent and collateral trustee, ranking in priority to all other liens (other than the liens pursuant to DIP Notes and permitted charges and liens).

Exit LC Facility

The Exit LC Facility will become effective on the Implementation Date upon the implementation of the Plan and satisfaction of certain other conditions. The Exit LC Facility will be effectuated by an amendment and restatement of the DIP LC Facility.

The Exit LC Facility will: (i) mature on the Exit LC Maturity Date; (ii) bear interest and fees at the same rates and under the same terms as the DIP LC Facility; and (iii) contain representations and warranties substantially similar to those in the DIP Note Purchase Agreement and covenants and events of default substantially similar to those in the Amended Indenture. Failure to reimburse an LC Draw within two Business Days of any drawing of a letter of credit under the Exit LC Facility will constitute an event of default under the Exit LC Facility.

The Exit LC Facility will (i) be guaranteed by the Guarantors that guarantee the DIP LC Facility; and (ii) be secured by the same Collateral with the same priority as the DIP LC Facility.

Collateral Trust Agreement (First Lien)

The following is a summary only of certain terms of the Collateral Trust Agreement (First Lien), and is qualified in its entirety by the full text of such agreement (and such agreement may be amended in accordance with its terms both prior to and after the Implementation Date).

In connection with entering into the DIP Note Indenture, the Corporation and the Guarantors (the "**Trustors**"), Computershare Trust Company of Canada, in its capacity as collateral trustee (the "**First Lien Collateral Trustee**"), and Computershare Trust Company, National Association, in its capacity as the DIP Notes Indenture Trustee, have entered into a collateral trust agreement (the "**Collateral Trust Agreement (First Lien)**") to govern the relationships among the holders of the DIP Notes and Exit Notes and the providers of the Hedging Facility (if any).

Pursuant to the Collateral Trust Agreement (First Lien), the parties thereto agreed, among other things, as follows:

- the Trustors granted a security interest in the Trustors' rights in the Collateral, to be held in trust by the First Lien Collateral Trustee for the benefit of the First Lien Secured Parties;
- the security interests granted to the First Lien Collateral Trustee shall secure the First Lien Obligations on an equal and ratable basis;
- only the First Lien Collateral Trustee shall act with respect to enforcement against the Collateral, and then only on the instructions of the holders of the DIP Notes or Exit Notes (as applicable) holding 66-2/3% or more (or such other percentage as may be set forth in the applicable indenture) of the aggregate principal amount of the

obligations under the DIP Notes or Exit Notes (as applicable), or following the discharge in full of the obligations under the DIP Notes or Exit Notes (as applicable) the holders of the Hedging Facility (if any) holding 66-2/3% or more of the obligations thereunder (or such other percentage as may be set forth in the applicable documentation governing the Hedging Facility), and the First Lien Secured Parties will not contest any enforcement action by the First Lien Collateral Trustee;

- the First Lien Secured Parties will not accept any lien on the Collateral other than pursuant to the collateral documents evidencing the First Lien Obligations;
- the First Lien Secured Parties: (i) will not challenge the validity or enforceability of any series of First Lien Obligations or any liens granted in respect thereof; (ii) will not seek any marshalling of Collateral; (iii) will not object to or oppose any disposition of Collateral under any applicable insolvency proceeding if the First Lien Collateral Trustee has consented to such disposition, the liens attach to the proceeds of such disposition and the proceeds of such disposition are applied pursuant to the terms of the Collateral Trust Agreement (First Lien); (iv) will not object to or contest any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement in respect of the Collateral made by the First Lien Collateral Trustee; (v) will not seek relief from the automatic stay or any other stay in any insolvency proceeding in respect of any Collateral, without the prior written consent of the First Lien Collateral Trustee; (vi) will not object to or contest (A) any request by the First Lien Collateral Trustee for adequate protection on account of the Collateral or (B) any objection by the First Lien Collateral Trustee to any motion, relief, action or proceeding based on the First Lien Collateral Trustee's claimed lack of adequate protection with respect to the Collateral; (vii) will not assert or enforce any claim under section 506(c) of title 11 of the United States Code *pari passu* with or on a first priority basis to the liens securing the First Lien Obligations for costs or expenses of preserving or disposing any Collateral; and (viii) other than as otherwise provided herein, oppose or contest any lawful exercise by the Collateral Trustee of the right to credit bid at any sale of Collateral;
- the First Lien Collateral Trustee shall be entitled to seek or request (and the First Lien Secured Parties will not object to or oppose the seeking or requesting of) adequate protection in any insolvency proceeding of interests of the First Lien Secured Parties in the Collateral; and where the requisite majority holders have directed the seeking of adequate protection each other First Lien Secured Party may seek adequate protection, but if granted in the form of cash payments such cash payments are subject to the application of proceeds pursuant to the Collateral Trust Agreement (First Lien);
- that liens on Collateral shall be released upon the disposition of Collateral to a person that is not a Trustor in accordance with the documentation evidencing the First Lien Obligations or upon the release of an applicable Trustor from its guaranty under the DIP Note Indenture or Amended Indenture, and liens on Collateral securing the First Lien Obligations shall be subordinated to permitted liens that are senior as a matter of law to the liens on the Collateral securing the First Lien Obligations;
- if there is a Hedging Facility, the Hedge Provider will agree to limit setoff rights in respect of pre-filing claims with respect to obligations incurred prior to the Restructuring Proceedings; and
- the liens and security interests granted to the First Lien Collateral Trustee for the benefit of the First Lien Secured Parties pursuant to the Collateral Trust Agreement (First Lien) and the exercise of any right or remedy by the First Lien Collateral Trustee hereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral are subject to the provisions of the Intercreditor Agreement.

Collateral Trust Agreement (Second Lien)

The following is a summary only of certain terms of the Collateral Trust Agreement (Second Lien), and is qualified in its entirety by the full text of such agreement (and such agreement may be amended in accordance with its terms both prior to and after the Implementation Date).

In connection with entering into the DIP LC Facility, the Trustors, Wilmington Trust, National Association, in its capacity as collateral trustee (the "**Second Lien Collateral Trustee**"), and Wilmington Trust, National Association, in its capacity as the DIP LC Facility Agent, have entered into a collateral trust agreement (the "**Collateral Trust Agreement (Second Lien)**") to govern the relationships among the L/C Providers.

Pursuant to the Collateral Trust Agreement (Second Lien), the parties thereto agreed, among other things, as follows:

- the Trustors granted a security interest in the Trustors' rights in the Collateral, to be held in trust by the Second Lien Collateral Trustee for the benefit of the Second Lien Secured Parties;
- the security interests granted to the Second Lien Collateral Trustee shall secure the Second Lien Obligations on an equal and ratable basis (to the extent such lien is intended to cover the Collateral);
- only the Second Lien Collateral Trustee shall act with respect to enforcement against the Collateral, and then only on the instructions of the L/C Providers holding 66-2/3% or more (or such other percentage as may be set forth in the DIP LC Facility or Exit LC Facility, as applicable) of the aggregate principal amount of the obligations under the DIP LC Facility or Exit LC Facility (as applicable), or following the discharge in full of the obligations under the DIP LC Facility or Exit LC Facility (as applicable), the letter of credit issuers pursuant to any new letter of credit facility (each a "**New Facility**") holding 66-2/3% or more of the obligations under any such New Facility (or such other percentage as may be set forth in the applicable documentation governing any such New Facility), and the Second Lien Secured Parties will not contest any enforcement action by the Second Lien Collateral Trustee;
- the Second Lien Secured Parties will not accept any lien on the Collateral (other than funds deposited for the satisfaction, discharge, redemption or defeasance of any Second Lien Obligations, and cash collateral deposited in accordance with the documentation evidencing the Second Lien Obligations) other than pursuant to the collateral documents evidencing the Second Lien Obligations;
- the Second Lien Secured Parties: (i) will not challenge the validity or enforceability of any series of Second Lien Obligations or any liens granted in respect thereof; (ii) will not seek any marshalling of Collateral; (iii) will not object to or oppose any disposition of Collateral under any applicable insolvency proceeding if the Second Lien Collateral Trustee has consented to such disposition, the liens attach to the proceeds of such disposition and the proceeds of such disposition are applied pursuant to the terms of the Collateral Trust Agreement (Second Lien); (iv) will not object to or contest any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement in respect of the Collateral made by the Second Lien Collateral Trustee; (v) will not seek relief from the automatic stay or any other stay in any insolvency proceeding in respect of any Collateral, without the prior written consent of the Second Lien Collateral Trustee; (vi) will not object to or contest (A) any request by the Second Lien Collateral Trustee for adequate protection on account of the Collateral or (B) any objection by the Second Lien Collateral Trustee to any motion, relief, action or proceeding based on the Second Lien Collateral Trustee's claimed lack of adequate protection with respect to the Collateral; (vii) will not assert or enforce any claim under section 506(c) of title 11 of the United States Code *pari passu* with or on a first priority basis to the liens securing the Second Lien Obligations for costs or expenses of preserving or disposing any Collateral; and (viii) other than as otherwise provided herein, oppose or contest any lawful exercise by the Collateral Trustee of the right to credit bid at any sale of Collateral;
- the Second Lien Collateral Trustee shall be entitled to seek or request (and the Second Lien Secured Parties will not object to or oppose the seeking or requesting of) adequate protection in any insolvency proceeding of interests of the Second Lien Secured Parties in the Collateral; and where the requisite majority holders have directed the seeking of adequate protection each other Second Lien Secured Party may seek adequate protection, but if granted in the form of cash payments such cash payments are subject to the application of proceeds pursuant to the Collateral Trust Agreement (Second Lien);
- that liens on Collateral shall be released upon (i) the disposition of Collateral to a person that is not a Trustor in accordance with the documentation evidencing the Second Lien Obligations or (ii) upon the release of an applicable Trustor from its guaranty under the DIP LC Facility or Exit LC Facility, and liens on Collateral securing the Second Lien Obligations shall be subordinated to permitted liens that are senior as a matter of law to the liens on the Collateral securing the Second Lien Obligations; and
- the liens and security interests granted to the Second Lien Collateral Trustee for the benefit of the Second Lien Secured Parties pursuant to the Collateral Trust Agreement (Second Lien) and the exercise of any right or remedy by the Second Lien Collateral Trustee thereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral are subject to the provisions of the Intercreditor Agreement.

Intercreditor Agreement

The following is a summary only of certain terms of the Intercreditor Agreement, and is qualified in its entirety by the full text of such agreement (and such agreement may be amended in accordance with its terms both prior to and after the Implementation Date).

In connection with entering into the DIP Note Indenture and the DIP LC Facility, the Corporation, the Guarantors, Computershare Trust Company of Canada, in its capacities as the First Lien Collateral Trustee and First Lien Agent, Wilmington Trust, National Association, in its capacities as the Second Lien Collateral Trustee and Second Lien Agent, Computershare Trust Company, National Association, in its capacity as the DIP Notes Indenture Trustee and Wilmington Trust, National Association, in its capacity as the DIP LC Facility Agent have entered into an intercreditor agreement (the "**Intercreditor Agreement**") to govern the relationships and relative priorities among the holders of the DIP Notes, the holders of the Exit Notes and the providers of the Hedging Facility (if any) on the one hand (the "**First Lien Secured Parties**"), and the issuers under the DIP LC Facility, the Exit LC Facility and any replacement letter of credit (if any), on the other hand (the "**Second Lien Secured Parties**").

Pursuant to the Intercreditor Agreement, the parties thereto agreed, among other things, as follows:

- the liens on Collateral securing any obligations in respect of the DIP Notes and Exit Notes and the obligations under the Hedging Facility (if any) (the "**First Lien Obligations**") shall be senior in all respects to liens on the Collateral securing the obligations under the DIP LC Facility and the Exit LC Facility and any replacement letter of credit facility (if any) (the "**Second Lien Obligations**"), provided that the principal amount of First Lien Obligations is capped at U.S.$550 million in respect of the DIP Notes and U.S.$300 million in respect of the Exit Notes which shall exclude the amount of any accrued and unpaid interest, paid-in-kind or capitalized amounts, premium (including any make whole amount) fees and reimbursement obligations (the "**First Lien Debt Cap**"). The First Lien Debt Cap shall only be applicable for so long as the DIP LC Facility and Exit LC Facility (excluding any refinancing or replacement thereof) are outstanding;
- the First Lien Secured Parties will not contest the liens of the Second Lien Secured Parties, and the Second Lien Secured Parties will not contest the liens of the First Lien Secured Parties;
- if any Second Lien Secured Parties acquire or hold any lien on assets of the Corporation or any Guarantor or other person securing Second Lien Obligations that are not also subject to the first-priority lien in respect of the First Lien Obligations, then such Second Lien Secured Parties will be deemed to hold such lien for the benefit of the First Lien Secured Parties and such liens shall be assigned to the agent for the First Lien Secured Parties;
- if any First Lien Secured Parties acquire or hold any lien on assets of the Corporation or any Guarantor or other person securing First Lien Obligations that are not also subject to the second-priority lien in respect of the Second Lien Obligations, then such First Lien Secured Parties will be deemed to hold such lien for the benefit of the Second Lien Secured Parties and such liens shall be assigned to the agent for the Second Lien Secured Parties;
- each of the Second Lien Secured Parties waives any right to demand a marshalling, appraisal or valuation of Collateral or other similar rights of a junior secured creditor;
- the First Lien Secured Parties will have the exclusive right to exercise remedies and make determinations with respect to the Collateral, Pacinfra Holding Ltd. and Pacific Midstream Holding Corp., and the Second Lien Secured Parties will not exercise such remedies or contest the exercise of such remedies by the First Lien Secured Parties, except with respect to certain limited permitted remedies, until the earlier of (i) 90 days after written notice from the agent for the Second Lien Secured Parties of the occurrence of a payment or insolvency-related event of default, or 90 days after the commencement of an insolvency proceeding, in respect of the Second Lien Obligations and demand for repayment of principal thereunder (such time period to be extended if the First Lien Secured Parties are diligently pursuing the exercise of remedies) and (ii) the discharge in full of the First Lien Obligations;
- any Collateral or proceeds thereof (or proceeds resulting from enforcement actions against Pacinfra Holding Ltd. and Pacific Midstream Holding Corp.) distributed to the Second Lien Secured Parties prior to the discharge in full of the First Lien Obligations will be turned over to the First Lien Secured Parties;
- permitted dispositions, or dispositions in respect of enforcement actions, resulting in a release of the liens securing the First Lien Obligations will automatically result in the release of the liens securing the Second Lien Obligations,

and the Second Lien Secured Parties consent to the application of the proceeds from such dispositions to the repayment of First Lien Obligations;

- the documentation for the Second Lien Obligations may not be amended to, among other things, increase the principal amount thereof in excess of U.S.$200 million, or increase the rate of interest thereon by more than 200 basis points (other than default rate interest or increases in reference rates or one-time fees);
- the documentation for the First Lien Obligations (other than the Hedging Facility, if any) may not be amended to, among other things, increase the principal amount thereof in excess of the First Lien Debt Cap, or increase the rate of interest thereon by more than 200 basis points (other than default rate interest or increases in reference rates or one-time fees);
- the Second Lien Secured Parties may exercise rights and remedies as unsecured creditors, to the extent not expressly prohibited by the Intercreditor Agreement; and
- the parties agreed to certain provisions, effective after the Implementation Date, in respect of any subsequent insolvency proceeding of the Corporation or a Guarantor, including: (i) the Second Lien Secured Parties agreeing (A) not to object to the provision of debtor-in-possession financing or use of cash collateral (so long as the First Lien Debt Cap is not exceeded to the extent that the Exit LC Facility (exclusive of any refinancing or replacement thereof) is still outstanding), a motion for relief from the automatic stay, a credit bid of the First Lien Obligations, or an order relating to sale of Collateral, in each case by the First Lien Secured Parties, (B) not to seek relief from the automatic stay or other stay of proceedings in respect of the Collateral, (C) not to contest a request by the First Lien Secured Parties for adequate protection or objecting to a lack of adequate protection (provided that the Second Lien Secured Parties are entitled to seek adequate protection if the First Lien Secured Parties are granted adequate protection relief), (D) that the First Lien Obligations shall be reinstated to the extent of any requirement that the First Lien Secured Parties turn over amounts to the estate of the Corporation in such insolvency proceeding or otherwise and (E) not to vote in favour of any plan of reorganization that is inconsistent with the Intercreditor Agreement; and (ii) each of the First Lien Secured Parties and the Second Lien Secured Parties agreeing (A) not to oppose or challenge claims in respect of post-petition interest, fees, costs, expenses or other charges and (B) that the grants of liens securing the First Lien Obligations and the Second Lien Obligations are separate distinct grants to be separately classified in any insolvency proceeding.

CASH ELECTION

General

The Plan includes an option for Affected Creditors (other than the Plan Sponsor, the Equity Subscribers and the funds managed or administered by them or their affiliates), who would otherwise receive New Common Shares under the Plan, to make a Cash Election to irrevocably accept cash in lieu of such New Common Shares, subject to the terms, conditions and limitations set forth in the Plan. An Affected Creditor may vote against the Plan and nevertheless be a Cash Election Creditor. Participation in the Cash Election is voluntary. There is no requirement for Affected Creditors to make a Cash Election if they wish to receive New Common Shares pursuant to the terms of the Plan.

Cash Election

Certain General Creditors may make a Cash Election with respect to their General Creditors' Allowed Claims by completing a General Creditor Cash Election Form, which should have been received by General Creditors with this Circular. A Beneficial Noteholder may make a Cash Election (i) in respect of Net Noteholder Shares to which a Beneficial Noteholder would otherwise be entitled in its capacity as a Noteholder, by electronically making such election in ATOP; and (ii) in respect of Early Consent Shares to which a Beneficial Noteholder would otherwise be entitled (if any), by completing the cash election section in the Application for Early Consent Consideration. See "– *Valid Cash Elections*" below.

In making a Cash Election, each Cash Election Creditor may irrevocably elect to receive, subject to the terms of the Plan, one (and only one) of the following:

- cash in the amount of the Designated Rate (U.S.$16.00 on a post-Common Share Consolidation basis) in respect of each New Common Share which would otherwise be issued to it under the Plan, or
- cash in the amount equal to (i) one (and only one) Offer Rate (being a single rate to be designated by the Cash Election Creditor on a post-Common Share Consolidation basis, provided that such rate must be U.S.$16.10 or such higher rate in increments of U.S.$0.10 above U.S.$16.10) per New Common Share in respect of a percentage

(not to exceed 100%), to be specified by the Cash Election Creditor, of the New Common Shares which would otherwise be issued to it under the Plan, and (ii) the Designated Rate in respect of the remaining percentage of the New Common Shares which would otherwise be issued to it under the Plan, or

- cash in the amount equal to one (and only one) Offer Rate in respect of each New Common Share which would otherwise be issued to it under the Plan.

In the event a Cash Election Creditor fails to specify the rate at which it elects to receive cash in lieu of New Common Shares, fails to specify the percentage of the Share Amount to which its Offer Rate is to be applied, or simply fails to indicate which election it wishes to make above, it shall be deemed to have elected to receive cash at the Designated Rate in respect of each New Common Share which the Cash Election Creditor would otherwise be entitled to under the Plan. A Cash Election Creditor is required to make an election in respect of all of the New Common Shares it would otherwise have been entitled to receive under the Plan. If a partial election is made by a Cash Election Creditor, the Cash Election Creditor will be deemed to have elected to receive the Designated Rate in cash in respect of each of the New Common Shares it would otherwise have been entitled to receive under the Plan for which an election was not made.

If, subject to the foregoing or the terms of the Plan, a Cash Election is accepted in respect of only a portion of the New Common Shares that a Cash Election Creditor would be entitled to under the Plan (including in connection with: (i) proration of a Cash Election resulting from Excess Elections without an equivalent Excess Subscription; or (ii) the rejection of that portion of a Cash Election to receive an Offer Rate per New Common Share in respect of a specified percentage of the New Common Shares which would otherwise be issued to a Cash Election Creditor under the Plan), the Cash Election Creditor will receive the New Common Shares in respect of which the Cash Election was not accepted.

Cash Elections Not Revocable

Cash Elections are irrevocable and once made cannot be withdrawn, rescinded or modified. It is important to note that a Cash Election Form which is dated or deemed to be dated at a later date than a previously validly submitted Cash Election Form will not withdraw, revoke or modify the previously delivered form. In addition, a Cash Election which is made electronically cannot be withdrawn, revoked, modified or otherwise altered at a later date.

Funding of Cash Elections

The Plan Sponsor and the Equity Subscribers, each of whom has covenanted that neither they nor any funds managed or administered by them or their affiliates will be a Cash Election Creditor, have agreed, pursuant to the terms of the Subscription Agreements, to subscribe for up to an aggregate of U.S.$250,000,000 of New Common Shares at a price per share equal to the Designated Rate on the Implementation Date in order to enable the Corporation to fund Cash Elections at the Designated Rate in an aggregate amount up to U.S.$250,000,000. The Plan Sponsor has agreed to fund up to U.S.$200,000,000 of this amount and the Equity Subscribers have agreed to fund an aggregate of up to U.S.$50,000,000 of this amount.

In addition, if Cash Elections are made at an Offer Rate or the aggregate dollar amount of Cash Elections made at the Designated Rate is in excess of U.S.$250,000,000 (in each case "**Excess Elections**"), the Plan Sponsor may, in its sole discretion, subscribe for additional New Common Shares at a price per share equal to the Designated Rate or at prices equal to Offer Rates (the "**Excess Subscription**") in order to enable the Corporation to fund Excess Elections. In such circumstances, each Equity Subscriber may irrevocably elect to acquire a fixed percentage, but not less or more than such a fixed percentage, (to a maximum of 20% for all Equity Subscribers), of the New Common Shares at the specified prices that the Plan Sponsor has agreed to purchase under the Excess Subscription. Accordingly, Cash Elections made (i) at the Designated Rate where such elections are in aggregate in excess of U.S.$250,000,000 or (ii) at Offer Rates, will only be honoured if, and only to the extent that, the Plan Sponsor agrees to subscribe for New Common Shares based on such increased prices or at such amounts, as the case may be, in which case elections made by Cash Election Creditors will be accepted starting with the lowest price (being the Designated Rate and increasing to a higher rate only after all Cash Elections made at the Designated Rate, or the next higher Offer Rate, as applicable, have been exhausted), until the subscriptions are satisfied and, if the foregoing would result in not all the elections submitted by the Cash Election Creditors at the same price being satisfied, then the elections made at such highest price will be satisfied on a pro rata basis.

Mechanism for Completing Cash Elections

Subject to the satisfaction of all necessary conditions to the implementation of the Plan, the process for giving effect to the Cash Elections shall be as follows:

- within five Business Days after the Master Proxy/Election Deadline, the Corporation and the Monitor shall provide written notice to the Plan Sponsor and the Equity Subscribers, and, at its request, the Trustee, of all details related to the Cash Elections made or deemed to be made by the Cash Election Creditors;
- if there have been any Excess Elections, the Plan Sponsor may, in its sole discretion, but within five Business Days following the delivery of notice of such Excess Elections by the Corporation, provide the Corporation (with copies delivered to the Monitor and the Equity Subscribers) with an enforceable Excess Subscription to acquire such additional number of New Common Shares at prices and in number to satisfy some or all of the Excess Elections (as determined by the Plan Sponsor);
- each of the Equity Subscribers will then have two Business Days to provide written notice to the Plan Sponsor, the Monitor and the Corporation setting forth whether or not it irrevocably elects to purchase, on an individual basis per Equity Subscriber, a fixed percentage, but not less or more than such fixed percentage (to a maximum of 20% for all Equity Subscribers) of the Excess Subscription made by the Plan Sponsor determined at each applicable price per share in respect of which an Excess Subscription is made;
- on or prior to the fifth Business Day prior to the Implementation Date, the Plan Sponsor shall deliver the Plan Sponsor Subscription Amount, and the Equity Subscribers shall deliver their respective Equity Subscription Amounts, to the Monitor to fund their respective subscriptions (however the Plan may nonetheless be implemented if Equity Subscribers fail to fund their respective Equity Subscription Amount);
- within five Business Days of receipt of the Subscription Amount, the Monitor (through DTC, as applicable) will make commercially reasonable efforts to advise each Cash Election Creditor of (i) the Cash Amount it will receive following the Implementation Date, and (ii) its Share Amount, if any, after deducting its Elected Share Amount;
- the Plan Sponsor Subscription Amount and the aggregate Equity Subscription Amounts, net of the Disputed Distribution Cash Pool which shall be segregated in accordance with the terms of the Plan, shall be held in trust by the Monitor until the Implementation Date, whereupon such funds shall form the Initial Cash Pool, and be distributed to the Cash Election Creditors with Distribution Claims or in respect of Early Consent Shares subject to valid Cash Elections;
- the Disputed Distribution Cash Pool shall be distributed to the Cash Election Creditors holding Disputed Distribution Claims to the extent such Disputed Distribution Claims subsequently become Distribution Claims in accordance with the terms of the Plan;
- elections made by Cash Election Creditors will be accepted starting with the lowest price (being the Designated Rate and increasing to a higher rate only after all Cash Elections made at the Designated Rate, or the next higher Offer Rate, as applicable, have been exhausted), until the subscriptions are satisfied (for the avoidance of doubt, Cash Elections made at a price above the Designated Rate, or at the Designated Rate but in excess of an aggregate of U.S.$250,000,000, will only be satisfied if, and only to the extent that, the Plan Sponsor agrees to subscribe for New Common Shares at such prices pursuant to an Excess Subscription); and
- if the foregoing would result in not all the elections submitted by the Cash Election Creditors at the same price being satisfied, then the elections made at such highest price will be satisfied on a pro rata basis.

Valid Cash Elections

A Beneficial Noteholder that wishes to make a Cash Election in respect of Affected Creditor Shares to which it would otherwise be entitled pursuant to the Plan, other than in connection with Early Consent Shares, shall instruct its Intermediary to make an election through ATOP by 10:00 a.m. (Toronto time) on August 10, 2016. **NOTES IN RESPECT OF WHICH A CASH ELECTION IS MADE THROUGH ATOP OR OTHERWISE WILL NO LONGER BE TRANSFERABLE BY THE NOTEHOLDER MAKING SUCH ELECTION AND THUS THE ELECTION MADE CANNOT BE WITHDRAWN.** Beneficial Noteholders who would otherwise be entitled to Early Consent Shares who make Cash Elections must do so by completing the "Cash Election" section of the Application for Early Consent Consideration which should have been received by Beneficial Noteholders with this Circular. If no Application for Early Consent Consideration is enclosed, please contact the Monitor or the Corporation immediately.

General Creditors must use the General Creditor Cash Election Form, which should be received by General Creditors with this Circular, to make a Cash Election. If no General Creditor Cash Election Form is enclosed, please contact the Monitor or the Corporation immediately. Only Bank Lenders who hold a Bank Lender's Allowed Claims as at the Bank Lender Record Time (5:00 p.m. (Toronto time) on July 8, 2016) shall be entitled to make a Cash Election.

In order to be effective, Cash Elections must be made by the Proxy/Election Deadline (10:00 a.m. (Toronto time) on August 10, 2016) as follows:

- in the case of a General Creditor, by completing the General Creditor Cash Election Form and filing it with the Monitor at PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2, Attention: Tammy Muradova, telephone number: 1 844-855-8568 (Canada) or 01 800-518-2167 (Colombia), facsimile number: 1 416-814-3219, or email: cmt_processing@ca.pwc.com;
- in the case of a Beneficial Noteholder, with respect to Affected Creditor Shares (other than Early Consent Shares), by instructing its Intermediary to make a Cash Election electronically through ATOP; and
- in the case of a Beneficial Noteholder with respect to Early Consent Shares, by delivery of the Application for Early Consent Consideration to its Participant Holder.

A CASH ELECTION CREDITOR MUST MAKE A CASH ELECTION IN RESPECT OF ALL OF ITS NEW COMMON SHARES IT WOULD OTHERWISE RECEIVE UNDER THE PLAN, AND ALL AFFECTED CLAIMS BENEFICIALLY OWNED BY A CASH ELECTION CREDITOR SHALL BE SUBJECT TO A CASH ELECTION REGARDLESS OF HOW THE CASH ELECTION IS EFFECTED (SUBJECT ONLY TO PRORATION).

For greater certainty, a Cash Election may be made by or on behalf of a Beneficial Noteholder by using two separate Cash Election Forms, being one for Affected Creditor Shares (other than Early Consent Shares) and the other for Early Consent Shares. Notwithstanding any provision herein, the use of two Cash Election Forms in such circumstances shall constitute one Cash Election Form for all purposes herein.

The Corporation, subject to the consent of the Plan Sponsor, after consultation with the Equity Subscribers, shall be authorized to adopt such additional detailed procedures, not inconsistent with the foregoing, to efficiently administer the Cash Election.

DESCRIPTION OF THE PLAN

The following is a summary only of the Plan, which is qualified in its entirety by the full text of the Plan. For complete details, reference should be made to the Plan, which is attached as Appendix "B" to this Circular.

Purpose of the Plan

The purpose of the Plan is to facilitate the continuation of the business of the Pacific Group as a going concern, address certain liabilities of the Applicants, and effect a recapitalization transaction as described herein on an expedited basis to provide a stronger financial foundation for the Pacific Group going forward. It will provide additional liquidity, allowing the Pacific Group to continue to work towards its operational and financial goals from and after the Implementation Date in the expectation that Persons with an economic interest in the Pacific Group will derive a greater benefit from the implementation of the Plan than would otherwise result. See "*Background to and Reasons for the Plan*".

The Plan will fully and finally compromise, release and settle and discharge each Affected Claim and be binding on and enure to the benefit of the Applicants, the Affected Creditors, all Existing Equity Holders, all holders of Equity Claims, the Released Parties, and all other Persons as provided for in the Plan, or otherwise subject thereto, and their respective successors, assigns, heirs, executors, administrators and other legal representatives. Except as provided in the Plan, the Plan does not affect the holders of Excluded Claims to the extent of those Excluded Claims and does not affect the Pacific Group's rights and defences with respect to any Excluded Claim.

The Plan provides that:

- Each Affected Creditor shall forgive, settle and extinguish a portion of its Affected Claim for no consideration and exchange, in full and final settlement of its Affected Claim, the remaining portion of its Allowed Claim for its portion of New Common Shares, being the Affected Creditor Shares, representing approximately 58.2% of all the New Common Shares, which portion shall be determined as follows:
  - each General Creditor shall receive its Pro Rata Share of the General Creditors Shares;
  - each Noteholder shall receive its Pro Rata Share of the Net Noteholder Shares; and
  - each Early Consent Noteholder that complies with the procedures set out in the Support Agreement and Meeting Order shall receive its Pro Rata Share of the Early Consent Shares;

provided, however, that each Affected Creditor may elect, in its sole discretion, to participate in the Cash Election and receive cash in lieu of the Affected Creditor Shares to which it would otherwise be entitled (subject to the amount of cash available). See "*Cash Election*";

- The Plan Sponsor shall exchange its DIP Notes into 1,465,000,000,000 New Common Shares (representing approximately 29.3% of all the New Common Shares other than any Common Shares to be issued under the Management Incentive Plan) (such New Common Shares issuable to the Plan Sponsor, the "**Plan Sponsor Shares**");
- The DIP Note Indenture will be amended and restated such that the Series 2 DIP Notes will become the Exit Notes and each DIP Note Purchaser (other than the Plan Sponsor) will, following the implementation of the Plan, hold Exit Notes;
- Each DIP Warrant issued to a DIP Note Purchaser shall, unless a holder thereof has revoked, or is deemed to have revoked, its election to exercise the DIP Warrants, be exercised for 100,000 New Common Shares representing in the aggregate (assuming the exercise of all DIP Warrants) the Number of Warrant Shares, being 625,000,000,000 New Common Shares (representing approximately 12.5% of all the New Common Shares other than any Common Shares to be issued under the Management Incentive Plan) (such New Common Shares issuable to the holders of DIP Warrants, the "**Warrant Shares**"); and
- All Existing Shares and New Common Shares shall be consolidated on the basis of one Consolidated Share for every 100,000 Existing Shares or New Common Shares with each fractional Consolidated Share rounded down to the nearest whole number with no consideration paid for fractional shares.

Plan Steps

The Plan contemplates a series of steps leading to an overall capital reorganization of the Corporation. In accordance with the Plan and commencing at the Implementation Time, the following events or actions will occur, or be deemed to have occurred and be taken and effected, in the following order in five-minute intervals (or such other times, intervals or order as the Applicants, the Monitor and the Requisite Consenting Parties may agree):

(a) The following shall occur concurrently:

(i) all Common Shares of the Corporation held in treasury by the Corporation shall be cancelled and shall be deemed to be cancelled without payment of any consideration;

(ii) the Rights and the 2015 Rights Plan shall be cancelled and shall be deemed to be cancelled without any repayment of capital therefor or compensation therefor and shall cease to be of any further force or effect;

(iii) any and all Existing Share Options and the Stock Option Plan shall be cancelled and shall be deemed to be cancelled without any repayment of capital therefor or any compensation or distribution in respect thereof and shall cease to be of any further force or effect;

(iv) the DDSUs, DDSU Plan, EDSU, and EDSUs Plan shall be cancelled and shall be deemed to be cancelled without any repayment or capital therefor or compensation therefor and shall cease to be of any further force or effect; and

(v) all Equity Claims, including Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any repayment of capital thereof or compensation therefor. Notwithstanding the foregoing, Existing Shareholders shall be entitled to continue to hold their Existing Shares in accordance with and subject to the terms of the Plan, including the Common Share Consolidation;

(b) All unpaid interest accrued to the Filing Date on each Affected Creditor's Affected Claim is forgiven, settled and extinguished in full;

(c) The outstanding principal amount of each Affected Creditor's Affected Claim is forgiven, settled and extinguished to the extent such principal amount exceeds the aggregate of: (i) the fair market value on the Implementation Date of the Claims Settlement Shares to be issued to such Affected Creditor pursuant to step (d)(iii) below; and (ii) the Cash Amount payable to such Affected Creditor pursuant to step (d)(iii)

below (the remaining amount of each such Affected Claims following such forgiveness, settlement and extinguishment being the "**Remaining Indebtedness**");

(d) The following shall occur concurrently:

(i) the Initial Cash Pool held by the Monitor in trust for the Corporation shall be deemed to have been received by the Corporation, and thereupon the Corporation shall issue to the Plan Sponsor and the Equity Subscribers the Cash Consideration Shares;

(ii) the Disputed Distribution Claims Cash Pool held by the Monitor in trust for the Corporation shall be deemed to have been received by and shall be held in trust for the Corporation for distribution to Cash Election Creditors with Disputed Distribution Claims to the extent that such Disputed Distribution Claims subsequently become Distribution Claims;

(iii) in exchange for, and in full and final settlement of, the Remaining Indebtedness of each Affected Creditor: (A) the Corporation shall distribute to each Affected Creditor other than Cash Election Creditors, its Share Amount; and (B) on behalf of the Corporation, the Monitor shall distribute to each Cash Election Creditor its respective Cash Amount and, if applicable, the Corporation shall distribute to each Cash Election Creditor, its Share Amount less its Elected Share Amount;

(iv) The Series 1 DIP Notes shall be exchanged for the Plan Sponsor Shares in accordance with the DIP Note Indenture and the Corporation shall add to the stated capital of the New Common Shares an amount as provided for in the DIP Note Purchase Agreements;

(v) The Exercise Price (as defined in the DIP Warrant Indenture), in respect of Exercised Warrants shall be paid to the Corporation by the Warrant Agent, and (A) the exercise of the Exercised Warrants shall become effective in accordance with the terms of the DIP Warrant Indenture, and (B) the Corporation shall issue the Warrant Shares to the holders of the Exercised Warrants (less any Warrant Shares in respect to DIP Warrants which are not Exercised Warrants), provided that any Warrant Shares issuable to a holder of the Exercised Warrant that has not provided the certification required by Section 3.3 of the DIP Warrant Indenture shall be held by the Corporation pending release or cancellation in accordance the Plan and the DIP Warrant Indenture; and

(vi) The Corporation shall issue the New Common shares to be held in the Disputed Distribution Share Reserve;

(e) all interest accrued to the Implementation Date on the Series 1 DIP Notes and on the Series 2 DIP Notes shall be paid in full;

(f) All New Common Shares outstanding as part of the implementation of the Plan shall be deemed to be issued and outstanding as fully-paid and non-assessable;

(g) Subject to the terms of the DIP LC Facility and the DIP Note Indenture, as applicable, the following shall occur concurrently:

(i) The Series 2 DIP Notes shall be amended and restated as the Exit Notes in accordance with the DIP Note Indenture; and

(ii) The DIP LC Facility shall be amended and restated as the Exit LC Facility as defined in, and in accordance with, the DIP LC Facility;

(h) The Amended Articles shall become effective;

(i) The issued and outstanding Common Shares (being the Existing Shares and New Common Shares) shall be consolidated on the basis of one Consolidated Share for each 100,000 Common Shares outstanding immediately prior to the Common Share Consolidation. Any fractional interests in the Consolidated Shares will, without any further act or formality, be cancelled without repayment of capital thereof or compensation therefor. Following the completion of such Common Share Consolidation, the total number of issued Consolidated Common Shares shall not exceed 50,000,000 plus the number of Consolidated Common Shares issued on account of the Existing Shares and the stated capital account of the Consolidated Shares shall be equal to the stated capital account of the Common Shares immediately prior to the Common Share Consolidation;

(j) If immediately following the Common Share Consolidation and cancellation of any fractional shares resulting therefrom, the Existing Shares in the aggregate would constitute more than 0.006% of the issued and outstanding Common Shares (that is, for greater certainty, if the number of Consolidated Shares issued and outstanding immediately following the Implementation Date but prior to any Common Shares issued or issuable under a senior management incentive plan approved by the New Board would be more than 50,003,000), then to the extent that the post-Common Share Consolidation Existing Shares in the aggregate exceed such percentage they shall thereupon be cancelled on a pro rata basis without any repayment of capital thereof or compensation therefor such that following such cancellation they do not in the aggregate exceed 0.006% of the issued and outstanding Common Shares;

(k) The New Rights Plan shall become effective;

(l) The directors of the Corporation immediately prior to the Implementation Time shall be deemed to have resigned and the New Board shall be deemed to have been appointed;

(m) The releases and injunctions referred to in the Plan shall become effective;

(n) The Corporation shall pay: (i) the outstanding fees and disbursements of the Assistants (as defined in the Initial Order), without duplication of the payments as contemplated by the Plan; (ii) any amounts secured by the KERP Charge; and (iii) amounts owing to the Indenture Trustee under the Notes Indentures; and

(o) The Corporation shall deliver and distribute the Consolidated Shares in accordance with the Plan.

Conditions to the Plan Becoming Effective

The conditions to the Plan being effective include the following:

(a) The Plan shall have been approved by the Required Majority at the Meeting;

(b) The Court shall have granted the Sanction Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(c) No Applicable Law shall have been passed and become effective, the effect of which makes the consummation of the Plan illegal or otherwise prohibited;

(d) All necessary judicial consents and any other necessary or desirable third-party consents, if any, to deliver and implement all matters related to the Plan shall have been obtained;

(e) All documents necessary to give effect to all material provisions of the Plan (including the Sanction Order, the Plan, the Common Share Consolidation, the Cash Election and the issuance of the New Common Shares to be issued under the Plan) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to the Applicants and the Requisite Consenting Parties;

(f) All required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Requisite Consenting Parties and the Corporation, each acting reasonably and in good faith and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(g) The Colombian Recognition Order Cash shall be released concurrently with the implementation of the Plan on the Implementation Date;

(h) The conditions precedent to the issuance of the Exit Notes pursuant to Section 3.3 of the DIP Note Indenture shall be satisfied or waived;

(i) The conditions precedent to the effectiveness of the Exit LC Facility under the DIP LC shall be satisfied or waived;

(j) The Plan Sponsor Subscription Amount shall have been received by the Monitor;

(k) The members of the New Board shall have been selected and publicly announced in accordance with Plan;

(l) The Amended Articles shall have been deposited and filed in the record books in the Corporation's record office maintained pursuant to the BCBCA, and the Sanction Order shall have been filed and registered as an effective order of the Supreme Court of British Columbia;

(m) The Voting Agreement shall have been executed by the Corporation and the Plan Sponsor;

(n) The Consolidated Shares and Exit Notes shall be DTC eligible;

(o) The Consolidated Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Requisite Consenting Parties without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation; and

(p) The issuance of the Claim Settlement Shares shall be exempt from registration under the U.S. Securities Act pursuant to the provisions of section 3(a)(10) of the U.S. Securities Act.

The Applicants and the Requisite Consenting Parties may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions to implementation of the Plan, to the extent and on such terms as such parties may agree to, provided however, that the conditions set out in (a) and (b) cannot be waived.

Time for the Plan to Become Effective

The following summarizes the anticipated key dates for certain events in the Restructuring that need to take place:

- August 10, 2016 – Deadline to submit a General Creditor Proxy, VIF, Cash Election Form and Application for Early Consent Consideration;
- August 16, 2016 – Master Proxy/Election Deadline;
- August 17, 2016 – The Meeting;
- August 23, 2016 – Sanction Order; and
- October 24, 2016 – Outside date for emergence from CCAA Proceedings.

Treatment of Claims

For the purposes of calculating their Share Amounts, all Affected Creditors will be allocated Affected Creditor Shares on a pro rata basis, based on the quantum of each Affected Creditor's Distribution Claim without preventing the Early Consent Shares from being distributed to some but not all Noteholders, provided that such Early Consent Shares are allocated solely from the aggregate Affected Creditor Shares distributable to Noteholders with respect to Noteholders' Allowed Claims. Affected Creditors may also elect to receive cash in lieu of Affected Creditor Shares in accordance with the Cash Offer.

Calculation and Quantum of Claims

For the purposes of all distributions under the Plan, all Affected Claims (including Pre-filing Claims, Restructuring Period Claims and Director/Officer Claims) shall be calculated and quantified as of the Filing Date, which shall be deemed to mean as of 11:59 p.m. (Toronto time) on April 26, 2016. To the extent that interest or other amounts accrue as part of any Affected Claim, such interest or other amounts shall be calculated up to and including April 26, 2016. On and after the Filing Date, no interest or other amounts accrue on, or are payable with respect to, any Claims. All Claims that are made in a currency other than U.S. dollars shall be converted to U.S. dollars for both voting and distribution purposes, using the noon buying rate for the purchase of U.S. dollars on the Filing Date, as certified by the Federal Reserve Bank of New York.

Withholding Rights

The Corporation, the Monitor or DTC will be entitled to deduct and withhold from any consideration deliverable or otherwise payable to any Affected Creditor such amounts as the Corporation, the Monitor or DTC is required to deduct or withhold with respect to such payment under the Tax Act or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes hereof as having been paid to the Affected Creditors in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity. DTC is authorized, as agent for the Corporation and the Monitor, to sell such portion of Common Shares otherwise deliverable to applicable Affected Creditors as is necessary to provide sufficient funds to the Corporation, the Monitor or DTC, as the case may be, to enable them to comply with such deduction or withholding requirement (after deducting commission, other reasonable expenses incurred in connection with the sale, and

any applicable taxes), and the Corporation, the Monitor or DTC will notify the applicable Affected Creditor and remit any unapplied consideration including any unapplied balance of the net proceeds of such sale.

Classification of Affected Claims

Affected Creditors will vote as one class of creditors at the Meeting.

Affected Creditors

On the Implementation Date and in accordance with the steps and sequence set forth in the Plan, each Beneficial Noteholder shall, and shall be deemed to, irrevocably and finally forgive, settle and extinguish a portion of its Notes for no consideration and exchange the remaining portion of its Notes for the following consideration which shall and shall be deemed to be received in full and final settlement of all its Notes, its Noteholder's Allowed Claim (including any Guarantee Claim) and, if applicable, its Eligible Note Claim:

(a) if a Beneficial Holder has not made a Cash Election:

  (i) its Pro Rata Share of the Net Noteholder Shares; and

  (ii) its Pro Rata Share of the Early Consent Shares, if such Noteholder has an Eligible Note Claim; and

(b) if a Beneficial Noteholder has made a Cash Election:

  (i) its Cash Amount; and

  (ii) its Share Amount less its Elected Share Amount.

Thereafter, the obligations of the Applicants, or any of them, with respect to the Notes of each Noteholder (including any Guarantee Claim) and, if applicable, its Eligible Note Claim shall and shall be deemed to have been irrevocably and finally extinguished and each Noteholder shall have no further right, title or interest in or to the Notes, its Noteholder's Allowed Claim, or its Eligible Note Claim.

For the purposes of distributions under the Plan, the Distribution Claim of any Beneficial Noteholder in respect of a Noteholder Claim shall be deemed to be equal to its Noteholder's Allowed Claim.

Additionally, on the Implementation Date and in accordance with the steps and sequence set forth in the Plan, each General Creditor shall and shall be deemed to irrevocably and finally forgive, settle and extinguish a portion of its Affected Claim for no consideration and exchange the remaining portion of its Affected Claim for the following consideration which shall, and shall be deemed to have received in full and final settlement of its Affected Claim (including any Guarantee Claim):

(a) if a General Creditor has not made a Cash Election, its Pro Rata Share of the General Creditor Shares; or

(b) if a General Creditor has made Cash Election:

  (i) its Cash Amount; and

  (ii) its Share Amount less its Elected Share Amount.

Thereafter, the obligations of the Applicants, or any of them, with respect to such Affected Creditor's Affected Claim (including any Guarantee Claim) shall, and shall be deemed to, have been irrevocably and finally extinguished and such Affected Creditor shall have no further right, title or interest in or to its Affected Claim.

Holders of Series 2 DIP Notes

Under the Plan, the Series 2 DIP Notes shall be amended and restated, on a dollar for dollar basis, as Exit Notes as contemplated by the DIP Note Indenture. In addition, unless a DIP Note Purchaser revokes, or is deemed to have revoked, the election in, as the case may be, the DIP Warrant Indenture and / or DIP Note Purchase Agreement to have their DIP Warrants exercised for New Common Shares, each DIP Warrant will be exercised for 100,000 Warrant Shares (representing, assuming all DIP Warrants are exercised, approximately 12.5% of the New Common Shares outstanding following the implementation of the Plan other than any Common Shares to be issued under the Management Incentive Plan). See "*DIP Facilities – DIP Note Purchase Agreement*" for a description of the DIP Notes, Exit Notes and DIP Warrants.

Plan Sponsor

Under the Plan, the Plan Sponsor will exchange its Series 1 DIP Notes for the Plan Sponsor Shares representing approximately 29.3% of the New Common Shares outstanding immediately following the implementation of the Plan (other than any Common Shares issued under the Management Incentive Plan).

In addition, the Plan Sponsor and Equity Subscribers have agreed, pursuant to the terms of the Subscription Agreements, to subscribe for up to U.S.$250,000,000 of New Common Shares at a price per share based on the Designated Rate on the Implementation Date in order to enable the Corporation to fund Cash Elections at the Designated Rate up to U.S.$250,000,000. The Plan Sponsor has agreed to fund up to U.S.$200,000,000 of this amount and the Equity Subscribers have agreed to fund an aggregate of up to U.S.$50,000,000. At the Plan Sponsor's sole discretion, certain Excess Subscriptions may also be made. See "*Cash Election*" for a description of the Cash Election.

Existing Shareholders

As at the date of this Circular, there were 316,094,858 Common Shares issued and outstanding. Pursuant to the Plan, each Existing Shareholder shall retain its Existing Shares and, following the issuance of the New Common Shares, all of the then outstanding Common Shares will be consolidated on the basis of one Consolidated Share for each 100,000 Existing Shares or New Common Shares outstanding immediately prior to the Common Share Consolidation. No fractional Consolidated Shares will be issued and any fractional Consolidated Shares otherwise issuable will be rounded down to the nearest whole number with no consideration paid for fractional shares. Following implementation of the Plan (including completion of the Common Share Consolidation), Existing Shareholders will hold, in the aggregate, approximately 3,000 Common Shares, which will constitute no more than 0.006% (rounded to the nearest thousandth of a percent) of the Common Shares outstanding following the issuance of the New Common Shares; if the Existing Shares, in the aggregate, after the issuance of the New Common Shares, constitute more than that percentage of the outstanding Common Shares, the Plan provides that such excess Existing Shares shall be cancelled on a pro rata basis without compensation. Holders of Existing Shares will not receive any consideration or distributions under the Plan and will not be entitled to vote on the Plan at the Meeting in respect of such shares.

Equity Claims

All Equity Claims, and all Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under the Plan and shall not be entitled to vote on the Plan at the Meeting. Notwithstanding the foregoing, Existing Shareholders shall be entitled to continue to hold their Existing Shares in accordance with the terms of the Plan, subject to the Common Share Consolidation. Following the Common Share Consolidation, Existing Shareholders will hold, in the aggregate, approximately 3,000 Common Shares, which will constitute no more than 0.006% (rounded to the nearest thousandth of a percent) of the Consolidated Shares outstanding following the implementation of the Plan.

As a result, the Existing Shares held by Existing Shareholders will, through the Common Share Consolidation, be eliminated or reduced to a nominal amount.

Holders of Equity Claims shall not receive any consideration or distributions under the Plan and shall not be entitled to vote on the Plan at the Meeting in respect of such Claims.

Option Holders

Upon implementation of the Plan, all Existing Share Options will be cancelled for no consideration.

Rights Holders

Upon implementation of the Plan, the 2015 Rights Plan and all Rights granted and existing thereunder will be cancelled for no consideration.

Deferred Share Units

Upon implementation of the Plan, the DDSU Plan, the EDSU Plan, and all DDSUs or EDSUs granted or existing thereunder will be cancelled for no consideration.

Claims of the Trustee and Bank Agents

The Trustee Claims and Bank Agent Claims are unaffected by the Plan.

Director/Officer Indemnity Claims

Director/Officer Indemnity Claims that are not based on or related to Equity Claims are not affected by the Plan. The D&O Charge shall continue to secure the indemnification of Directors and Officers, in accordance with the Initial Order until the Implementation Date.

Excluded Claims

The Plan provides for a class of excluded claims (the "**Excluded Claims**"), which, subject to Sections 12.1, 12.2, 12.4, 13.2(e), 14.1, 14.2 and 14.3 of the Plan are not affected by the Plan. Excluded Claims consist of:

(a) any claims secured by any of the Charges;

(b) any claims against a Director and/or Officer that are not permitted to be compromised pursuant to section 5.1(2) of the CCAA, but only to the extent not so permitted;

(c) any claims that cannot be compromised pursuant to Subsection 19(2) of the CCAA;

(d) any claims of subsidiaries of the Corporation against the Corporation;

(e) any Secured Claims;

(f) any claims of the Indenture Trustee in its capacity as trustee appointed under any of the Note Indentures, other than claims for the principal of and accrued interest on the Notes (the "**Trustee Claims**");

(g) any claims of the Bank Agents in their capacities as administrative agents for the Bank Facilities, other than claims for the principal of and accrued interest on the Bank Facilities (the "**Bank Agent Claims**");

(h) any claims under letters of credit outstanding as of the Filing Date, for the benefit of any of the Applicants;

(i) any Post-filing Claim;

(j) any claims in respect of the Series 1 DIP Notes and Series 2 DIP Notes;

(k) any existing or future right of any Director or Officer of the Corporation to claim indemnification against the Corporation in respect of claims made against the Director or Officer in that capacity, including any Director/Officer Indemnity Claims that are not based on or related to Equity Claims; and

(l) any Agreed Additional Excluded Claims.

Disputed Claims

An Affected Creditor holding a Disputed Distribution Claim will not be entitled to receive a distribution under the Plan in respect of such Disputed Distribution Claim or any portion thereof unless and until, and then only to the extent that, such Disputed Distribution Claim becomes a Distribution Claim.

Distributions of Consolidated Shares in relation to a Disputed Distribution Claim of an Affected Creditor will be held in treasury by the Corporation until the final determination of the Disputed Distribution Claim in accordance with the Claims Procedure Order and the Plan.

To the extent that any Disputed Distribution Claim becomes a Distribution Claim in accordance with the Plan, if the Affected Creditor:

(a) is a Beneficial Holder that has not made a Cash Election, the Corporation shall distribute to such Affected Creditor the number of Consolidated Shares corresponding to the number of New Common Shares it would have otherwise received pursuant to Section 5.2(b)(i) of the Plan;

(b) is a Beneficial Holder that has made a Cash Election, the Monitor shall distribute to such Affected Creditor its Cash Amount, and, if applicable, the Corporation shall distribute to such Affected Creditor the number of Consolidated Shares corresponding to the number of New Common Shares it would have otherwise received pursuant to Section 5.2(b)(ii)(B) of the Plan;

(c) is a General Creditor that has not made a Cash Election, the Corporation shall distribute to such Affected Creditor the number of Consolidated Shares corresponding to the number of New Common Shares it would have otherwise received pursuant to Section 5.3(a)(i) of the Plan; and

(d) is a General Creditor that has made a Cash Election, the Monitor shall distribute to such Affected Creditor its Cash Amount, and, if applicable, the Corporation shall distribute to such Affected Creditor the number of Consolidated Shares corresponding to the number of New Common Shares it would have otherwise received pursuant to Section 5.3(a)(ii)(B) of the Plan.

When and to the extent Affected Creditors become entitled to receive their Cash Amounts as set out above, the Corporation shall release to the Plan Sponsor and the Equity Subscribers from the Disputed Distribution Share Reserve the applicable number of Consolidated Shares in accordance with the terms of the applicable Subscription Agreements.

On the earlier of: (i) the first anniversary of the Implementation Date and (ii) the date that all Disputed Distribution Claims have been finally resolved, in accordance with the Claims Procedure Order, the Monitor shall remit the balance, including any cash interest accrued on the balance, in the Disputed Distribution Cash Pool Account to the Plan Sponsor and the Equity Subscribers pursuant to and in accordance with the Subscription Agreements, and any Cash Elections in respect of any remaining Disputed Distribution Claims shall automatically expire and be of no further force or effect. For clarity, interest earned on any amounts in the Disputed Distribution Cash Pool Account shall be paid to the Plan Sponsor and Equity Subscribers pursuant to the Subscription Agreements.

On the date that all Disputed Distribution Claims have been finally resolved in accordance with the Claims Procedure Order and the Plan and any required distributions contemplated above have been made, if: (A) the aggregate number of Consolidated Shares remaining in the Disputed Distribution Share Reserve is less than 500,000, the Corporation shall cancel those Consolidated Shares; or (B) the aggregate number of Consolidated Shares remaining in the Disputed Distribution Share Reserve is equal to or greater than 500,000, the Corporation shall distribute such Consolidated Shares to the Affected Creditors with Distribution Claims such that after giving effect to such distributions each such Affected Creditor has received its applicable Pro Rata Share of such Consolidated Shares. In the case of an Affected Creditor that is a Cash Election Creditor, the reference to determination of its Pro Rata Share of such Consolidated Shares shall be based on the entitlement to its Share Amount.

Undeliverable Distributions

If any distribution of Consolidated Shares or Cash Amount is undeliverable it shall be retained by the Corporation or, in the case of a Cash Amount, by the Monitor in the Initial Cash Pool Account, which shall continue to hold such Undeliverable Distribution until the date that is the 365th day following (i) the Implementation Date in the case of Distribution Claims; and (ii) the date that a Disputed Distribution Claim is finally resolved, after which the right to receive distributions under the Plan in respect of such an Undeliverable Distribution shall be compromised, released, discharged, cancelled and barred without any compensation therefor. Until such date, no further distributions in respect of an Undeliverable Distribution shall be made unless and until the Corporation and the Monitor are notified by the applicable Person of its current address and/or registration information, or other delivery instructions, as applicable, at which time the Corporation or, in the case of the Cash Amount, the Monitor, shall make such distributions to such Person.

Company Released Parties

At the Implementation Time, the Applicants, the Directors and Officers, and each of their respective financial advisors, legal counsel and agents (collectively, the "**Company Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Company Released Party, provided that the release will not release or discharge: (i) any Excluded Claim; (ii) the Corporation of or from its obligations under the Plan, under any Order, or under any document delivered by the Corporation on the Implementation Date pursuant to the Plan; or (iii) a Company Released Party if the Company Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

Creditor Released Parties

At the Implementation Time, the Indenture Trustee, the Noteholders, the Ad Hoc Committee, the Bank Lenders, the Bank Agents and each of their respective financial advisors, legal counsel and agents (collectively, the "**Creditor Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Creditor Released Party provided that the release will not release or discharge a Creditor Released Party of or from its obligations under the Plan, under any Order, or under any document delivered by it or on its behalf on the Implementation Date pursuant to the Plan, and provided further that the release will not release or discharge a Creditor Release Party if the Creditor Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

Plan Sponsor Released Parties

At the Implementation Time, the Plan Sponsor and each of its financial advisors, legal counsel and agents (collectively, the "**Plan Sponsor Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Plan Sponsor Released Party, provided that the release will not release or discharge a Plan Sponsor Released Party of or from its obligations under the Plan, under any Order, or under any document delivered by it or on its behalf on the Implementation Date pursuant to the Plan or a Plan Sponsor Released Party that is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

Calculations

Calculations and determinations made in accordance with the Plan and the Claims Procedure Order are final and binding.

Fractional Interests

No fractional Common Shares will be allocated under the Plan (including as part of the Common Share Consolidation), and fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of the Corporation. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Common Shares pursuant to the Plan (including as part of the Common Share Consolidation) will be rounded down to the nearest whole number without compensation therefor.

Monitor's Certificate

Upon written notice from the Applicants (or counsel on its behalf) to the Monitor that the conditions to Plan implementation have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Applicants, serve on the service list for the CCAA Proceedings, and file with the Court, a certificate which states that all conditions precedent set out in the Plan have been satisfied or waived and that the Implementation Date has occurred or will occur on a future date specified in the certificate.

Sanction Order and Implementation of the Plan

The Plan requires approval by the Court. Prior to the delivery of this Circular, the Corporation obtained the Meeting Order and Claims Procedure Order providing for the calling and holding of the Meeting and other procedural matters. Following the Meeting, the Corporation intends to apply to the Court for the Sanction Order. The hearing in respect of the Sanction Order is scheduled to take place on August 23, 2016 at 10:00 a.m. (Toronto time) or soon thereafter at the courthouse at 330 University Avenue, Toronto, Ontario, Canada. See "*CCAA Proceeding – Court Approval and Implementation of the Plan*".

The Sanction Order shall, among other things, declare that:

- The Plan and the transactions contemplated by it are fair and reasonable;
- The Plan (including the arrangements and releases set out therein) has been sanctioned and approved pursuant to section 6 of the CCAA and will be binding and effective as set out in the Plan on the Applicants, all Affected Creditors, all holders of Equity Claims (including Existing Shareholders) and all other Persons as provided for in the Plan or in the Sanction Order;
- The Implementation Documents are approved;
- Grant to the Monitor in addition to its rights and obligations under the CCAA, the powers, duties and protections contemplated by and required under the Plan;
- Subject to the performance by the Applicants of their obligations under the Plan, and except to the extent expressly contemplated by the Plan or the Sanction Order, no Person who is a party to any obligations or agreements shall, following the Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:
    - any defaults or events of default arising as a result of the insolvency of the Applicants prior to the Implementation Date;
    - any defaults, events of default or cross-defaults under or in respect of any of the Notes or obligations thereunder;

- any defaults, events of default or cross-defaults under or in respect of the Credit Facilities or obligations thereunder;
- any change of control of the Corporation or any other Applicants arising in connection with the implementation of the Plan;
- the fact that the Applicants have sought or obtained relief under the CCAA or that the Plan has been implemented by the Applicants;
- the effect on the Applicants of the completion of any of the transactions contemplated by the Plan;
- appointment of the New Board as provided for in the Amended Articles;
- any compromises or arrangements effected pursuant to the Plan; or
- any other event(s) which occurred on or prior to the Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicants after the Filing Date;

- The commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 12.2 of the Plan shall be permanently enjoined;
- Compromise, discharge and release the Released Parties from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released Parties in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;
- From and after the Implementation Date and until the Monitor has been discharged from its duties as Monitor in the CCAA Proceedings, the amount of the Administration Charge shall be reduced to an amount agreed to amongst the Monitor, the Corporation and the Requisite Consenting Parties, or failing agreement on the amount, then the amount set by the Court, and the Administration Charge shall only be for the benefit of the Monitor and its counsel;
- Authorize the Corporation and the Monitor to seek an order of any court of competent jurisdiction to recognize the Plan and the Sanction Order and to confirm the Plan and the Sanction Order as binding and effective in any appropriate foreign jurisdiction; and
- From and after the Implementation Date, all Persons with an Affected Claim and holders of Equity Claims shall be deemed to have granted, and executed and delivered, to the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

Assuming the Sanction Order is granted and the other conditions to closing contained in the Plan are satisfied or waived, it is anticipated that the transactions provided for in the Plan will occur in the order indicated in the Plan. See "*Description of the Plan – Plan Steps*".

Subject to the foregoing, it is expected that the Implementation Date will occur as soon as practicable after the requisite approvals have been obtained.

Procedures for Delivery of Plan Consideration

Noteholders

DTC, through its nominee Cede & Co., as sole Registered Holder of the Notes, will surrender for cancellation certificates, if any, representing the Notes to the Indenture Trustee in exchange for Net Noteholder Shares as contemplated by the Plan. It is anticipated that delivery of the Net Noteholder Shares to the Noteholders in exchange for the Notes will be effected through the facilities of DTC to Intermediaries who in turn will deliver such Net Noteholder Shares to the Noteholders pursuant to standing instructions and customary practices. It is anticipated that the Net Noteholder Shares will be distributed no later than the second Business Day following the Implementation Date (or such other date as the Corporation and the Majority Consenting Noteholders may agree). If for any reason the Net Noteholder Shares are not DTC eligible, then the delivery of the Net Noteholder Shares shall be made by delivery of a share certificate to each Intermediary, based

on registration instructions received by, or on behalf of, the Monitor from Intermediaries in such manner as the Monitor determines reasonable in the circumstances.

Early Consent Shares to be issued to Early Consent Noteholders will be delivered either: (i) by Direct Registration System Advices or confirmation in the name of such Early Consent Noteholder (or its Intermediary); or (ii) with the consent of the Corporation and the AHC Advisors, in certificated form, which will be issued and delivered in accordance with the instructions to be provided by the Early Consent Noteholders in the Application for Early Consent Consideration. See "*Early Consent Shares*".

The Direct Registration System (or DRS) is a system maintained by the Transfer Agent that will allow new holders of Consolidated Shares to hold Consolidated Shares in "book-entry" form without having a physical share certificate issued as evidence of ownership. Instead, Consolidated Shares will be held in the name of such shareholders and registered electronically in the Corporation's records, which will be maintained by the Transfer Agent. The first time Consolidated Shares are recorded under DRS (upon completion of the Plan), shareholders will receive an initial Direct Registration System Advice acknowledging the number of Consolidated Shares held in their DRS account and any required legends applicable thereto. Anytime that there is movement of Consolidated Shares into or out of the Corporations shareholder's DRS account, an updated Direct Registration System Advice will be mailed. Shareholders may request a statement at any time by contacting the Transfer Agent or by accessing their account online at www.computershare.com/ investorcentrecanada. There is no fee to participate in DRS and dividends, if any, will not be affected by DRS.

Early Consent Noteholders should contact their broker or other intermediary for further information on how to obtain their Early Consent Shares.

Upon receipt of and in accordance with written instructions from the Monitor, the Indenture Trustee shall instruct DTC to, and DTC shall: (i) establish an escrow position representing the respective positions of the Noteholders as of the Implementation Date for the purpose of making distributions to the Noteholders on and after the Implementation Date; and (ii) exchange Notes for Net Noteholder Shares or cash in lieu pursuant to the Cash Election, all in accordance with the customary practices and procedures of DTC.

General Creditors (Bank Lenders)

It is anticipated that the General Creditor Shares deliverable to General Creditors which are Bank Lenders will be delivered no later than the second Business Day following the Implementation Date by delivery of a share certificate to the Bank Lenders.

At the Bank Lender Record Time, the transfer ledgers for Bank Lenders' Allowed Claims maintained by the Corporation and/or the Bank Agents, as applicable, will be closed, and there will be no further changes in the record holders of such Bank Lenders' Allowed Claims for purposes of distributions under the Plan. The Corporation, the Monitor and the Bank Agents will have no obligation to recognize any transfer of any Bank Lender's Allowed Claim occurring after the Bank Lender Record Time and will be entitled instead to recognize and deal for all purposes under the Plan, including the distribution of Claim Settlement Shares to which such person is entitled and Cash Amounts, with only those record holders listed on the transfer ledgers as of the Bank Lender Record Time.

The Monitor will, directly or through the Bank Agents, confirm with each Bank Lender as soon as practical following the Bank Lender Record Time that (i) it holds a Bank Lender Allowed Claim as of the Bank Lender Record Time, (ii) the amount of that Bank Lender Allowed Claim as of the Bank Lender Record Time and (iii) the contact information and the wire transfer instructions for each Bank Lender.

General Creditors (Other than Bank Lenders)

It is anticipated that the General Creditor Shares deliverable to Other Affected Creditors will be delivered no later than the second Business Day following the Implementation Date by either: (i) by delivery of a share certificate to the Other Affected Creditor; (ii) by Direct Registration System Advices; or (iii) by delivery of such General Creditor Shares to the intermediary of the Other Affected Creditor through an appropriate clearing facility.

Plan Sponsor

The Plan Sponsor Shares will be delivered, as directed by the Plan Sponsor, either: (i) by delivery of a share certificate or share certificates to the Plan Sponsor; or (ii) by delivery of such Plan Sponsor Shares to the Intermediary of the Plan Sponsor through an appropriate clearing facility.

Holders of DIP Warrants

DTC, through its nominee Cede & Co., as sole Registered Holder of the DIP Warrants, will surrender for cancellation certificates, if any, representing the DIP Warrants to the Warrant Agent in exchange for Warrant Shares as contemplated by the Plan. It is anticipated that delivery of the Warrant Shares to the holders of DIP Warrants on the exercise of the DIP Warrants will, provided that the certification contemplated by the Warrant Indenture has been provided (see "*DIP Facilities – DIP Note Purchase Agreement – DIP Warrants and DIP Warrant Indenture*"), be effected through the facilities of DTC to Intermediaries who in turn will deliver such Warrant Shares to the holders of DIP Warrants pursuant to standing instructions and customary practices. If the certificate required by the DIP Warrant Indenture is provided prior to the Implementation Date, the Warrant Shares will be distributed in accordance with the foregoing procedures on or shortly following the Implementation Date. If the certificate required by the DIP Warrant Indenture is provided during the 30-day grace period (described under "*DIP Facilities – DIP Note Purchase Agreement – DIP Warrants and DIP Warrant Indenture*") the Warrant Shares will be distributed in accordance with the foregoing shortly following the receipt of such certificate. If the certification is not provided during the 30-day grace period, the holders of such DIP Warrants shall have no further rights in connection therewith or in respect of Warrant Shares issuable in exchange for such DIP Warrants and the Corporation may cancel or otherwise retain in treasury on its own behalf those Warrant Shares previously issued on the exercise of the DIP Warrants. Any restrictions on transfer of the DIP Warrants under U.S. Securities Laws will continue to apply to the Warrant Shares. See "*DIP Facilities – DIP Note Purchase Agreement – DIP Warrants and DIP Warrant Indenture*".

Cash Election

Where, an Affected Creditor has elected to receive cash in lieu of its Affected Creditor Shares, its Cash Amount shall be delivered no later than ten Business Days following the Implementation Date and the Monitor shall act as a disbursing agent (either directly or through intermediaries, including the Indenture Trustee) to distribute Cash Amounts in accordance with the Plan. The Monitor will use such wire instructions or deliver instructions as are provided by the applicable Cash Election Creditor in his/her/its Cash Election Form. To the extent the Cash Election Creditor will receive Consolidated Shares in an amount corresponding to its Share Amount less its Elected Share Amount, those Consolidated Shares will be distributed as set out above. In addition, to the extent Cash Amounts are delivered in lieu of New Common Shares, the Corporation shall issue a corresponding number of Cash Consideration Shares to the Plan Sponsor and the Equity Subscribers (i) by delivery of a share certificate or share certificates; or (ii) by delivery to an Intermediary or through an appropriate clearing facility. See "*Cash Election*".

Other Considerations

Unless a securities law legend is not required by the U.S. Securities Act, the share certificates representing the Warrant Shares and the Plan Sponsor Shares delivered pursuant to the Plan shall have legends affixed thereon in the form set out in the applicable DIP Warrant Indenture or DIP Note Indenture. Similarly, any Warrant Shares and the Plan Sponsor Shares delivered through DTC or another clearing system will be subject to an applicable restricted CUSIP.

Affected Creditors, DIP Note Purchasers, and Early Consent Noteholders should contact their broker or other intermediary for further information on how to obtain their New Common Shares and the restrictions, if any, applicable to such New Common Shares.

CERTAIN REGULATORY MATTERS RELATING TO THE PLAN

Issuance and Resale of Securities Received under the Plan

United States

Status under U.S. securities laws

At the time of the implementation of the Plan, the Corporation will be a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act. It is a condition to implementation of the Plan that the New Common Shares shall have been conditionally approved for listing on the TSX, the TSX-V or such other Designated Offshore Securities Market acceptable to the Requisite Consenting Parties. The Corporation does not currently intend to seek a listing for any securities on any stock exchange or quotation system in the United States.

Issuance and resale of securities under U.S. securities laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Securityholders in the United States. All Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued to them under the Plan complies with applicable securities legislation.

The following discussion does not address the Canadian securities laws that will apply to the issuance to or the resale by Securityholders within Canada of securities of the Corporation. Securityholders reselling their securities in Canada must comply with Canadian securities laws, as outlined below under "– *Canada*".

Exemption from the registration requirements of the U.S. Securities Act

The New Common Shares to be issued under the Plan will not be registered under the U.S. Securities Act or the securities laws of any state of the United States.

The Claim Settlement Shares (including the Early Consent Shares) to be issued to Affected Creditors in exchange for Distribution Claims (together, the "**Exchange**") will be issued in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Court of the terms and conditions of the Exchange, which will consider, among other things, the fairness of the Plan to the persons affected, and exemptions provided under the securities laws of each state of the United States in which Persons reside. Section 3(a)(10) of the U.S. Securities Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities and/or claims where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. For the purpose of qualifying for this exemption from the registration requirements of the U.S. Securities Act, the Corporation will advise the Court that the Corporation will rely on the Section 3(a)(10) exemption based on the Court's sanctioning of the Exchange. Accordingly, the Sanction Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Claim Settlement Shares (including the Early Consent Shares) issued pursuant to the Exchange under the Plan.

Persons who are not affiliates of the Corporation after implementation of the Plan (and were not affiliates thereof within 90 days preceding a resale) may resell the Claim Settlement Shares (including the Early Consent Shares) that they receive in the Exchange in the United States without restriction under the U.S. Securities Act. A Person who will be an "affiliate" of the Corporation after the Plan will be subject to certain restrictions on resale imposed by the U.S. Securities Act. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of the Corporation after the implementation of the Plan may not resell the Claim Settlement Shares (including the Early Consent Shares) that they receive in the Exchange in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Regulation S under the U.S. Securities Act.

All New Common Shares (including the Cash Consideration Shares) other than the Claim Settlement Shares (including the Early Consent Shares) to be issued under the Plan will be subject to restrictions on transfer and such New Common Shares may be offered, sold or otherwise transferred only: (i) to the Corporation; (ii) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act; or (iii) inside the United States in accordance with an exemption from registration under the U.S. Securities Act, if available. Such New Common Shares will bear a legend to the following effect:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES *SECURITIES ACT OF 1933*, AS AMENDED (THE "U.S. SECURITIES ACT"), OR SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE U.S. SECURITIES ACT, (B) IN A SALE ON OR THROUGH THE FACILITIES OF THE TORONTO STOCK EXCHANGE OR ANOTHER DESIGNATED OFFSHORE SECURITIES MARKET (AS DEFINED IN RULE 902 OF REGULATION S PROMULGATED UNDER THE U.S. SECURITIES ACT ("REGULATION S")) PURSUANT TO RULE 904 OF REGULATION S, (C) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (D)

INSIDE THE UNITED STATES TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A) (1), (2), (3) OR (7) OF REGULATION D UNDER THE U.S. SECURITIES ACT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT AFTER PROVIDING A LEGAL OPINION SATISFACTORY TO THE ISSUER, (E) INSIDE THE UNITED STATES TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN, AND IN ACCORDANCE WITH, RULE 144A UNDER THE U.S. SECURITIES ACT, (F), PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER OR (G) PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT AFTER PROVIDING A LEGAL OPINION SATISFACTORY TO THE ISSUER."

provided that the New Common Shares subject to the legend set forth above are being sold outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act, the aforementioned legend may be removed by the transferor providing a declaration to the Transfer Agent in a form as the Transfer Agent may prescribe from time to time, and if required, by the Corporation or the Transfer Agent, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation and the Transfer Agent that the proposed transfer may be effected without registration under the U.S. Securities Act and provided, further, that if any New Common Shares subject to the legend set forth above are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legend may be removed by delivery to the Transfer Agent and the Corporation of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation and the Transfer Agent that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the New Common Shares received upon completion of the Plan. Holders of Common Shares may be subject to additional restrictions, including, but not limited to, restrictions under written contracts, agreements or instruments to which they are parties or are otherwise subject, and restrictions under applicable United States state securities laws. All holders of Common Shares are urged to consult with their counsel to ensure that the resale of Common Shares complies with applicable securities legislation.

Canada

The New Common Shares to be issued pursuant to the Plan will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws. Consequently, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available in respect of the New Common Shares issued pursuant to the Plan. The New Common Shares so issued will generally be "freely tradable" (other than as a result of usual resale restrictions under applicable securities laws, including, without limitation, any "control person" restrictions which may arise by virtue of ownership thereof) under applicable Canadian securities laws. All prospective holders of Common Shares are urged to consult their legal advisors to ensure that the resale of their Common Shares complies with applicable securities legislation. Holders of Common Shares residing elsewhere than in Canada are urged to consult their legal advisors to determine the extent of all applicable resale provisions in their jurisdiction of residency.

Listing of the Common Shares

The Existing Shares were listed on the TSX until May 25, 2016 at which time they were delisted from the TSX and are listed, but suspended from trading, on the BVC. The Corporation has agreed with the DIP Note Purchasers, the Consenting Noteholders and the Consenting Lenders that it shall cause the New Common Shares to be publicly listed and available for trading on the TSX or, if such listing is not available as a consequence of listing requirements, on the TSX-V, provided that if neither such listing is available to the Corporation following the Restructuring as a consequence of the listing requirements of such exchanges, on such other Designated Offshore Securities Market as is acceptable to the Corporation, the Requisite Consenting Creditors and the Plan Sponsor (having regard to the listing requirements of the other stock exchanges and the liquidity provided thereby). There can be no assurance that such listing will be obtained.

Merger Control Approval

Pursuant to the Support Agreement, the Plan is conditional upon the receipt of approvals under applicable merger control legislation. Under the Competition Act, the acquisition of the assets of an operating business or the acquisition of the shares of a corporation that carries on an operating business in Canada may require pre-merger notification if certain size of parties and size of transaction thresholds are exceeded. It has been determined that pre-merger notification is required in respect of the Plan.

Subject to certain limited exceptions, the parties to a notifiable transaction cannot complete the transaction until they have submitted the information prescribed pursuant to Subsection 114(1) of the Competition Act to the Commissioner of Competition appointed under the Competition Act (the "**Commissioner**") and the applicable waiting period has expired or been terminated by the Commissioner. The waiting period is 30 days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner has not notified the parties that he requires additional information that is relevant to the Commissioner's assessment of the transaction pursuant to Subsection 114(2) of the Competition Act (a "**Supplementary Information Request**"). In the event that the Commissioner provides the parties with a Supplementary Information Request, the parties cannot complete the transaction until 30 days after compliance with such Supplemental Information Request, provided that there is no order in effect prohibiting completion at the relevant time. Alternatively, or in addition to filing the prescribed information, a party to a notifiable transaction may apply to the Commissioner for an advance ruling certificate under Section 102 of the Competition Act, which may be issued by the Commissioner and precludes him from challenging the transaction based on the information provided. If the Commissioner declines to issue an advance ruling certificate, he may issue a "no-action" letter, which confirms that the Commissioner does not, at that time, intend to challenge the transaction by making an application under Section 92 of the Competition Act. The Commissioner may challenge a transaction either before the transaction is completed or within one year after it was substantially completed (unless an advance ruling certificate is issued) if he is of the view that the transaction will lead to a substantial lessening or prevention of competition in a relevant market in Canada. The Plan Sponsor submitted an application for an advance ruling certificate or, in the alternative, a no-action letter and a request for a waiver, pursuant to Subsection 113(c) of the Competition Act, of the obligation to file the information prescribed pursuant to Subsection 114(1) of the Competition Act. The Commissioner issued the advance ruling certificate on June 23, 2016.

THE CORPORATION BEFORE THE PLAN

Corporate Structure

The Corporation was incorporated under the laws of the Province of British Columbia on April 10, 1985 under the name Agincourt Explorations Inc. On September 13, 1995, the Corporation changed its name to AGX Resources Corp. The Corporation was continued as a corporation in the Yukon Territories on May 22, 1996. On November 26, 1999, the Corporation changed its name to Consolidated AGX Resources Corp. The Corporation was continued back in the Province of British Columbia on July 9, 2007.

On July 13, 2007, in conjunction with the Corporation's acquisition (the "**PEH Acquisition**") of a 75% share interest in Pacific E&P Holdings Corp. ("**PEH**") completed on the same date, the Corporation changed its name to Petro Rubiales Energy Corp. The Corporation subsequently acquired the remaining 25% interest in PEH on December 3, 2007. Prior to PEH Acquisition, Consolidated AGX Resources Corp. had insignificant assets, liabilities, stockholders' equity and operations. As a result of the PEH Acquisition, Petro Rubiales Energy Corp. changed its business to the exploration, development and production of certain oil and natural gas interests.

On January 23, 2008, the Corporation completed the acquisition of Pacific Stratus Energy (the "**Pacific Acquisition**") and in conjunction with the Pacific Acquisition the Corporation changed its name to "Pacific Rubiales Energy Corp." The Pacific Acquisition was effected through the amalgamation of Pacific Stratus Energy Ltd. ("**Pacific Stratus Energy**") and a wholly-owned subsidiary of the Corporation pursuant to a plan of arrangement, under which Pacific Stratus Energy Colombia Corp. shareholders received 9.5 Common Shares for every Pacific Stratus Energy share held at closing. Warrants and options of Pacific Stratus Energy were exchanged based upon the same ratio.

On May 9, 2008, the Corporation consolidated its Common Shares on a 1:6 basis by issuing one Common Share for every six Common Shares then outstanding.

On January 23, 2013, in connection with the acquisition of C&C Energia Ltd., the Corporation amalgamated with C&C Energia Ltd. under the name Pacific Rubiales Energy Corp., pursuant to a certificate of amalgamation dated January 29, 2013, and issued by the Registrar of Companies, B.C.

On November 28, 2013, the Corporation completed the acquisition of Petrominerales Ltd. (the "**Petrominerales Acquisition**"). In connection with the Petrominerales Acquisition, the Corporation amalgamated with Petrominerales under the name of Pacific Rubiales Energy Corp., pursuant to a certificate of amalgamation dated January 1, 2014, and issued by the Registrar of Companies, B.C.

Effective August 14, 2015, the Corporation changed its name from "Pacific Rubiales Energy Corp." to "Pacific Exploration & Production Corporation" in order to reflect its broader focus in Latin America as its production base diversified away from the Rubiales Field.

Business of the Corporation

The Corporation, which commenced generating revenues on July 16, 2007 with the closing of the PEH Acquisition, is involved in the exploration, development and production of certain oil and natural gas interests, primarily located in the Republic of Colombia, and to a lesser extent, in Peru, Guatemala, Brazil, Guyana and Belize. Through its wholly-owned subsidiaries, the Corporation holds indirect interests in certain hydrocarbon properties in Colombia through contracts with Ecopetrol, the Colombian majority state owned oil and gas company, and the Agencia Nacional de Hidrocarburos, the Colombian national hydrocarbons agency. The Corporation has grown by acquiring and developing underexploited oil and natural gas exploration areas.

The Corporation is the largest independent oil and gas operator in Colombia in terms of production. It operates oil and gas properties that produced on average 303,882 boe/d, with an average daily net production (after royalties and payments to the Corporation's joint venture partners) of 154,472 boe/d, during 2015.

Capital Structure

Equity

The authorized capital of the Corporation consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value. As of the date hereof, there are 316,094,858 Common Shares issued and outstanding as fully paid and non-assessable.

As of the date hereof, no Preferred Shares are outstanding or have been issued.

Common Shares

Subject to the rights of the holders of Preferred Shares, the holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per Common Share at meetings of the Shareholders and upon liquidation, dissolution or winding-up, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares.

Preferred Shares

The Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Corporation is liquidated, dissolved or wound-up, rank prior to the Common Shares. The Board has the authority to issue Preferred Shares in series and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights of each series without any further vote or action by Shareholders. The holders of Preferred Shares do not have pre-emptive rights to subscribe for any issue of securities.

The Notes

Provisions of the Notes

The Notes are direct, unsecured obligations of the Corporation. In recent months, the Corporation entered various waivers and forbearance agreements with respect to the Notes. See "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

2019 Notes

On November 26, 2013, the Corporation closed an offering of U.S.$1.3 billion senior unsecured notes bearing interest at an annual rate of 5.375% on the outstanding principal amount, payable semi-annually in arrears on January 26 and July 26 of each year, commencing on July 26, 2014 (the "**2019 Notes**"). The 2019 Notes are governed by an indenture dated as of November 26, 2013 (the "**2019 Note Indenture**"), which sets out the principal terms of the 2019 Notes. The 2019 Notes were due to mature on January 26, 2019.

As at the Filing Date the aggregate principal amount of the 2019 Notes outstanding was U.S.$1.3 billion.

2021 Notes

Starting on December 12, 2011, the Corporation offered senior unsecured notes bearing a rate of 7.25% payable on the outstanding principal amount semi-annually in arrears on June 12 and December 12 of each year, commencing on June 12, 2012 (the "**2021 Notes**"). The 2021 Notes are governed by an indenture dated as of December 12, 2011 (as supplemented on December 12, 2011, December 20, 2011, January 5, 2012, May 22, 2013, December 3, 2013, and December 27, 2013)

(the "**2021 Note Indenture**"), which sets out the principal terms of the 2021 Notes. The 2021 Notes were due to mature on December 12, 2021.

Additionally, a portion of the 2021 Notes was exchanged into the 2025 Notes, and, as at the Filing Date, the aggregate principal amount of the 2021 Notes outstanding was approximately U.S.$690.5 million.

2023 Notes

On March 28, 2013, the Corporation closed an offering of U.S.$1 billion senior unsecured notes bearing interest at an annual rate of 5.125% on the outstanding principal amount, payable semi-annually in arrears on March 28 and September 28 of each year commencing on September 28, 2013 (the "**2023 Notes**"). The 2023 Notes are governed by an indenture dated as of March 28, 2013 (the "**2023 Note Indenture**"), which sets out the principal terms of the 2023 Notes. The 2023 Notes were due to mature on March 28, 2023.

As at the Filing Date the aggregate principal amount of the 2023 Notes outstanding was approximately U.S.$1 billion.

2025 Notes

On September 19, 2014, the Corporation announced that it had commenced an offer of U.S.$750 million in senior unsecured notes due 2025 at a coupon rate of 5.625% and maturing on January 19, 2025 (the "**2025 Notes**"), which expired on October 17, 2014, to exchange the outstanding 2021 Notes held by eligible holders for the 2025 Notes in an effort to improve the maturity profile of the Corporation's debt by extending the maturity of certain debt while reducing interest expense.

The 2025 Notes bear interest at an annual rate of 5.625% on the outstanding principal amount, payable semi-annually in arrears on each January 19 and July 19 of each year, commencing on January 19, 2015. The terms and conditions of the 2025 Notes are set forth in a note indenture dated as of September 19, 2014, as supplemented on October 6, 2014, and on October 23, 2014 (the "**2025 Note Indenture**").

Eligible holders who validly tendered their 2025 Notes received in exchange for each U.S.$1,000 of principal amount of existing notes being exchanged an aggregate principal amount of 2025 Notes equal to U.S.$1,101.25 to U.S.$1,131.25 depending the date of tender. A total of U.S.$322 million aggregate principal amount of 2021 Notes were validly tendered in exchange for the 2025 Notes.

As at the Filing Date the aggregate principal amount of the 2025 Notes outstanding was U.S.$1.114 billion.

Credit Facilities & Lines of Credit

In recent months, the Corporation entered various waivers and forbearance agreements with respect to the Credit Facilities. See "*Background to and Reasons for the Plan – Events Prior to the Filing for Protection under the CCAA*".

BoA Facility

During February 2013, the Corporation entered into and subsequently drew down on a new credit facility with Banco Itau for U.S.$100 million. The U.S.$100 million outstanding on the facility was fully repaid and the Corporation entered into the BoA Facility, which is payable in three installments on November 3, 2014, 2015, and 2016 and has an interest rate of LIBOR + 1.5%. The terms of the facility are substantially similar to those of the Revolving Facility (defined below).

As at the Filing Date the principal amount outstanding under the BoA Facility was U.S.$2,943,333.34.

HSBC U.S. Dollar Syndicated Term Facility

On April 8, 2014, the Corporation borrowed U.S.$250 million pursuant to the HSBC Facility. This HSBC Facility carries an interest rate of LIBOR plus 2.75%, and the principal is to be repaid as follows: (i) 15% in April 2016; (ii) 25% in October 2016; and (iii) 60% in April 2017, with interest payments on the outstanding principal due quarterly. The terms of the HSBC Facility are substantially similar to those of the Revolving Facility.

As of the Filing Date the principal amount outstanding under the HSBC Facility was U.S.$212.5 million.

U.S. Dollar Syndicated Revolving Credit Facility

In April 2014, the Corporation entered into a revolving and credit guaranty agreement in the amount of U.S.$1 billion with a syndicate of lenders and Bank of America, N.A. as administrative agent (the "**Revolving Facility**").

As at the Filing Date the Corporation had fully drawn down on the Revolving Facility.

Letters of Credit

As at July 5, 2016, the Corporation had issued letters of credit and guarantees for exploration and operational commitments for a total of U.S.$193.08 million.

On April 2, 2014, the Corporation borrowed U.S.$75 million pursuant to the Bladex Facility. The Bladex Facility carries an interest rate of LIBOR + 2.70% and the principal is payable in equal installments in October 2016, April and October 2017, and April 2018 with interest payments on the outstanding principal due biannually. The terms of the Bladex Facility are substantially similar to those of the Revolving Facility.

As at the Filing Date U.S.$75 million in undrawn letters of credit and no principal amounts were outstanding under the Bladex Facility.

THE CORPORATION AFTER IMPLEMENTATION OF THE PLAN

Capital Structure

After the Plan is implemented, the authorized capital of the Corporation will consist of an unlimited number of Common Shares and an unlimited number of Preferred Shares without par value. Subject to the rights of the holders of Preferred Shares, the holders of Common Shares will be entitled to dividends if, as and when declared by the Board, to one vote per Common Share at meetings of the Shareholders and, upon liquidation, dissolution or winding-up, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares. The Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Corporation is liquidated, dissolved or wound-up, rank prior to the Common Shares. The Board has the authority to issue Preferred Shares in series and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights of each series without any further vote or action by Shareholders. The holders of Preferred Shares do not have pre-emptive rights to subscribe for any issue of securities.

On the Implementation Date, no Preferred Shares will be outstanding and, after giving effect to the Common Share Consolidation contemplated by the Plan, approximately 50,003,000 Common Shares will be outstanding, representing: (i) the New Common Shares to be issued to Affected Creditors in settlement of their Affected Claims; (ii) the New Common Shares to be issued to the Plan Sponsor in exchange for its Series 1 DIP Notes; (iii) the New Common Shares to be issued to the holders of DIP Warrants that do not revoke their election to exercise the DIP Warrants; (iv) the New Common Shares to be issued to the Plan Sponsor and Equity Subscribers as part of the Cash Election; and (v) the Common Shares to be held by Existing Shareholders, in each case, following the Common Share Consolidation.

Governance and Management

The following is a summary only. This summary is qualified in its entirety by the full text of each of the Amended Articles and the Voting Agreement. For complete details, reference should be made to the Amended Articles, which are attached as Schedule C to the Plan.

Amended Articles

As part of the Plan, the Amended Articles will become effective on the Implementation Date which shall amend and restate the articles of the Corporation. The Amended Articles contain, among other things, provisions requiring that the Board be comprised of a majority of "Independent Directors" (as defined in the Amended Articles) which provisions shall apply until the earlier of (i) the date the Plan Sponsor owns less than 10% of the issued and outstanding voting securities of the Corporation and (ii) the date of the annual general meeting of shareholders of the Corporation to be held in 2019. The Amended Articles also provide that the New Board will initially be set at seven members and be initially compromised as follows: (i) three members of the Board selected by the Plan Sponsor, one of which may be chosen to serve as the chairman of the New Board; (ii) two Independent Directors jointly selected by the Plan Sponsor and Requisite Consenting Creditors; (iii) the RCN Proposed Director; and (iv) RCL Proposed Director. Each such member of the Board in office at the annual general meeting of shareholders to be held in 2017 shall, if they consent to re-election, be nominated for re-election. Each of the RCN Proposed Director and the RCL Proposed Director shall be nominated for re-election at the annual general meeting of shareholders to be held in 2018, provided that such directors consent to re-election.

Additionally, as part of a voting agreement between the Plan Sponsor and the Corporation to become effective on the Implementation Date (the "**Voting Agreement**"), the Plan Sponsor has agreed to vote all of its Common Shares in favour of the RCN Proposed Director and the RCL Proposed Director (if they consent to election) at the two annual general meetings of shareholders immediately following the Implementation Date, which provisions shall also cease to apply if the Plan Sponsor owns less than 10% of the outstanding Consolidated Shares.

Management

Certain executive and management positions of the Corporation in place on the Implementation Date (as agreed by the Requisite Consenting Parties on April 25, 2016) shall be affirmed by a specified majority of the New Board including the RCN Proposed Director and the RCL Proposed Director. If the requisite majority does not affirm any such position, then the incumbent directors shall remain in their respective positions, but a search firm shall assess potential alternatives.

Special Approval Rights

A majority of the New Board, including: (i) at least one of the RCN Proposed Director and the RCL Proposed Director (for so long as those individuals are directors), or after such time as either one of the RCN Proposed Director and the RCL Proposed Director ceases to be a director for any reason, at least two Independent Directors; and (ii) (except with respect to a related party transaction involving the Plan Sponsor) at least one of the three directors initially chosen by the Plan Sponsor (or if they are no longer directors, any one director who is an employee of the Plan Sponsor) shall be required to approve any of the following: incurring new funded indebtedness (subject to certain exceptions); adopting certain new management compensation plans; entering into related party transactions; terminating the Voting Agreement or amending, modifying or waiving any provision thereof; commencing an issuer bid; issuing any shares of the Corporation or securities convertible or exchangeable into shares of the Corporation; implementing changes to the capital structure of the Corporation; commencing a rights offering; effecting any material changes to the development plan or business plan of the Corporation; effecting a material asset sale; and implementing material amendments to the Amended Articles or the Corporation's Notice of Articles; provided that any vote in favour of any rights offering shall also require the affirmative vote of each of the RCN Proposed Director and the RCL Proposed Director, in each case for so long as such directors are on the New Board. The special approval rights described in this paragraph shall cease to apply from and after the date of the Corporation's annual general meeting of shareholders in 2019.

Rights Plan

The following is a summary only of the New Rights Plan. This summary is qualified in its entirety by the full text of the New Rights Plan. For complete details, reference should be made to the New Rights Plan, a draft which is available on the Monitor's website at www.pwc.com/ca/pacific.

A shareholder rights plan is a common mechanism used by public companies to encourage the fair and equal treatment of all shareholders in the face of a take-over initiative, and to give the Board more time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate by the Board in the circumstances.

Under the Plan, the Corporation's existing shareholder rights plan (the "**2015 Rights Plan**") will be terminated.

Under the Support Agreement, the Corporation has agreed to adopt a customary shareholder rights plan on the Implementation Date (the "**New Rights Plan**"). The New Rights Plan contains substantially the same terms and conditions as the 2015 Rights Plan aside from housekeeping changes to reflect current best practices, changes to reflect terms of the Support Agreement and certain other changes to take into account amendments to the regime governing take-over bids recently adopted by the Canadian Securities Administrators pursuant to National Instrument 62-104 – Take-Over Bids and Issuer Bids ("**NI 62-104**") that came into effect on May 9, 2016.

Under the New Rights Plan, a permitted bid will be a take-over bid by means of a take-over bid circular pursuant to and in compliance with NI 62-104 and that is made to all shareholders on the books of the Corporation. As a result, a permitted bid must remain open for a longer period (up to 105 days (increased from 60 days) to take into account NI 62-104) after the offer date of the bid) and then for another ten days following public announcement that more than 50% of the outstanding shares held by independent shareholders (which excludes shares owned by the bidder and its joint actors) have been deposited or tendered and not withdrawn for purchase by the bidder. This permits a shareholder to accept the bid after a majority of the independent shareholders have decided to accept the bid, and lessens concern about undue pressure to tender to the bid.

In addition, a permitted bid excludes a creeping or exempt bid whereby a person could slowly accumulate shares through stock exchange acquisitions, or acquire blocks of shares through private agreements, which may result, over time, in an acquisition of control or effective control without paying a control premium or without sharing of any control premium among all shareholders fairly.

The Plan Sponsor, which will own a minimum of 29.3% of the Consolidated Shares immediately following the Implementation Date, shall be grandfathered under the New Rights Plan and will not, under the terms of the New Rights Plan, be restricted from acquiring additional Consolidated Shares in any manner.

Issuance of Rights

Upon the New Rights Plan becoming effective, one right (a "**New Right**") will be issued and attached to each Consolidated Share.

Rights Exercise Privilege

The New Rights, subject to certain exceptions (including those described below), separate from the Common Shares and become exercisable ten trading days, or such other time determined by the Board (acting in good faith), (the "**Separation Time**") after a Person (i) announces, subject to certain exceptions (including the Restructuring) that it has acquired beneficial ownership of 20% or more of the voting shares of the Corporation or (ii) makes an offer to acquire 20% or more of the voting shares and/or convertible securities (including such securities already owned by such person) of the Corporation, other than by an acquisition pursuant to a take-over bid permitted by the New Rights Plan (a "**Permitted Bid**"). The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Common Shares, other than by way of a Permitted Bid or a transaction otherwise permitted by the New Rights Plan (including acquisitions by the Plan Sponsor), is referred to as a "**Flip-in Event**". Any New Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, each New Right (excluding New Rights held by an Acquiring Person which have become void), will permit the holders thereof to purchase Common Shares at a 50% discount to their market price.

Trading of New Rights

Until the Separation Time, the New Rights will be evidenced by the certificates representing the Common Shares and will be transferable only together with the associated Common Shares. After the Separation Time, separate certificates evidencing the New Rights (Rights Certificates) will be mailed to holders of record of Common Shares (other than an Acquiring Person) as of the Separation Time. New Rights will trade separately from the Common Shares after the Separation Time.

Permitted Bid Requirements

A Permitted Bid will be defined as a take-over bid that is (i) made to all holders of voting shares of record, other than the offeror, (ii) that is made pursuant to and in compliance with NI 62-104 and (iii) that is not exempt from any of the requirements of Part 2 of NI 62-104, provided, however, that a take-over bid that qualified as a Permitted Bid shall cease to be a Permitted Bid at any time and as soon as such time as when such take-over bid ceases to meet any or all of the provisions of such definition.

Waiver

The Board (by resolution of a majority of directors and a majority of independent directors present at the applicable meeting (a "**Board Resolution**")) may, prior to the occurrence of a Flip-in Event resulting from a take-over bid that is made by a take-over bid circular to all holders of Common Shares, waive the application of the New Rights Plan to a particular Flip-in Event. Where the Board exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Corporation made by a take-over bid circular to all holders of Common Shares prior to the expiry of any other bid for which the Rights Plan has been waived. The Board, in respect of any Flip-in Event, may by Board Resolution waive the application of the New Rights Plan to a particular Flip-in Event where the Board has determined that the Acquiring Person became an Acquiring Person by inadvertence and such person has reduced its beneficial ownership such that it is no longer an Acquiring Person. The Board (by Board Resolution) may, with the prior consent of shareholders (excluding the Plan Sponsor among others), determine, at any time prior to the occurrence of a Flip-in Event, to waive the application of the New Rights Plan for any other Flip-in Event.

Redemption

The Board (by Board Resolution) may (i), with the prior consent of shareholders, at any time prior to the occurrence of a Flip-in Event, or (ii) following the termination of a Permitted Bid or a bid competing with a Permitted Bid, redeem the New Rights at $0.00001 per New Right. New Rights will be deemed to have been redeemed by the Board following completion of a Permitted Bid or bid competing with a Permitted Bid or certain other exempt acquisitions.

INCOME TAX CONSIDERATIONS

This Circular does not address any tax considerations of the Plan other than the Canadian and United States federal income tax and Colombian income tax considerations described below. Bank Lenders and Noteholders who are

resident in jurisdictions other than Canada, the United States or Colombia should consult their tax advisors with respect to the tax implications of the Plan.

The following summaries are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice to any particular Noteholder or Bank Lender. Consequently, Noteholders and Bank Lenders are urged to consult their own tax advisors for advice as to the tax considerations in respect of the Plan having regard to their particular circumstances.

Certain Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax considerations applicable to the recapitalization of the Corporation as set forth in the Plan to Securityholders who, for the purposes of the Tax Act, deal at arm's length with and are not affiliated with the Corporation and, at all relevant times, hold their Notes, Bank Lender's Allowed Claims and will hold their New Common Shares and Consolidated Shares as capital property. The Notes, Bank Lender's Allowed Claims, New Common Shares and Consolidated Shares will generally be considered to be capital property of a Securityholder unless either the Securityholder holds (or will hold) such Notes, Bank Lender's Allowed Claims, New Common Shares or Consolidated Shares in the course of carrying on a business or the Securityholder has acquired such Notes, Bank Lender's Allowed Claims, New Common Shares or Consolidated Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian resident Securityholders whose Notes, Bank Lender's Allowed Claims, New Common Shares or Consolidated Shares might not otherwise qualify as capital property may, in certain circumstances, treat such Notes, Bank Lender's Allowed Claims, New Common Shares or Consolidated Shares as capital property by making an irrevocable election pursuant to Subsection 39(4) of the Tax Act.

This summary is not applicable to a Securityholder: (i) that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market rules"; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has entered into or will enter into, in respect of the Notes, Bank Lender's Allowed Claims, New Common Shares or Consolidated Shares as the case may be, a "synthetic disposition arrangement" or a "derivative forward agreement" for purposes of the Tax Act. Such Securityholders should consult their own tax advisors having regard to their particular circumstances.

This summary does not describe the income tax consequences under the Plan to Other Affected Creditors. Other Affected Creditors should consult their own tax advisors in this regard.

Additional considerations, not discussed herein, may be applicable to a Securityholder that is a corporation resident in Canada, and is, or becomes, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in Section 212.3 of the Tax Act. Such Securityholders should consult their own tax advisors with respect to the Canadian income tax consequences to them of the transactions under the Plan.

This summary is based upon the current provisions of the Tax Act, the current regulations thereto (the "**Regulations**") and counsel's understanding of the current published administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). The summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that all such Tax Proposals will be enacted as proposed. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Securityholder. Securityholders are urged to consult with their own tax advisors concerning the tax consequences to them of the transactions described in this Circular.

For purposes of the Tax Act, all amounts relevant in computing the income, taxable income and taxes payable by a Securityholder, including the cost and adjusted cost base of Notes, Bank Lender's Allowed Claims, New Common Shares and Consolidated Shares must be determined in Canadian dollars based on the exchange rate quoted by the Bank of Canada for noon on the relevant date (or, if there is no such rate quoted for the relevant date, the closest preceding date for which such a rate is quoted) or such other rate of exchange that is acceptable to the Minister of National Revenue.

Securityholders Resident in Canada

The following discussion applies to a Securityholder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is or is deemed to be a resident of Canada (a "**Canadian Holder**").

Note Exchange

A Canadian Holder of Notes or Bank Lender's Allowed Claims will be considered to have disposed of its Notes or Bank Lender's Allowed Claims upon the exchange of Notes or Bank Lender's Allowed Claims for New Common Shares and/or cash in lieu of such New Common Shares on the Implementation Date.

Under the Initial Order, interest on Affected Claims ceased to accrue as of the Filing Date. Under the Plan, no amount will be paid in satisfaction of accrued and unpaid interest on the Notes and Bank Lender's Allowed Claims. Any accrued and unpaid interest on the Notes and Bank Lender's Allowed Claims up to the Filing Date will be forgiven by Noteholders and Bank Lenders, respectively. The principal amount of a Noteholder's Notes or Bank Lender's Allowed Claim, as applicable, will be forgiven by the applicable Noteholder or Bank Lender to the extent such principal amount exceeds the aggregate of (i) the fair market value on the Implementation Date of New Common Shares to be issued to such Noteholder or Bank Lender and (ii) the Cash Amount payable to such Noteholder or Bank Lender in satisfaction of the principal amount of its Notes or Bank Lender's Allowed Claims, as applicable. The portion of the principal amount of a Noteholder's Notes or Bank Lender's Allowed Claim, as applicable, that is not so forgiven will be paid and satisfied by the distribution of New Common Shares and/or the Cash Amount to which the Noteholder or Bank Lender is entitled.

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in income the amount of interest accrued or deemed to accrue on Notes or Bank Lender's Allowed Claims, as the case may be, up to the Implementation Date or that became receivable or was received on or before the Implementation Date, to the extent that such amounts have not otherwise been included in the Canadian Holder's income for the year or a preceding taxation year. Any other Canadian Holder, including an individual, will be required to include in income for a taxation year any interest on Notes or Bank Lender's Allowed Claims, as the case may be, received or receivable by such Canadian Holder in the year (depending upon the method regularly followed by the Canadian Holder in computing income) except to the extent that such amount was otherwise included in its income for the year or a preceding taxation year. Where a Canadian Holder is required to include an amount in income on account of interest on Notes that accrues in respect of the period prior to the date of acquisition of such Notes or Bank Lender's Allowed Claims, as the case may be, by such Canadian Holder, the Canadian Holder should be entitled to a deduction of an equivalent amount in computing income. Where a Canadian Holder is required to include an amount in income on account of interest on the Notes or Bank Lender's Allowed Claims, as the case may be, the Canadian Holder should be entitled to a deduction of an equivalent amount in computing income to the extent that such amount was not received and did not become receivable.

In general, a Canadian Holder will realize a capital gain (or capital loss) on the exchange of Notes or Bank Lender's Allowed Claims, as the case may be, for New Common Shares and/or cash equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of such Notes or Bank Lender's Allowed Claims, as the case may be. A Canadian Holder's proceeds of disposition of Notes or Bank Lender's Allowed Claims, as the case may be, upon their exchange for New Common Shares will be an amount equal to the aggregate of the fair market value (at the time of the exchange) of the New Common Shares received on the exchange plus the amount of any cash received.

The income tax treatment of any such capital gain (or capital loss) is described below under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

A Canadian Holder will be considered to have acquired any New Common Shares at a cost equal to the fair market value of such New Common Shares at the time of the exchange. The adjusted cost base to a holder of New Common Shares at a particular time will generally be determined by averaging the cost of the New Common Shares with the adjusted cost base of any other Common Shares held by such holder as capital property at that time.

Common Share Consolidation

A Canadian Holder will not realize a capital gain or a capital loss as a result of the Common Share Consolidation and the aggregate adjusted cost base of the Consolidated Shares received on the Common Share Consolidation will be equal to the aggregate adjusted cost base of the New Common Shares immediately prior to the Common Share Consolidation.

Dividends on Consolidated Shares

Dividends and deemed dividends paid on Consolidated Shares will be included in a Canadian Holder's income for purposes of the Tax Act. Dividends received by an individual Canadian Holder (other than certain trusts) will be subject to the gross-up and dividend tax credit rules provided for under the Tax Act including with respect to "eligible dividends", which entitle their recipient to the enhanced dividend tax credit. A Canadian Holder that is a corporation will include such dividends in computing its income and will generally be entitled to deduct the amount of such dividends in computing its taxable income. A Canadian Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the New Common Shares to the extent such dividends are deductible in computing the Canadian Holder's taxable income.

In certain circumstances, a taxable dividend received or deemed to be received by a Canadian Holder that is a corporation will be taxable as proceeds of disposition or a capital gain, rather than as a dividend. Canadian Holders that are corporations are urged to contact their own tax advisors.

Disposition of Consolidated Shares

A Canadian Holder will realize a capital gain (or capital loss) on a disposition or deemed disposition of Consolidated Shares equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of such Consolidated Shares, plus any reasonable costs of disposition. The adjusted cost base to a holder of Consolidated Shares at a particular time will generally be determined by averaging the cost of the Consolidated Shares received on the Common Share Consolidation with the adjusted cost base of any other Consolidated Shares held by such holder as capital property at that time.

The tax treatment of any such capital gain (or capital loss) is described below under "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Securityholders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Canadian Holder in a taxation year will be included in the Canadian Holder's income in the year and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Canadian Holder in a taxation year is required to be deducted from taxable capital gains realized by the Canadian Holder in the year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back three years or forward indefinitely, subject to the rules in the Tax Act. The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a share may be reduced by the amount of dividends previously received or deemed to have been received by it on such share (or on a share for which the share has been substituted) subject to the rules in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust.

Additional Refundable Tax

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income including amounts in respect of interest and taxable capital gains.

Alternative Minimum Tax

A Canadian Holder that is an individual (other than certain trusts) may be subject to alternative minimum tax under the Tax Act if the Canadian Holder realizes capital gains or receives dividends on Consolidated Shares.

Eligibility for Investment

Provided that the Common Shares are listed on a designated stock exchange (which includes the TSX) at the relevant time, the Consolidated Shares issued pursuant to the Plan will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered disability savings plan, registered education savings plan and tax-free savings account ("**TFSA**").

Notwithstanding that the Consolidated Shares may be a qualified investment for a trust governed by a RRSP, RRIF or TFSA, the holder of or annuitant under such plan will be subject to a penalty tax if such Consolidated Shares are a "prohibited investment" under the Tax Act for such TFSA, RRSP or RRIF. The Consolidated Shares will generally not be a "prohibited investment" for a TFSA, RRSP or RRIF unless the holder of or annuitant under such plan: (i) does not deal at arm's length with the Corporation for the purposes of the Tax Act; or (ii) has a "significant interest" (as defined in the Tax

Act) in the Corporation. In addition, the Consolidated Shares will generally not be a "prohibited investment" if they are "excluded property" as defined in the Tax Act.

Securityholders Not Resident in Canada

The following discussion applies to a Securityholder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times: (i) is a non-resident of Canada; (ii) does not use or hold any Notes, Bank Lender's Allowed Claims and will not use or hold any New Common Shares or Consolidated Shares in carrying on a business in Canada; (iii) is entitled to receive all payments under the Notes, including interest and principal; and (iv) is not an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business (a "**Non-Resident Holder**").

The following discussion is not applicable to a Non-Resident Holder that is an Other Affected Creditor or that is a "specified shareholder" (as defined in Subsection 18(5) the Tax Act) of the Corporation or that does not deal at arm's length for purposes of the Tax Act with a "specified shareholder" of the Corporation. Generally, for this purpose, a "specified shareholder" is a shareholder that owns or is deemed to own, either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act, shares of the capital stock of the Corporation that either: (i) give such holders 25% or more of the votes that could be cast at an annual meeting of the shareholders; or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the Corporation's capital stock. Such Non-Resident Holders should consult their own tax advisors.

Note Exchange

A Non-Resident Holder of Notes or Bank Lender's Allowed Claims will be considered to have disposed of its Notes or Bank Lender's Allowed Claims upon the exchange of Notes or Bank Lender's Allowed Claims for New Common Shares and/or cash on the Implementation Date.

Under the Initial Order, interest on Affected Claims ceased to accrue as of the Filing Date. Under the Plan, no amount will be paid in satisfaction of accrued and unpaid interest on the Notes and Bank Lender's Allowed Claims. Any accrued and unpaid interest on the Notes and Bank Lender's Allowed Claims up to the Implementation Date will be forgiven by Noteholders and Bank Lenders, respectively. The principal amount of a Noteholder's Notes or Bank Lender's Allowed Claim, as applicable, will be forgiven by the applicable Noteholder or Bank Lender to the extent such principal amount exceeds the aggregate of (i) the fair market value on the Implementation Date of New Common Shares and (ii) the Cash Amount payable to such Noteholder of Bank Lender in satisfaction of the principal amount of its Notes or Bank Lender's Allowed Claims, as applicable. The portion of the principal amount of a Noteholder's Notes or Bank Lender's Allowed Claim, as applicable, that is not so forgiven will be paid and satisfied by the distribution of New Common Shares and/or the Cash Amount to which the Noteholder or Bank Lender is entitled.

A Non-Resident Holder will not be subject to non-resident withholding tax in respect of any such accrued and unpaid interest that is not paid in respect of the Notes and Bank Lender's Allowed Claims and no non-resident withholding tax will apply in respect of the New Common Shares and/or Cash Amount paid to a Non-Resident Holder in satisfaction of the principal amount of the Notes or Bank Lender's Allowed Claims.

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the exchange of Notes or Bank Lender's Allowed Claims for New Common Shares provided that the Notes or Bank Lender's Allowed Claims disposed of by such Non-Resident Holder are not "taxable Canadian property" for purposes of the Tax Act. Notes and Bank Lender's Allowed Claims should generally not constitute "taxable Canadian property" of a Non-Resident Holder.

A Non-Resident Holder will be considered to have acquired any New Common Shares at a cost equal to the fair market value of such New Common Shares at the time of the exchange. The adjusted cost base to a Non-Resident Holder of New Common Shares at a particular time will generally be determined by averaging the cost of the New Common Shares with the adjusted cost base of any other Common Shares held by such holder as capital property at that time.

Common Share Consolidation

A Non-Resident Holder will not realize a capital gain or a capital loss as a result of the consolidation of the Common Shares held by such Non-Resident Holder and the aggregate adjusted cost base of the Consolidated Shares received on the Common Share Consolidation will be equal to the aggregate adjusted cost base of the New Common Shares immediately prior to the Common Share Consolidation.

Dividends on Consolidated Shares

Dividends paid or credited or deemed to be paid or credited on Consolidated Shares will be subject to non-resident withholding tax under the Tax Act in the amount of 25% unless such rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and a country in which the Non-Resident Holder is resident.

Disposition of Consolidated Shares

A disposition by a Non-Resident Holder of Consolidated Shares will not be subject to tax under the Tax Act unless such Consolidated Shares constitute taxable Canadian property to the Non-Resident Holder at the time of the disposition and relief from taxation is not available under an applicable income tax treaty or convention.

Provided that they are listed on a designated stock exchange (which includes the TSX) at the time of such disposition, Consolidated Shares generally will not constitute taxable Canadian property to a Non-Resident Holder at that time unless at any time during the 60-month period immediately preceding that time: (i) 25% or more of the issued shares of any class of the capital stock of the Corporation were owned by or belonged to one or any combination of (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm's length, and (C) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Consolidated Shares was derived directly or indirectly from one or any combination of (A) real or immovable property situated in Canada, (B) Canadian resource properties, (C) timber resource properties, or (D) options in respect of, interests in, or for civil law rights in, any of the foregoing properties whether or not such property exists. However, a Non-Resident Holder's Consolidated Shares may be deemed to be taxable Canadian property in certain circumstances set out in the Tax Act.

Even if the Consolidated Shares are taxable Canadian property of a Non-Resident Holder, a taxable capital gain resulting from the disposition of Consolidated Shares will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Consolidated Shares are "treaty-protected property". Consolidated Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such shares would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. In the event that Consolidated Shares are taxable Canadian property but not treaty-protected property of a particular Non-Resident Holder, the tax consequences described above under "– *Securityholders Resident in Canada – Disposition of Consolidated Shares*" will generally apply.

A Non-Resident Holder owning Consolidated Shares that may constitute taxable Canadian Property should consult its tax advisors prior to disposition thereof.

Certain United States Federal Income Tax Considerations

The following is a general summary of certain material United States ("**U.S.**") federal income tax considerations applicable to a U.S. Holder (as defined below) that is a holder of Notes, Bank Lender's Allowed Claims and Common Shares as a result of the implementation of the Plan, as well as the ownership and disposition of the New Common Shares. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations promulgated under the Code, administrative pronouncements, judicial decisions, and the Income Tax Convention between the United States and Canada, all as of the date hereof. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, may result in U.S. federal income tax consequences significantly different from those discussed herein. This discussion is not binding on the U.S. Internal Revenue Service (the "**IRS**"). No ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal income tax consequences discussed herein. There can be no assurance that the IRS will not challenge any of the conclusions described herein or that a U.S. court will not sustain such a challenge.

This summary applies only to U.S. Holders that hold Notes, Bank Lender's Allowed Claims and Common Shares as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the U.S. federal income tax consequences to holders of Notes, Bank Lender's Allowed Claims and Common Shares who: (i) are unimpaired or otherwise entitled to payment in full in cash on the effective date under the Plan; or (ii) are otherwise not entitled to vote under the Plan. This discussion does not address the tax considerations arising as a result of a Noteholder having entered into a backstop agreement, or receiving consideration in respect of its commitments under the backstop agreement, or the U.S. federal income tax consequences to U.S. Holders subject to special rules, including, without limitation, U.S. Holders that: (i) are banks, financial institutions, or insurance companies; (ii) are regulated investment companies or real estate investment trusts; (iii) are brokers, dealers or traders in securities or currencies; (iv) are tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax-deferred accounts; (v) hold the Common Shares or Notes as part of a hedge, straddle, constructive sale, conversion transaction, or other integrated investment; (vi) have a functional

currency other than the U.S. dollar; (vii) are subject to the alternative minimum tax; (viii) own directly, indirectly or constructively 10% or more of the voting power of the Corporation; (ix) are U.S. expatriates; or (x) are themselves in bankruptcy. In addition, this discussion does not address any U.S. federal estate, gift, or other non-income tax, or any state, local, or non-U.S. tax.

As used herein, "**U.S. Holder**" means a beneficial owner of Common Shares, Notes or Bank Lender's Allowed Claims that is: (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any U.S. state or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership or other entity taxable as a partnership holds Common Shares, Notes or Bank Lender's Allowed Claims, then the U.S. federal income tax treatment of a partner (or other owner) in the partnership (or other entity) generally will depend upon the status of the partner (or other owner) and the activities of the partnership (or other entity). Partners (or other owners) of such partnerships (or other entities) should consult their tax advisors regarding the U.S. federal income tax consequences to them of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A SECURITYHOLDER. ALL SECURITYHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL, GIFT AND ESTATE, AND ANY OTHER U.S. OR NON-U.S. TAX CONSEQUENCES OF THE PLAN.

Tax Consequences to Noteholders

Receipt of Common Shares or Cash Pursuant to the Cash Election

The federal income tax treatment of the exchange of Notes or Bank Lender's Allowed Claims for New Common Shares or cash in lieu of common shares by U.S. Holders pursuant to the Plan depends on whether the Notes and Bank Lender's Allowed Claims constitute "securities" for purposes of the provisions in the Code that deal with corporate reorganizations. The term "securities" is not defined in the Code or in applicable Treasury Regulations for these purposes, and such term has not been clearly defined by judicial decisions for these purposes. Whether the Notes or Bank Lender's Allowed Claims constitute "securities" for such purposes depends on a variety of factors. The term to maturity of a debt instrument (meaning the length of time between the issue date of the instrument and its final maturity date) is one of the most significant factors in determining whether such debt instrument qualifies as a security for these purposes. A debt instrument with a term to maturity of less than five years generally does not qualify as a security while a debt instrument with a term to maturity of ten years or more generally does qualify as a security. The treatment as a security of a debt instrument with a term to maturity between five and ten years is unclear. Other factors could be taken into account in determining whether a debt instrument is a security: the security for payment; the creditworthiness of the obligor; the subordination or lack thereof to other creditors; the right to vote or otherwise participate in the management of the obligor; convertibility of the instrument into an equity interest of the obligor; whether payments of interest are fixed, variable or contingent; and whether such payments are made on a current basis or accrued.

If the Notes or Bank Lender's Allowed Claims are properly treated as securities for purposes of the corporate reorganization provisions of the Code, then, except as otherwise describe herein, U.S. Holders will not recognize any gain or loss with respect to the exchange of Notes or Bank Lender's Allowed Claims for New Common Shares or cash in lieu of common shares in the Plan except that U.S. Holders will recognize taxable income to the extent that any such Common Shares are deemed to have been received in respect of accrued and unpaid interest on the Notes or Bank Lender's Allowed Claims, as applicable. Notwithstanding the foregoing, if the Notes or Bank Lender's Allowed Claims are exchanged for New Common Shares plus cash in an exchange treated as a "recapitalization" under the Code, a U.S. Holder that realizes gain on the exchange generally would recognize gain, for U.S. federal income tax purposes, equal to the lesser of: (i) the amount of gain realized, which would be the excess of fair market value of New Common Shares and cash received pursuant to the Plan, over the U.S. Holder's adjusted tax basis in the Notes and Bank Lender's Allowed Claims exchanged pursuant to the Plan; and (ii) the amount of the cash received pursuant to the Plan. The U.S. Holder's adjusted tax basis in the Notes or Bank Lender's Allowed Claims surrendered in the exchange will be equal to the amount paid therefor, increased by any accrued original issue discount and any market discount previously included in income in respect of such

Notes or Bank Lender's Allowed Claims and reduced by payments other than payments of qualified stated interest and by any amortizable bond premium previously taken into account in respect of such Notes or Bank Lender's Allowed Claims. Gain recognized on an exchange that qualifies as a recapitalization generally will be capital gain, except to the extent that the gain is attributable to market discount that accrued during the period the U.S. Holder held the Notes or Bank Lender's Allowed Claims, unless previously included in such U.S. Holder's gross income pursuant to an election, which will be treated as ordinary income. Long-term capital gain recognized by certain non-corporate U.S. Holders, including individuals, generally is subject to a reduced tax rate. The deductibility of capital losses is subject to limitations.

The aggregate tax basis of the New Common Shares received by a U.S. Holder in exchange for Notes or Bank Lender's Allowed Claims pursuant to the Plan will be the same as such U.S. Holder's aggregate tax basis in such Notes or Bank Lender's Allowed Claims, as applicable, immediately before the exchange, increased by the amount of gain, if any, recognized by such U.S. Holder in the transaction and decreased by the amount of cash, if any, received by such U.S. Holder in the transaction. In addition, such U.S. Holder's holding period for the New Common Shares should include the period such U.S. Holder held the Notes or Bank Lender's Allowed Claims exchanged for the New Common Shares. To the extent that any Notes or Bank Lender's Allowed Claims exchanged by a U.S. Holder for New Common Shares were acquired with market discount, any market discount accrued on such Notes or Bank Lender's Allowed Claims may cause any gain recognized on the subsequent sale, exchange, redemption or other disposition of New Common Shares to be treated as ordinary income, unless previously included in such U.S. Holder's gross income pursuant to an election.

If any of the Notes or Bank Lender's Allowed Claims are not properly treated as securities for U.S. federal income tax purposes, or if the Notes or Bank Lender's Allowed Claims are exchanged solely for cash pursuant to the Cash Election, then the exchange of those Notes or Bank Lender's Allowed Claims by a U.S. Holder in the Plan would be fully taxable, and such U.S. Holder would recognize gain or loss, for U.S. federal income tax purposes. The amount of gain (or loss) recognized by a U.S. Holder would be equal to the difference between: (i) the aggregate fair market value of the New Common Shares received by such U.S. Holder, plus any cash received; and (ii) such U.S. Holder's adjusted tax basis in the Notes or Bank Lender's Allowed Claims surrendered in the exchange, determined as described above. Gain or loss recognized by a U.S. Holder's exchange of Notes or Bank Lender's Allowed Claims for New Common Shares, cash, or a combination thereof generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period for the Notes or Bank Lender's Allowed Claims was longer than one year as of the date of the exchange. Long-term capital gain recognized by certain non-corporate U.S. Holders, including individuals, generally is subject to a reduced tax rate. The deductibility of capital losses is subject to limitations. Gain recognized by an exchanging U.S. Holder will be treated as ordinary income to the extent of any accrued unpaid interest or market discount on the Notes or Bank Lender's Allowed Claims exchanged that has accrued during the period that the U.S. Holder held the Existing Note and that has not previously been included in income by the U.S. Holder. The U.S. Holder's adjusted tax basis in the New Common Shares would equal their fair market values. The U.S. Holder's holding period in the New Common Shares would begin on the day after the day of the exchange.

Each U.S. Holder should consult its own tax advisor regarding whether (and the extent to which) the exchange of Notes or Bank Lender's Allowed Claims for New Common Shares qualifies as a reorganization, a recapitalization, or any other non-recognition transaction for U.S. federal income tax purposes and, whether or not it so qualifies, the U.S. federal income tax consequences to such U.S. Holder of the exchange of Notes or Bank Lender's Allowed Claims for the consideration received by such U.S. Holder under the Plan.

Receipt of Early Consent Shares

The law is unclear with respect to the U.S. federal income tax treatment of the Early Consent Shares. A U.S. Holder's receipt of Early Consent Shares could be treated as separate consideration received for consenting to the exchange prior to the Consent Deadline, which would generally be taxable as ordinary income or as additional consideration received by the U.S. Holder as part of the exchange. We intend to treat the Early Consent Shares as additional consideration that will be treated for U.S. federal income tax purposes as the New Common Shares received in exchange for the Notes or Bank Lender's Allowed Claims, as described above under "– *Receipt of Common Shares or Cash Pursuant to the Cash Election*". Each U.S. Holder should consult its own tax advisor regarding the U.S. federal income tax treatment of the Early Consent Shares.

Tax Consequences to U.S. Holders of New Common Shares

Distributions of New Common Shares

The following discussion assumes that the Corporation is not and will not become a "Passive Foreign Investment Company" ("**PFIC**") for U.S. federal income tax purposes. The Corporation does not believe that it is now a PFIC and does

not expect to become a PFIC. There can be no assurance, though, that the Corporation will not become a PFIC as that determination is factual in nature and will depend in part on future events. If the Corporation is now or becomes a PFIC, the tax consequences set forth below would generally not apply.

In general, the gross amount of any distribution made on the Common Shares by the Corporation will generally be subject to U.S. federal income tax as dividend income to the extent paid out of the Corporation's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such amount will be includable in gross income by a U.S. Holder as ordinary income on the date such U.S. Holder actually or constructively receives the distribution. Dividends paid by the Corporation will not be eligible for the dividends-received deduction generally allowed to corporations.

Subject to applicable exceptions with respect to short-term and hedged positions, certain dividends received by non-corporate U.S. Holders from a "qualified foreign corporation" are eligible for reduced rates of taxation ("**qualified dividends**"). A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury Department determines to be satisfactory for these purposes and that includes an exchange of information provision. The U.S. Treasury has determined that the Income Tax Convention between the United States and Canada meets these requirements, and the Corporation believes it is eligible for the benefits of the Income Tax Convention between the United States and Canada.

To the extent that a distribution on the Common Shares exceeds the amount of the Corporation's current or accumulated earnings and profits, as determined under U.S. federal income tax principles, it would be treated first as a tax-free return of capital, causing a reduction in the U.S. Holder's adjusted basis in its Common Shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by such U.S. Holder upon a subsequent disposition of the Common Shares), with any amount that exceeds the adjusted basis being taxed as a capital gain recognized on a sale or exchange (as discussed under "– *Sale, Exchange, or Other Taxable Disposition of Common Shares*" below). However, the Corporation does not intend to maintain calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Corporation with respect to the Common Shares will constitute ordinary dividend income.

The gross amount of distributions paid in any currency other than the U.S. dollar will be included by each U.S. Holder in gross income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the distributions are actually or constructively received, regardless of whether the payment is in fact converted into U.S. dollars. If such currency is converted into U.S. dollars on the date of receipt, the U.S. Holder should not be required to recognize any foreign currency gain or loss with respect to the receipt of the foreign currency distributions. If the foreign currency received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the currency equal to the U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of such currency will be treated as ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale, Exchange or Other Taxable Disposition of the Common Shares

A U.S. Holder generally will recognize a capital gain or loss on the sale, exchange or other taxable disposition of Common Shares in an amount equal to the difference between the amount realized on such disposition and the U.S. Holder's adjusted tax basis in the Common Shares. Such gain or loss would be a long-term capital gain or loss if the U.S. Holder's holding period for the Common Shares (determined under the rules discussed above) was longer than one year as of the date of the sale, exchange or other disposition. A long-term capital gain recognized by certain non-corporate U.S. Holders, including individuals, generally is subject to a reduced tax rate. The deductibility of capital losses is subject to limitations.

With respect to the sale, exchange or other taxable disposition of Common Shares, the amount realized generally will be the U.S. dollar value of the payment received determined on: (i) the date of receipt of payment in the case of a cash basis U.S. Holder; and (ii) the date of disposition in the case of an accrual basis U.S. Holder. If the Common Shares are treated as traded on an "established securities market," a cash basis taxpayer, or, if it elects, an accrual basis taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale. Additionally, if a U.S. Holder receives any foreign currency on the sale of Common Shares, such U.S. Holder may recognize ordinary income or loss as a result of currency fluctuations between the date of the sale of Common Shares and the date the sale proceeds are converted into U.S. dollars.

Foreign Tax Credit Considerations

For purposes of the U.S. foreign tax credit limitations, dividends received by a U.S. Holder with respect to Common Shares will be foreign source income and generally will be "passive category income" but could, in the case of certain U.S.

Holders, constitute "general category income." In general, gain or loss realized upon sale or exchange of the Common Shares by a U.S. Holder will be U.S. source income or loss, as the case may be.

Subject to certain limitations, any Canadian tax withheld with respect to distributions made on the Common Shares may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. Alternatively, a U.S. Holder may, subject to applicable limitations, elect to deduct the otherwise creditable Canadian withholding taxes for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex and their application depends on each taxpayer's particular circumstances. Accordingly, U.S. Holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Medicare Tax on Net Investment Income

U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% Medicare tax on their net investment income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, the Common Shares, subject to certain limitations and exceptions.

U.S. Information Reporting and Backup Withholding Tax

Under U.S. federal income tax law and regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. Penalties for failure to file certain of these information returns are substantial. New U.S. return disclosure obligations (and related penalties for failure to disclose) have also been imposed on U.S. individuals that hold certain specified foreign financial assets in excess of U.S.$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also may include the Common Shares. U.S. Holders of the Common Shares should consult with their own tax advisors regarding the requirements of filing information returns.

Dividends on the Common Shares and proceeds from the sale or other disposition of Common Shares that are paid in the United States or by a U.S.-related financial intermediary will be subject to U.S. information reporting rules, unless a U.S. Holder is a corporation or other exempt recipient. In addition, payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder fails to provide its taxpayer identification number, fails to certify that such number is correct, fails to certify that such U.S. Holder is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is provided to the IRS in a timely manner.

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. U.S. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A U.S. HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, U.S. HOLDERS ARE URGED TO CONSULT THEIR OWN INDEPENDENT TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

Certain Colombian Income Tax Considerations

The following is a summary of the principal Colombian income tax considerations applicable to the Restructuring as set forth in the Plan to Affected Creditors who, for the purposes of Articles 10 and 12-1 of the Colombian Tax Code are resident for Colombian tax purposes in Colombia or who are otherwise subject to Colombian tax regarding their Colombian source income according to Articles 9, 20 and 24 of the Colombian Tax Code ("**Colombian Affected Creditors**").

A Colombian Affected Creditor will generally have a loss on the difference between the cost basis of the Colombian Affected Creditor's Affected Claims and the value of Claim Settlement Shares and/or Cash Amount received by the

Colombian Affected Creditor under the Plan. Such loss could be deductible in the income tax of the Colombian Affected Creditor depending on the fulfillment of certain requirements set out in the Colombian Tax Code. Colombian Affected Creditors should consult their Colombian tax advisors in order to determine the deductibility of such loss.

RISK FACTORS

The following information describes certain significant risks and uncertainties inherent in the Plan and the business of the Corporation. Affected Creditors should take these risks into account in evaluating the Plan. This section does not describe all risks applicable to the Plan or the Corporation, and it is intended only as a summary of certain material risks. Additional risks and uncertainties that are not presently known or that management currently believes are immaterial may also adversely impact the implementation of the Plan and the operation of the business of the Corporation. Affected Creditors should carefully consider such risks and uncertainties together with the other information contained in this Circular. If any of such risks or uncertainties actually occur, the business, financial condition or operating results of the Corporation and/or implementation of the Plan could be negatively impacted and could differ materially from the proposed transactions and other forward-looking statements included in this Circular. Discussion regarding risks applicable to the Corporation and its business is also found, among other places, in the "*Risk Factors*" section in the AIF and the "*Risks and Uncertainties*" section in the 2015 MD&A and the financial statements of the Corporation; all of such risk factors are incorporated by reference into this Circular.

Risks Relating to the Plan

The Plan may not be implemented

The Corporation will not complete the Plan unless and until all conditions precedent to the Plan, some of which are not under the control of the Corporation, are satisfied or waived. See "*Description of the Plan – Conditions to the Plan Becoming Effective*." There can be no certainty, nor can the Corporation provide any assurance, that all conditions precedent to the Plan will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Even if the Plan is completed, it may not be completed on the schedule described in this Circular. Accordingly, Affected Creditors participating in the Plan may have to wait longer than expected to receive their New Common Shares and/or cash (if applicable). In addition, if the Plan is not completed on the schedule described in this Circular, we may incur additional expenses.

Consummation of the Plan is subject to Affected Creditors' acceptance and Court approval

Before the Plan can be consummated, it must have been approved by the Required Majority and sanctioned, after notice and a hearing on any objection, by the Court. There can be no assurance that the Plan will be approved by the Required Majority, and that even if approved, that the Court will sanction the Plan. The failure of any of these conditions will delay or prevent the consummation of the Plan. There can be no assurance that other creditors, securityholders or third parties will not seek to challenge, oppose or delay the implementation of the Plan.

Adverse publicity related to the CCAA Proceedings may affect the Corporation's business

Negative publicity or news coverage relating to the CCAA Proceedings could have an adverse effect on the Corporation's business. Following the implementation of the Plan, there can be no assurance that negative publicity will not have a long-term negative effect on the business.

In addition, there can be no assurance as to the effect of the announcement of the Plan on the Pacific Group's relationships with its suppliers, customers or contractors, nor can there be any assurance as to the effect on such relationships of any delay in the completion of the Plan. To the extent that any of these events result in the tightening of payment or credit terms, or the loss of a major supplier, customer, contractor, or of multiple other suppliers, customers, purchasers, or contractors, this could have a material adverse effect on the Corporation's business, financial condition, liquidity and results of operations.

The Corporation may be unable to retain and motivate key executives and employees through the process of reorganization and the Corporation may have difficulty attracting new employees.

To effectuate the Restructuring we have filed proceedings under Chapter 15 of Title 11 of the United States Code in the United States and Ley 1116 in Colombia

We cannot assure that any plan of reorganization ultimately confirmed in the U.S. or Colombian proceedings will have the same terms as set forth in the Plan. Claims may be asserted in U.S. or Colombian proceedings of which the Corporation is presently unaware and for which Pacific Group may ultimately be liable. Moreover, the Superintendencia has the ability to

assert control over the Corporation and its subsidiaries and branches in Colombia. If the Plan is not implemented there can be no assurance as to the steps the Superintendencia will take which, given the significance of the Pacific Group's operations in Colombia, can have an adverse effect on the Pacific Group.

The Plan may not improve the financial condition of the Corporation

Management believes that the Plan will enhance the Corporation's liquidity and provide it with continued operating flexibility. However, such belief is based on certain assumptions, including, without limitation, that the Corporation's financial condition will not be materially adversely affected while the Plan is underway and that it will be stable or will improve following the completion of the Plan in the increasingly competitive marketplace in which the Corporation operates, that general economic conditions and the market price of natural gas and crude oil will remain stable or improve, as well as the Corporation's continued ability to manage costs. Should any of those assumptions prove false, the financial position of the Corporation may be materially adversely affected and the Corporation may not be able to pay its debts as they become due. Additional financing will likely be required to operate the Corporation's business on a long-term basis.

The Plan may not improve the financial condition of the Corporation's business

Management believes that the consummation of the Plan will enhance the Corporation's liquidity and provide it with improved operating flexibility. However, such belief is based on certain assumptions, including, without limitation, that the Corporation's consolidated sales and relationships with suppliers, customers and competitors will not be materially adversely affected while the Corporation is under CCAA protection and that they will be stable or will improve following the completion of the Plan, that general economic conditions and the markets for the Corporation's products or for the products of its partners will remain stable or improve, as well as the Corporation's continued ability to manage costs. Should any of those assumptions prove false, the financial position of the Corporation may be materially adversely affected and the Corporation may not be able to pay its debts as they become due.

The Common Shares will be junior to all of our other securities, including our existing and future indebtedness

By exchanging the Affected Claims for New Common Shares, Affected Creditors will be changing the nature of their investment from debt to equity. Equity carries certain risks that do not apply to debt. The Note Indentures, Notes and the terms of the Credit Facilities provide a variety of contractual rights and remedies to the Noteholders and Bank Lenders, including the right to receive interest and repayment upon maturity. These rights will not be available to Affected Creditors in respect of their Consolidated Shares. Claims of holders of Common Shares will be subordinated in priority to the claims of creditors in the event of an insolvency, winding up, or other distribution of the assets of the Corporation.

After the implementation of the Plan, the Common Shares may be concentrated in a few holders with additional rights

Following the completion of the Plan, the Plan Sponsor and the former Affected Creditors will hold, in aggregate, at least 87.5% of the issued and outstanding Consolidated Shares, being the Corporation's only voting shares, and, as a whole, the Plan Sponsor and former Affected Creditors will have significant influence in any matter coming before a vote of securityholders of the Corporation. The interests of the Plan Sponsor and former Affected Creditors in the business, operations and financial condition of the Corporation from time to time may not be aligned with, or may conflict with, the interests of other securityholders. Moreover, while the Plan Sponsor will acquire approximately 29.3% of the New Common Shares on exchange of its DIP Notes it may acquire a significant number of additional New Common Shares by subscribing for New Common Shares as part of the Cash Election process. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Corporation, and consequently impact the value of the Common Shares. Pursuant to the Amended Articles, the Plan Sponsor, Requisite Consenting Noteholders and Requisite Consenting Bank Lenders will initially be able to propose certain members of the New Board. See "*The Corporation After Implementation of the Plan – Governance and Management*". In addition, there are certain special approval rights set out in the Amended Articles and the Corporation will adopt the New Rights Plan on the Implementation Date.

The Corporation's directors and officers may have interests in the Restructuring that are different from Affected Creditors

Affected Creditors should be aware that certain members of the Board and officers of the Corporation may have agreements or arrangements that provide them with interests that differ from those of other Affected Creditors, generally. In particular, the Corporation has instituted the KERP and will have in place the Management Incentive Plan.

The TSX and BVC have recently delisted or suspended our Existing Shares from quotation on their respective exchanges

The TSX has delisted and the BVC has suspended from trading our Existing Shares from quotation on their exchanges. The delisting and suspension from trading of Existing Shares from the TSX and BVC, respectively, could have material adverse effects by, among other things:

(a) reducing the liquidity and market price of our Consolidated Shares;

(b) limiting our ability to raise new capital;

(c) reducing the number of investors willing to hold or acquire our Consolidated Shares, thereby further restricting our ability to obtain equity financing;

(d) reducing the amount of news and analyst coverage of the Corporation; and

(e) reducing our ability to retain, attract and motivate our directors, officers and employees.

While the Corporation has agreed, in connection with the Plan, to cause its Common Shares to be publicly listed and available for trading on the TSX, TSX-V or such other Designated Offshore Securities Market as is acceptable to the Corporation, the Plan Sponsor and certain other participants in the Plan, there can be no assurances that such exchanges will accept the listing of the Consolidated Shares or that the Corporation will be able to maintain such listing.

Absence of a public market for our Common Shares

An active public market for the Consolidated Shares may not develop or be sustained after the New Common Shares are issued and the Common Share Consolidation is completed. If an active public market does not develop, the liquidity of the Consolidated Shares may be limited and the value of the Consolidated Shares may decline.

Aggregate Cash Election Amount May be Reduced

Although the Plan Sponsor and the Equity Subscribers have agreed, pursuant to the Plan Sponsor Subscription Agreement and the Equity Subscription Agreements, to subscribe for New Common Shares at the Designated Rate in such amounts that would enable the Corporation to fund Cash Elections up to U.S.$250 million at the Designated Rate, it is not a condition to implementation of the Plan that the Equity Subscribers meet their obligations under the Equity Subscription Agreements to subscribe for an aggregate amount of up to U.S.$50 million. The Plan Sponsor may, but it is not obligated to, subscribe for any shortfall in an Equity Subscriber's subscription. Accordingly, if one or more of the Equity Subscribers breaches its obligations to deliver funds under the Equity Subscription Agreements and the Plan Sponsor does not choose to fund any such shortfall, the amount of funds available to Affected Creditors to participate in the Cash Election, with respect to elections made at the Designated Rate, would be reduced by such amount (to a maximum of U.S.$50 million).

Rates at which Cash Elections may be made are not representations as to value

Each Affected Creditor will have the option of electing to make a Cash Election to receive cash in lieu of the New Common Shares it would otherwise be entitled to receive under the Plan. Such Cash Election may be made at the Designated Rate (U.S.$16.00 per share, on a post-Common Share Consolidation basis), an Offer Rate (being a single rate to be designated by the Cash Election Creditor on a post-Common Share Consolidation basis, provided that such rate must be U.S.$16.10 or such higher rate in increments of U.S.$0.10 above U.S.$16.10), or a combination thereof. The rates at which Cash Elections may be made do not constitute a representation as to the current or future value of the Corporation and any such assumption would be incorrect. By making a Cash Election, a Cash Election Creditor is making its own independent determination of the value of the Consolidated Shares or the Corporation. THE CORPORATION, THE PLAN SPONSOR AND THE EQUITY SUBSCRIBERS MAKE NO REPRESENTATION CONCERNING THE VALUE OF THE NEW COMMON SHARES OR CONSOLIDATED SHARES OR THE CORPORATION. AFFECTED CREDITORS ARE ADVISED TO CONSULT THEIR OWN ADVISORS CONCERNING WHETHER THEY SHOULD MAKE THE CASH ELECTION AT THE DESIGNATED RATE OR ANY OFFER RATE.

Risks Relating to Non-Implementation of the Plan

Failure to implement the Plan could create liquidity risks

If the Plan is not implemented and business operations of the Corporation continue at their current levels, we expect, in the foreseeable future, to cease to have sufficient liquidity to carry on business in the ordinary course or to service, repay or refinance our outstanding indebtedness. In the current market conditions and the Corporation's financial condition, and given our existing contractual covenants, the Corporation can give no assurance that additional capital will be available on

favourable terms, or at all. The Corporation has committed an event of default under the Notes and Credit Facilities as a result of its failure to make interest payments thereunder when due. If the Corporation continues to be in default under the terms of certain of its indebtedness, the debtholders thereunder may accelerate the maturity of their obligations, and these defaults could cause cross-defaults or cross-acceleration under our obligations. The Corporation's inability to obtain additional capital, if and when needed, could have a material adverse effect on its business, results from operations and financial condition.

If the Plan is not implemented the DIP Notes will need to be redeemed and there can be no assurance that the Corporation will have sufficient liquidity to redeem the DIP Notes or, if it does, that it will thereafter have sufficient liquidity to operate its business.

If the Plan is not implemented and another plan is not proposed that meets the approval requirements of the Court, the Corporation may remain under CCAA protection for an indefinite period of time and its businesses could substantially erode or an insolvency proceeding involving the liquidation of the assets of the Pacific Group with a view to recovering the amounts owing to the Corporation's creditors could result.

If the Plan is not completed, there is no assurance that the Corporation will be able to complete a recapitalization or restructuring of its businesses or that any such recapitalization or restructuring will be on terms that provide equivalent value to Affected Creditors compared to the consideration to be received by Affected Creditors pursuant to the Plan, in which case, it is likely there will be a "free-fall" bankruptcy of the Corporation and/or appointment of a receiver over all of the assets and undertakings of the Corporation or the Superintendencia will take actions to take control of the Corporation and its subsidiaries and branches in Colombia, neither of which would be in the best interests of the Corporation.

The Corporation may not generate sufficient cash flow to service all of its obligations

In the event that the Plan is not implemented, the business is not expected to generate cash flow in an amount sufficient to enable us to repay our indebtedness, or to fund our other liquidity needs. The Corporation's ability to make payments on its indebtedness, and to fund its operations, working capital and capital expenditures, depends on its ability to generate cash in the future. The Corporation's cash flow is subject to general economic, industry, financial, competitive, operating, regulatory and other factors that are beyond our control. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things:

- the financial condition of the Corporation at the time;
- restrictions in our other credit documents; and
- other factors, including the condition of the financial markets or the market price of natural gas and crude oil.

In the event that the Plan is not implemented then:

- the Corporation's net indebtedness will not be reduced by approximately U.S.$5.1 billion and the associated net reduction in debt service costs will not be achieved;
- the new liquidity provided as part of the DIP Offering would no longer be available to the Corporation as the DIP Notes will be redeemed and replacement financing may not be available;
- the Corporation may have increased vulnerability to current and future adverse economic and industry conditions;
- the Corporation may have limited flexibility in planning for, or reacting to, changes and opportunities in its business and its industry;
- the Corporation may have increased employee turnover and uncertainty, diverting management's attention from routine business and hindering its ability to recruit qualified employees;
- the Corporation may be placed at a competitive disadvantage compared to its competitors; and
- the Corporation's cash flow from operations and available liquidity are expected to be insufficient to provide adequate funds to finance its operations and it is expected that a liquidation would result.

Risks Relating to the Corporation's Equity Securities

After implementation of the Plan, the Consolidated Shares may not be listed

The Existing Shares were listed on the TSX until May 25, 2016 at which time they were delisted from the TSX and are listed, but suspended from trading, on the BVC. The Corporation has agreed with the DIP Note Purchasers that it shall

cause the Consolidated Shares to be publicly listed and available for trading on the TSX or, if such listing is not available as a consequence of listing requirements, on the TSX-V, provided that if neither such listing is available to the Corporation following the Restructuring as a consequence of the listing requirements of such exchanges, on such other Designated Offshore Securities Market as is acceptable to the Corporation, the Requisite Consenting Creditors and the Plan Sponsor (having regard to the listing requirements of the other stock exchanges and the liquidity provided thereby). There can be no assurance that such listing will be obtained. To the extent that a significant number of Affected Creditors make Cash Elections, this could negatively impact the ability of the Corporation to meet applicable listing requirements. If the Corporation is not able to secure a listing of the Consolidated Shares on a stock exchange as is acceptable to the Corporation, the Requisite Consenting Creditors and the Plan Sponsor, the Plan may not be consummated or, if the DIP Note Purchasers agree to waive the conditions to so list the Consolidated Shares, the liquidity of the Consolidated Shares may be limited and the value of the Consolidated Shares may be significantly negatively affected.

The trading price for the Consolidated Shares may be volatile

The trading price of the Common Shares may be subject to large fluctuations, which may result in losses to investors. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including:

- the price of natural gas and crude oil;
- the Corporation's financial condition, financial performance and future prospects;
- the public's reaction to the Corporation's news releases, other public announcements and the Corporation's filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track the Corporation's equity securities or the securities of other companies in the natural gas and crude oil sector;
- changes in general economic conditions and the overall condition of the financial markets;
- the number of Common Shares to be publicly traded, including upon issuance of convertible equity securities by the Corporation;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving the Corporation or its competitors; and
- the factors listed under the heading "Note Regarding Forward-Looking Information and Statements".

The trading price for the Common Shares may be depressed following the Implementation Date

Notwithstanding the availability of the Cash Election, Affected Creditors seeking to monetize their New Common Shares may be unable to do so under the terms of the Plan, and in particular, through participation in the Cash Election. As a result, such Affected Creditors may seek to dispose the Consolidated Shares they receive under the Plan following the Implementation Date to obtain liquidity. This could cause the initial trading prices for the Consolidated Shares to be depressed.

United States Federal Income Tax Considerations and Risks

Noteholders may not be permitted to recognize loss realized as a result of the Plan for United States federal income taxes purposes

The receipt of Common Shares by Noteholders in exchange for the Notes may constitute "recapitalization" which generally may result in deferral of U.S. federal income tax to Noteholders who are U.S. persons, for U.S. federal income tax purposes. If the exchange qualifies as a recapitalization, a U.S. Holder generally will not be permitted to recognize loss, but may be required to recognize gain realized to the extent of cash received pursuant to the exchange.

U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences to them of the Plan. See "*Income Tax Considerations – Certain United States Federal Income Tax Considerations – Tax Consequences to Noteholders*".

Risks Relating to the Corporation's Business and Industry

In addition to the other information set forth and incorporated by reference in this Circular, you should carefully review and consider the "*Risk Factors*" section contained in the AIF, and the "*Risks and Uncertainties*" section contained in the 2015 MD&A and the financial statements of the Corporation before deciding whether to approve the Plan. Additional risks and

uncertainties, including those generally affecting the industry in which we operate, or risks and uncertainties that we currently deem immaterial, may also impact our business, the Corporation generally or our securities.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, Vancouver, British Columbia.

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada through its offices in Toronto, Ontario.

The trustee for the Notes is the Indenture Trustee, the trustee for the DIP Notes is Computershare Trust Company, National Association and the warrant agent for the DIP Warrants is the Warrant Agent.

LEGAL AND FINANCIAL MATTERS

Certain legal matters in connection with the Plan will be passed upon on behalf of the Corporation by Norton Rose Fulbright Canada LLP, as to matters of Canadian law, by Proskauer Rose LLP as to matters of United States law and by J&A Garrigues, S.L.P. as to matters of Colombian law.

WHERE YOU CAN FIND MORE INFORMATION

Information has been incorporated by reference in this Circular from documents filed with the securities commissions or similar authorities in Canada on www.sedar.com. Copies of this Circular and the documents incorporated herein by reference may be obtained on request without charge from the General Counsel of the Corporation at our head office located at 333 Bay Street, Suite 1100, Toronto, Ontario, Canada, M5H 2R2 (Telephone: 1 416-362-7735).

All questions should be directed to the Solicitation Agent by telephone 1 877-659-1821 (toll-free within Canada or the United States) or 1 416-867-2272 (for calls outside Canada and the United States), or by email at contactus@kingsdaleshareholder.com.

APPROVAL BY THE BOARD

The contents of this Circular and its sending to the Affected Creditors have been approved by the Board of Directors of the Corporation.

DATED at Toronto this July 8, 2016.

"Peter Volk"

Peter Volk
General Counsel
Pacific Exploration & Production Corporation

APPENDIX A
FORM OF PLAN RESOLUTION

FOR AFFECTED CREDITORS OF PACIFIC EXPLORATION & PRODUCTION CORPORATION

Capitalized terms used and not defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement dated as of July 8, 2016 filed by the Corporation under the *Companies' Creditors Arrangement Act* (Canada), as may be amended, restated or supplemented (the "**Plan**").

BE IT RESOLVED THAT:

1 The Plan presented to Affected Creditors at the Meeting, as may be amended in accordance with its terms, be and hereby is authorized and approved.

2 Notwithstanding that this resolution has been passed and the Plan has been approved by the Affected Creditors and the Court, the directors of the Corporation be and hereby are authorized and empowered to: (A) amend the Plan to the extent permitted by the Plan, and (B) determine not to proceed with this resolution subject to and in accordance with the terms of the Plan.

3 Any directors or officers of the Corporation are hereby authorized, empowered and instructed, acting for, and in the name of and on behalf of the Corporation (but not the creditors), to execute, or cause to be executed under the seal of the Corporation or otherwise, and to deliver or cause to be delivered for, on behalf of and in the name of the Corporation, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as such director or officer determines to be necessary or desirable in order to carry out the Plan, such determination to be conclusively evidenced by the execution and delivery by such director or officer of such documents, agreements or instruments or the doing of any such act or thing.

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APPENDIX B
PLAN OF COMPROMISE AND ARRANGEMENT

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION, PACIFIC E&P HOLDINGS CORP., META PETROLEUM CORP., PACIFIC STRATUS INTERNATIONAL ENERGY LTD., PACIFIC STRATUS ENERGY COLOMBIA CORP., PACIFIC STRATUS ENERGY S.A., PACIFIC OFF SHORE PERU S.R.L., PACIFIC RUBIALES GUATEMALA S.A., PACIFIC GUATEMALA ENERGY CORP., PRE-PSIE COÖPERATIEF U.A., PETROMINERALES COLOMBIA CORP. AND GRUPO C&C ENERGIA (BARBADOS) LTD. (the "**Applicants**")

PLAN OF COMPROMISE AND ARRANGEMENT OF THE APPLICANTS,

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

JUNE 27, 2016
(AS AMENDED TO JULY 8, 2016)

RECITALS

(A) Pacific Exploration & Production Corporation ("**Pacific**") and the other Applicants are debtor companies (as such term is defined in the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"));

(B) The Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") has granted the following Orders, among others, pursuant to the CCAA:

(i) an Initial Order made on April 27, 2016 in respect of the Applicants (as such Order may be amended, restated or varied from time to time, the "**Initial Order**");

(ii) a Claims Procedure Order made on May 10, 2016 (as such Order may be amended, restated or varied from time to time, the "**Claims Procedure Order**"),

which, among other things, established the procedures by which claims of affected unsecured creditors shall be filed in these proceedings; and

(iii) a Meeting Order made on June 30, 2016 (as such Order may be amended, restated or varied from time to time, the "**Meeting Order**") pursuant to which, among other things, the Applicants were authorized to file a plan of compromise and arrangement and to convene a meeting of affected unsecured creditors to consider and vote on the plan of compromise and arrangement; and

(C) The purpose of this Plan is to facilitate the continuation of the business of the Pacific Group (as hereinafter defined) as a going concern, address certain liabilities of the Applicants, and effect a recapitalization transaction on an expedited basis to provide a stronger financial foundation for the Pacific Group going forward and additional liquidity to allow the Pacific Group to continue to work towards its operational and financial goals from and after the Implementation Date (as hereinafter defined) in the expectation that all Persons (as hereinafter defined) with an economic interest in the Pacific Group will derive a greater benefit from the implementation of this Plan than would otherwise result.

NOW THEREFORE the Applicants hereby propose and present this Plan under the CCAA.

ARTICLE 1 – INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated or unless the subject matter or context otherwise requires, the following terms and expressions shall have the following meanings:

"**2019 Notes Indenture**" means the Indenture dated as of November 26, 2013, as amended, modified, restated or supplemented from time to time, among, *inter alia*, Pacific, as issuer, the Guarantors, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 5.375% unsecured notes due January 26, 2019;

"**2021 Notes Indenture**" means the Indenture dated as of December 12, 2011, as amended, modified, restated or supplemented from time to time, among, *inter alia*, Pacific, as issuer, the Guarantors, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 7.25% unsecured notes due December 12, 2021;

"**2023 Notes Indenture**" means the Indenture dated as of March 28, 2013, as amended, modified, restated or supplemented from time to time, among, *inter alia*, Pacific, as issuer, the Guarantors, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 5.125% unsecured notes due March 28, 2023;

"**2025 Notes Indenture**" means the Indenture dated as of September 19, 2014, as amended, modified, restated or supplemented from time to time, among, *inter alia*, Pacific, as issuer, the Guarantors, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 5.625% unsecured notes due January 19, 2025;

"**Ad Hoc Committee**" means the *ad hoc* committee of Noteholders represented by the AHC Advisors;

"**Administration Charge**" has the meaning given to that term in the Initial Order;

"**Affected Claims**" means all Claims, including Guarantee Claims, that are not Equity Claims;

"**Affected Creditor**" means the holder of an Affected Claim in respect of and to the extent of such Affected Claim;

"**Affected Creditor Class**" has the meaning given to that term in Section 3.1;

"**Affected Creditor Shares**" means the 2,910,000,000,000 New Common Shares to be issued under this Plan to the Affected Creditors in satisfaction of their Affected Claims (including Early Consent Shares, where applicable) prior to the Common Share Consolidation, provided for greater certainty that (i) "Affected Creditor Shares" is the aggregate of the General Creditor Shares, the Early Consent Shares, and the Net Noteholder Shares, and (ii) the number of New Common Shares to be distributed to Affected Creditors shall be reduced by the number of Cash Consideration Shares and is otherwise subject to reduction and allocation in accordance with the terms of this Plan;

"**Agreed Additional Excluded Claims**" means any Claims that Pacific, with the consent of the Monitor and the Requisite Consenting Parties, may designate as Excluded Claims, including those Agreed Additional Excluded Claims set out on Schedule "B" hereto, provided that such designation shall occur prior to the Implementation Date, and upon such designation such Agreed Additional Excluded Claims will constitute Excluded Claims for the purposes of this Plan;

"**AHC Advisors**" means Goodmans LLP, Paul, Weiss, Rifkind, Wharton & Garrison LLP, Dentons Cardenas & Cardenas Abogados, Evercore Group L.L.C. and Evercore Partners International LLP;

"**Amended Articles**" means the altered articles of Pacific deposited in the record books in Pacific's record office maintained pursuant to the BCBCA, which Amended Articles shall amend and restate Pacific's articles pursuant to the Reorganized Pacific Articles;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the Law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"**Application for Early Consent Consideration**" has the meaning given to that term in the Meeting Order;

"**Applicants**" means the applicants in the CCAA Proceeding, as named in the title of proceedings on page 1 of this Plan;

"**Bank Agent Claim**" has the meaning given to that term in the definition of Excluded Claims;

"**Bank Agents**" means HSBC Bank USA, N.A., as agent under the HSBC Credit Agreement, and Bank of America, N.A., as agent under the Revolving Credit Agreement, in each case including any successors thereto;

"**Bank Claim**" means any right or claim of any Bank Lender that may be asserted or made in whole or in part against any of the Applicants, in any capacity, whether or not asserted or made, in respect of the principal of and accrued interest on the Bank Facilities;

"**Bank Facilities**" means the credit facilities governed by:

(a) the Bank of America Credit Agreement;

(b) the HSBC Credit Agreement; and

(c) the Revolving Credit Agreement,

and "**Bank Facility**" means any one of the Bank Facilities;

"**Bank Lender Record Time**" means 5:00 p.m. on July 8, 2016;

"**Bank Lenders' Allowed Claims**" has the meaning ascribed thereto in paragraph 15 of the Claims Procedure Order, and "**Bank Lender Allowed Claim**" shall mean that portion of the Bank Lenders' Allowed Claim held by any Bank Lender;

"**Bank Lenders**" means the parties to the Bank Facilities other than Pacific as borrower and the Guarantors as guarantors thereunder, in their capacities as parties to the respective Bank Facilities, and includes, without limitation, any agent for the lenders thereunder;

"**Bank of America Credit Agreement**" means that Credit and Guaranty Agreement between, among others, Pacific, as borrower, and Bank of America, N.A., as lender, dated as of May 2, 2013, as amended, modified, restated or supplemented;

"**BCBCA**" means the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;

"**Beneficial Noteholder**" means a beneficial holder of Notes holding such Notes in a securities account with a depository, a depository participant or other securities intermediary including, for greater certainty, such depository participant or other securities intermediary only if and to the extent such depository participant or other securities intermediary holds the Notes as a principal for its own account;

"**Business Day**" means a day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Toronto, Ontario and New York, New York;

"**Cash Amount**" in respect of a Cash Election Creditor means the aggregate amount of cash payable to that Cash Election Creditor in respect of a validly made Cash Election calculated on the basis, for quantification purposes only, that any Disputed Distribution Claims outstanding as of the Master Proxy/Election Deadline are valid, which amount is equal to:

(a) in respect of an election to receive an amount of cash calculated at the Designated Rate in lieu of New Common Shares (the "**Designated Common Shares**") which the Cash Election Creditor would otherwise be entitled to receive under the Plan:

(i) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at the Designated Rate is equal to or less than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at the Designated Rate, the Designated Rate multiplied by the total number of such Designated Common Shares, or

(ii) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at the Designated Rate is more than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at the Designated Rate, the Designated Rate multiplied by the number of such Designated Common Shares prorated downwards to the nearest whole number according to the ratio between the total number of New Common Shares agreed to be subscribed for, and paid for, by the Plan Sponsor and the Equity Subscribers at the Designated Rate and the total number of all Designated Common Shares of all Cash Election Creditors;

(b) in respect of an offer to receive an amount of cash calculated at the Offer Rate in lieu of New Common Shares (the "**Offered Common Shares**") which the Cash Election Creditor would otherwise be entitled to receive under the Plan:

(i) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at such Offer Rate is equal to or less than the aggregate amount of cash that the

Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at such Offer Rate, such Offer Rate multiplied by the total number of such Offered Common Shares, or

(ii) if the aggregate dollar amount of all Cash Elections by Cash Election Creditors at such Offer Rate is more than the aggregate amount of cash that the Plan Sponsor and the Equity Subscribers, pursuant to the Subscription Agreements, have funded in order to pay for New Common Shares at such Offer Rate, such Offer Rate multiplied by the number of such Offered Common Shares prorated downwards to the nearest whole number according to the ratio between the total number of New Common Shares agreed to be subscribed for, and paid for, by the Plan Sponsor and the Equity Subscribers at such Offer Rate and the total number of all Offered Common Shares at such Offer Rate of all Cash Election Creditors;

"**Cash Consideration Shares**" means the New Common Shares to be issued to the Plan Sponsor and Equity Subscribers pursuant to the Subscription Agreements and in accordance with this Plan;

"**Cash Election**" means an election validly made pursuant to the Meeting Order and this Plan by an Affected Creditor to receive cash in lieu of Affected Creditor Shares (including Early Consent Shares) which would otherwise be issued to them;

"**Cash Election Creditor**" means an Affected Creditor who makes a Cash Election;

"**Cash Election Form**" means (i) with respect to an Affected Creditor (other than a Noteholder), the document to be completed by such an Affected Creditor to make a Cash Election, substantially in the form attached to the Meeting Order as Schedule "C", and (ii) with respect to a Noteholder who wishes to make a Cash Election, (A) in respect of Affected Creditor Shares (other than Early Consent Shares) to which the Noteholder would otherwise be entitled, the electronic election provided through the Automated Tender Offer Program system operated by DTC and,(B) in respect of Early Consent Shares to which a Noteholder would be entitled, the Application for Early Consent Consideration;

"**CCAA**" has the meaning given to that term in Recital A;

"**CCAA Proceedings**" means the within proceedings commenced by the Applicants under the CCAA;

"**Chapter 15 Proceedings**" means the jointly administered cases captioned In re Pacific Exploration & Production Corp. et al., No. 16-11189 (JLG), pending before the United States Bankruptcy Court for the Southern District of New York under chapter 15 of title 11 of the United States Code;

"**Charges**" means the Administration Charge, the DIP Note Charge, the D&O Charge, the KERP Charge and the L/C Providers' Charge, each created by the Initial Order and collectively defined as "**Charges**" therein;

"**Claim**" means:

(a) any right or claim of any Person that may be asserted or made in whole or in part against Pacific, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever of Pacific, and any interest accrued thereon or costs payable in respect thereof, in existence on the Filing Date, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, and whether or not any such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and

including any claims that would have been claims provable in bankruptcy had Pacific become bankrupt on the Filing Date (each, a "**Pre-filing Claim**", and collectively, the "**Pre-filing Claims**");

(b) any right or claim of any Person against an Applicant in connection with any indebtedness, liability or obligation of any kind whatsoever owed to such Person arising out of the restructuring, disclaimer, repudiation or termination by an Applicant on or after the Filing Date of any contract, lease or other agreement whether written or oral (each, a "**Restructuring Period Claim**", and collectively, the "**Restructuring Period Claims**"); and

(c) any right or claim of any Person against one or more of the Directors and/or Officers of Pacific howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, for which any Director or Officer of Pacific is alleged to be by statute or otherwise by law liable to pay in his or her capacity as a Director or Officer (each a "**Director/Officer Claim**", and collectively, the "**Director/Officer Claims**"),

in each case other than any Excluded Claim;

"**Claim Settlement Shares**" means the Affected Creditor Shares less the number of Cash Consideration Shares;

"**Claims Procedure Order**" has the meaning given to that term in Recital B;

"**Colombian Court**" means the Colombian Court seized of jurisdiction in the Colombian Proceedings;

"**Colombian Proceedings**" means the proceedings in respect of the Applicants before the *Superintendencia de Sociedades de Colombia* pursuant to *Ley 1116 de 2006* and pursuant to which Pacific and the Monitor obtained a recognition order dated June 10, 2016;

"**Colombian Recognition Order Cash**" means the $50,000,000 of cash collateral held by the Monitor pursuant to the seventh resolution of the recognition order of the Colombian Court made on June 10, 2016;

"**Common Share Consolidation**" has the meaning given to such term in Section 9.5(i);

"**Common Shares**" means the common shares in the capital of Pacific that are duly issued and outstanding at any time;

"**Company Released Parties**" has the meaning given to that term in Section 12.1 of this Plan;

"**Consenting Lender**" means any holder of a Bank Claim that executed the Support Agreement or a joinder thereto, and in respect of whom the Support Agreement has not been terminated, solely in its capacity as a holder of a Bank Claim subject to the Support Agreement;

"**Consenting Noteholder**" means any holder of a Noteholder Claim that executed the Support Agreement on or prior to April 20, 2016, and in respect of whom the Support Agreement has not been terminated;

"**Consolidated Common Shares**" means the Common Shares immediately following the Common Share Consolidation;

"**Court**" has the meaning given to that term in Recital B;

"**Creditor**" means any Person having a Claim and includes without limitation the transferee or assignee of a Claim transferred and recognized as a Creditor in accordance with paragraphs 42 and 43 of the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

"**Creditor Released Claims**" means the matters that are subject to release and discharge pursuant to Section 12.1 hereof;

"**Creditor Released Parties**" has the meaning given to that term in Section 12.1 of this Plan;

"**D&O Charge**" has the meaning given to that term in the Initial Order;

"**DDSU**" means a deferred share unit granted under the DDSU Plan;

"**DDSU Plan**" means the deferred share unit plan for non-employee directors approved by the board of directors of Pacific on February 3, 2012;

"**Designated Common Shares**" has the meaning given to that term in the definition of Cash Amount;

"**Designated Offshore Securities Market**" has the meaning given to that term in Rule 902 of Regulation S, and shall be a stock exchange that is acceptable to Pacific and the Requisite Consenting Parties (having regard to the listing requirements of such stock exchange and the liquidity provided thereby);

"**Designated Rate**" means $.00016 per New Common Share and following the Common Share Consolidation $16.00 per Consolidated Common Share;

"**DIP L/C Credit Agreement**" means the letter of credit facility entered into between Pacific as the Borrower, certain guarantors, certain financial institutions and Wilmington Trust, National Association as administrative agent dated as of June 22, 2016 for the maintenance, renewal, extension and amendment of letters of credit for the account of Pacific and certain subsidiaries of Pacific in an amount of $115,532,794;

"**DIP Note Charge**" has the meaning given to that term in the Initial Order;

"**DIP Note Indenture**" means the indenture dated as of June 22, 2016 among Pacific as issuer, certain note guarantors, and Computershare Trust Company, National Association as trustee, security registrar and paying agent;

"**DIP Warrants**" and "**DIP Warrant Indenture**" shall have the meanings ascribed to those terms in Section 7.2 of this Plan;

"**Director/Officer Claim**" has the meaning ascribed to that term in the definition of Claim;

"**Director/Officer Indemnity Claim**" means any existing or future right of any Director or Officer of Pacific against Pacific that arose or arises as a result of any Person filing a Proof of Claim (as defined in the Claims Procedure Order) in respect of a Director/Officer Claim in respect of such Director or Officer of Pacific for which such Director or Officer of Pacific is entitled to be indemnified by Pacific;

"**Directors**" means all current and former directors (or their estates) of Pacific in such capacity and any other Person deemed to be a director of Pacific under section 11.03(3) of the CCAA, and "**Director**" means any one of them;

"**Disputed Distribution Cash Pool**" has the meaning ascribed to that term in Section 4.3(b) of this Plan;

"**Disputed Distribution Cash Pool Account**" means the segregated interest bearing trust account in which the Monitor shall hold the Disputed Distribution Cash Pool until its distribution in accordance with the final resolution of the Disputed Distribution Claims under this Plan;

"**Disputed Distribution Claim**" means an Affected Claim (including a contingent Affected Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Distribution Claim, which is validly disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order;

"**Disputed Distribution Share Reserve**" means the reserve, if any, to be established by the Applicants on the Implementation Date, which shall be comprised of the number of New Common Shares that would have been delivered to Affected Creditors on account of Disputed Distribution Claims if such Disputed Distribution Claims had been Distribution Claims as of such date, with such number being calculated without regard to any Cash Elections made in respect of such Disputed Distribution Claims;

"**Distribution Claim**" means the amount of the Affected Claim of an Affected Creditor as finally accepted and determined for distribution purposes in accordance with the Claims Procedure Order and the CCAA;

"**DTC**" means The Depository Trust Company, or any successor thereof;

"**Early Consent Shares**" means the 110,000,000,000 New Common Shares to be issued under the Plan to Noteholders with Eligible Note Claims;

"**EDSU**" means a deferred share unit granted under the EDSU Plan;

"**EDSU Plan**" means the deferred share unit plan for officers and employees of Pacific approved by the board of directors of Pacific on May 30, 2014;

"**Elected Share Amount**" in respect of a Cash Election Creditor means the aggregate number of New Common Shares which that Cash Election Creditor would have been otherwise entitled to receive under the Plan in respect of which it is entitled to receive its Cash Amount in lieu of receiving such New Common Shares;

"**Eligible Note Claim**" means those Noteholder Claims that are entitled to Early Consent Shares in accordance with the terms of the Support Agreement and the Meeting Order;

"**Equity Claim**" has the meaning set forth in section 2(1) of the CCAA;

"**Equity Subscribers**" means those Investor DIP Note Purchasers who have entered into Equity Subscription Agreements;

"**Equity Subscription Agreements**" means the agreements by which the Equity Subscribers subscribe, in connection with Cash Elections, for (i) an aggregate of up to $50,000,000 of New Common Shares at a price per New Common Share based on the Designated Rate, and, if applicable (ii) such additional number of New Common Shares at such prices as may be elected by an Equity Subscriber in accordance with the terms thereof and hereof;

"**Excluded Claim**" means

(a) any claims secured by any of the Charges;

(b) any claims against a Director and/or Officer that are not permitted to be compromised pursuant to section 5.1(2) of the CCAA, but only to the extent not so permitted;

(c) any claims that cannot be compromised pursuant to subsection 19(2) of the CCAA;

(d) any claims of the Subsidiaries against Pacific;

(e) any Secured Claims;

(f) any claims of the Trustee in its capacities as trustee appointed under any of the Indentures, other than claims for the principal of and accrued interest on the Notes (the "**Trustee Claims**");

(g) any claims of the Bank Agents in their capacities as administrative agents for the Bank Facilities, other than claims for the principal of and accrued interest on the Bank Facilities (the "**Bank Agent Claims**");

(h) any claims under letters of credit outstanding as of the Filing Date, for the benefit of any of the Applicants;

(i) any Post-Filing Claims;

(j) any claims in respect of the Plan Sponsor Notes and on the Series 2 DIP Notes;

(k) any existing or future right of any Director or Officer of Pacific to claim indemnification against Pacific in respect of claims made against the Director or Officer in that capacity, including any Director/Officer Indemnity Claims that are not based on or related to Equity Claims; and

(l) any Agreed Additional Excluded Claims;

"**Exercised Warrants**" means those DIP Warrants that have been exercised in accordance with the DIP Warrant Indenture;

"**Existing Equity Holders**" means, collectively, the Existing Shareholders and, as the context requires, the Registered Holders or beneficial holders of Existing Share Options and the Registered Holders or beneficial holders of Rights, in each case in their capacities as such;

"**Existing Share Options**" means all rights, options, warrants and other securities (other than the Notes, the Plan Sponsor Notes, and the DIP Warrants) convertible or exchangeable into equity securities of Pacific;

"**Existing Shareholder Rights Plan**" means the amended and restated Shareholder Rights Plan Agreement dated as of May 28, 2015 between Pacific and Equity Financial Trust Company, as Rights Agent;

"**Existing Shareholders**" means, as the context requires, Registered Holders or beneficial holders of the Existing Shares, in their capacities as such;

"**Existing Shares**" means all of the Common Shares that are issued and outstanding immediately prior to the Implementation Date, subject to adjustment as provided for in this Plan;

"**Exit Notes**" means the Series 2 DIP Notes as amended, restated, supplemented, modified or otherwise reissued pursuant to the amended and restated DIP Note Indenture on the Implementation Date, and which are to remain outstanding thereunder;

"**Exit L/C Credit Agreement**" has the meaning ascribed thereto in the DIP L/C Credit Agreement;

"**Filing Date**" means the date of the Initial Order, being April 27, 2016;

"**General Creditors**" means Affected Creditors other than Noteholders;

"**General Creditor Shares**" means the Affected Creditor Shares, excluding the Noteholder Shares;

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Guarantee Claim**" means any Bank Claim or Noteholder Claim against any Guarantor, and "**Guarantee Claims**" means all of such Bank Claims and Noteholder Claims;

"**Guarantors**" means, collectively, Pacific E&P Holdings Corp., Meta Petroleum Corp., Pacific Stratus International Energy Ltd., Pacific Stratus Energy Colombia Corp., Pacific Stratus Energy S.A., Pacific Off Shore Peru S.R.L., Pacific Rubiales Guatemala S.A., Pacific Guatemala Energy Corp., PRE-PSIE Coöperatief U.A., and Petrominerales Colombia Corp.;

"**HSBC Credit Agreement**" means the Credit and Guarantee Agreement between, among others, Pacific, as borrower, and HSBC Bank USA, National Association, as agent, dated as of April 8, 2014, as amended, modified, restated or supplemented;

"**Implementation Date**" means the Business Day on which this Plan becomes effective, which shall be the Business Day designated by the Monitor in the certificate contemplated in Section 13.6 hereof, or such other date as the Applicants, the Monitor and the Requisite Consenting Parties may designate;

"**Implementation Documents**" means the Subscription Agreements and any other documents required to complete the transactions in Section 9.5 for the implementation of this Plan, which documents shall be in form and substance satisfactory to the Requisite Consenting Parties;

"**Implementation Time**" means 12:01 a.m. on the Implementation Date (or such other time as the Applicants, the Monitor and the Requisite Consenting Parties may designate);

"**Indentures**" means, collectively, the 2019 Notes Indenture, the 2021 Notes Indenture, the 2023 Notes Indenture, and the 2025 Notes Indenture;

"**Initial Cash Pool**" has the meaning given to that term in Section 4.3(a) of this Plan;

"**Initial Cash Pool Account**" means a segregated interest bearing trust account established by the Monitor to hold the Initial Cash Pool until distribution to the Cash Election Creditors in accordance with this Plan;

"**Initial Order**" has the meaning given to that term in Recital B;

"**Investor DIP Note Purchasers**" means the holders of the Series 2 DIP Notes;

"**Law**" means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada, the United States, Colombia or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;

"**L/C Providers' Charge**" has the meaning given to that term in the Initial Order;

"**Majority Consenting Lenders**" means Consenting Lenders holding at least a majority of the aggregate principal amount of all Bank Claims held by all Consenting Lenders at the applicable time;

"**Majority Consenting Noteholders**" means Consenting Noteholders holding at least a majority of the aggregate principal amount of all Noteholder Claims held by all Consenting Noteholders at the applicable time;

"**Master Proxy/Election Deadline**" means 10:00 a.m. on August 16, 2016;

"**Meeting**" means a meeting of the Affected Creditors of Pacific called for the purpose of considering and voting in respect of this Plan;

"**Meeting Order**" has the meaning given to that term in Recital B;

"**Monitor**" means PricewaterhouseCoopers Inc., in its capacity as Court-appointed Monitor of the Applicants in the CCAA Proceedings;

"**Monitor's Website**" means the website maintained by the Monitor with respect to the CCAA Proceedings at www.pwc.com/ca/pacific;

"**Net Noteholder Shares**" means the Noteholder Shares, excluding the Early Consent Shares;

"**New Board**" means Pacific's board of directors appointed on the Implementation Date pursuant to section 13.2 of the Reorganized Pacific Articles and Section 9.5(l) of this Plan;

"**New Common Shares**" means the 5,000,000,000,000 Common Shares to be issued pursuant to this Plan (before giving effect to the Common Share Consolidation), being the aggregate of the Claim Settlement Shares, Cash Consideration Shares, Warrant Shares (assuming that all Warrants are exercised) and the Plan Sponsor Shares, subject to reduction as a result of the elimination of fractional shares, Warrants that are not exercised and the cancellation of Undeliverable Distributions pursuant to Section 10.7 of this Plan;

"**New Shareholder Rights Plan**" means the shareholder rights plan in the form agreed to by the Requisite Consenting Parties and Pacific, to be posted on the Monitor's Website on or prior to July 13, 2016, subject to any amendments as may be agreed upon by the Requisite Consenting Parties;

"**Noteholder Claim**" means any right or claim of any Noteholder that may be asserted or made in whole or in part against any of the Applicants, in any capacity, whether or not asserted or made, in respect of the principal of and accrued interest on the Notes;

"**Noteholder Record Date**" means July 8, 2016;

"**Noteholder Shares**" means the Affected Creditor Shares to be issued to all Noteholders on account of Noteholders' Allowed Claims, which shall be that portion of the Affected Creditor Shares that is equal to the proportion that all Noteholders' Allowed Claims calculated as at the Filing Date bears to the aggregate of all Distribution Claims (including each Disputed Distribution Claim until such time that such Disputed Distribution Claim has been finally resolved or disallowed) calculated as at the Filing Date;

"**Noteholders**" means, as the context requires, the Registered Holders or beneficial holders of the Notes, in their capacities as such;

"**Noteholders' Allowed Claims**" has the meaning ascribed thereto in paragraph 13 of the Claims Procedure Order, and "**Noteholder's Allowed Claim**" means a single Beneficial Noteholder's portion of such Noteholders' Allowed Claims, in each case as at the Filing Date;

"**Notes**" means, collectively, all notes issued under the Indentures;

"**Offer Rate**" means a rate equal to (i) a minimum of $0.000161 per New Common Share and following the Common Share Consolidation, $16.10 per Consolidated Common Share, or (ii) such higher rates in increments of $.000001 above $0.000161 per New Common Share and following the Common Share Consolidation, of $0.10 above $16.10 per Consolidated Common Share;

"**Offered Common Shares**" has the meaning given to that term in the definition of Cash Amount;

"**Officers**" means all current and former officers (or their estates) of Pacific in such capacity and "**Officer**" means any one of them;

"**Order**" means any order of the Court in the CCAA Proceedings;

"**Ordinary Course Claim**" means a Claim so designated by Pacific prior to the Implementation Date, with the consent of the Monitor and the Requisite Consenting Parties, as being a Claim that (a) arose in the ordinary course of the business of the Applicants, or any of them, and (b) at the Filing Date was not unknown, unreported, contingent or contested, and for greater certainty shall include those Ordinary Course Claims identified on Schedule "A" to this Plan;

"**Outside Date**" means October 24, 2016 (or such other date as the Applicants and the Requisite Consenting Parties may agree);

"**Pacific**" means the Applicant, Pacific Exploration & Production Corporation;

"**Pacific Group**" means, collectively, Pacific, the other Applicants, and the Subsidiaries;

"**Participant Holder**" has the meaning ascribed thereto in the Meeting Order;

"**Person**" means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

"**Plan**" means this Plan of Compromise and Arrangement and any amendments, restatements, modifications or supplements hereto made in accordance with the terms hereof or made at the direction of the Court in the Sanction Order;

"**Plan Implementation**" means the implementation of this Plan in accordance with the terms hereof and the phrase "upon Plan Implementation" means as of the Implementation Time;

"**Plan Resolution**" means the resolution of the Affected Creditors relating to this Plan considered at the Meeting;

"**Plan Sponsor**" means The Catalyst Capital Group Inc. or any funds managed or administered by it or its affiliates;

"**Plan Sponsor Notes**" means the 12% Series 1 DIP Notes issued pursuant to the DIP Note Indenture subject to and in accordance with the provisions of the DIP Note Indenture;

"**Plan Sponsor Released Parties**" has the meaning given to that term in Section 12.1 of this Plan;

"**Plan Sponsor Shares**" means the 1,465,000,000,000 New Common Shares issued to the Plan Sponsor in accordance with the DIP Note Indenture in exchange for the Plan Sponsor Notes;

"**Plan Sponsor Subscription Agreement**" means the agreement by which the Plan Sponsor subscribes in connection with a Cash Election for (i) up to $200,000,000 of New Common Shares at a price per New Common Share based on the Designated Rate, and, if applicable, (ii) such additional number of Common Shares at such prices as may be elected by the Plan Sponsor in accordance with the terms thereof and hereof;

"**Post-Filing Claim**" means any claims against Pacific that arose from the provision of authorized goods and services provided or otherwise incurred on or after the Filing Date in the ordinary course of business, but specifically excluding any Restructuring Period Claim;

"**Pre-filing Claim**" has the meaning given to that term in the definition of Claim;

"**Pro Rata Share**" means:

(a) in respect of General Creditor Shares, the percentage that an Affected Creditor's Distribution Claim (other than a Noteholder Claim) calculated as at the Filing Date bears to the aggregate of all Distribution Claims (other than Noteholder Claims) calculated as at the Filing Date and all Disputed Distribution Claims (other than Disputed Distribution Claims that are Noteholders Claims) calculated as at the Filing Date; and

(b) in respect of the Net Noteholder Shares, the percentage that a Noteholder's Allowed Claim calculated as at the Filing Date bears to the aggregate of all Noteholders' Allowed Claims calculated as at the Filing Date and all Disputed Distribution Claims (relating to Noteholders Claims) calculated as at the Filing Date; and

(c) in respect of the Early Consent Shares, the percentage that an Eligible Note Claim calculated as at the Noteholder Record Date bears to the aggregate of all Eligible Note Claims calculated as at the Noteholder Record Date.

"**Proxy/Election Deadline**" means 10:00 a.m. (Toronto time) on August 10, 2016;

"**Registered Holder**" means (i) in respect of the Notes, the holder of such Notes as recorded on the books and records of the Trustee, (ii) in respect of the Existing Shares, the holder of such Existing Shares as recorded on the share register maintained by the Transfer Agent, and (iii) in respect of the Existing Share Options, the holder of such Existing Share Options as recorded on the books and records of Pacific;

"**Regulation S**" means Regulation S as promulgated by the US Securities Commission under the US Securities Act;

"**Released Claims**" means the matters that are subject to release and discharge pursuant to Section 12.1 hereof;

"**Released Parties**" means the Company Released Parties, the Creditor Released Parties and the Plan Sponsor Released Parties;

"**Remaining Indebtedness**" has the meaning ascribed to that term in Section 9.5(c) of this Plan;

"**Reorganized Pacific Articles**" means the articles of Pacific substantially in the form attached as Schedule "C" hereto, to take effect on the Implementation Date;

"**Required Majority**" means a majority in number of Affected Creditors who represent at least two thirds in value of the Voting Claims of Affected Creditors who are present and voting in person or by proxy on the Plan Resolution at the Meeting and who are entitled to vote at the Meeting in accordance with the Meeting Order;

"**Requisite Consenting Parties**" means each of the Majority Consenting Lenders, the Majority Consenting Noteholders, and the Plan Sponsor;

"**Restructuring Period Claim**" has the meaning given to that term in the definition of Claim;

"**Revolving Credit Agreement**" means the Revolving Credit and Guaranty Agreement between, among others, Pacific, as borrower, and Bank of America, N.A., as agent, dated April 30, 2014, as amended, modified, restated or supplemented;

"**Rights**" means the rights issued pursuant to the Existing Shareholder Rights Plan;

"**Sanction Order**" means the Order of the Court sanctioning and approving this Plan pursuant to section 6(1) of the CCAA, which shall include such terms as may be necessary or appropriate to (i) give effect to this Plan, in form and substance satisfactory to the Applicants and the Requisite Consenting Parties, each acting reasonably, and (ii) allow Pacific to rely on the exemption from registration set forth in section 3(a)(10) of the US Securities Act for purposes of the issuance of the Claim Settlement Shares;

"**Secured Claim**" means that portion of any indebtedness or obligation of Pacific that is (i) secured by security validly charging or encumbering property or assets of Pacific (including statutory and possessory liens that create security interests) up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date;

"**Series 2 DIP Notes**" means the 12% Series 2 DIP notes issued pursuant to the DIP Note Indenture;

"**Share Amount**" in respect of an Affected Creditor means the number of New Common Shares that such Affected Creditor would be entitled to receive under Section 5.2(b)(i) or 5.3(a)(i) of this Plan, as applicable, if such Affected Creditor did not make a Cash Election;

"**Stock Option Plan**" means the stock option plan of Pacific in effect as of the Filing Date;

"**Subscription Agreements**" means the Plan Sponsor Subscription Agreement and the Equity Subscription Agreements;

"**Subscription Amount**" has the meaning given to that term in Section 4.2(d);

"**Subsidiaries**" means, collectively, all of the direct and indirect subsidiaries of Pacific;

"**Support Agreement**" means the Support Agreement made as of April 20, 2016 (as amended from time to time) between Pacific, the Plan Sponsor and the Affected Creditors party thereto, together with any joinder executed by other Affected Creditors from time to time;

"**Transfer Agent**" means Computershare Trust Company of Canada;

"**Trustee Claims**" has the meaning given to that term in the definition of Excluded Claims;

"**Trustee**" means The Bank of New York Mellon, as trustee, under each of the Indentures;

"**TSX**" means Toronto Stock Exchange;

"**TSXV**" means TSX Venture Exchange;

"**Undeliverable Distribution**" has the meaning given to that term in Section 10.7;

"**US Dollars**" or "**US$**" means the lawful currency of the United States of America;

"**US Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended and now in effect and as it may be further amended from time to time prior to the Implementation Date.

"**US Securities Act**" means the United States *Securities Act of 1933*, as amended and now in effect and as it may be further amended from time to time prior to the Implementation Date;

"**US Securities Commission**" means the United States Securities and Exchange Commission;

"**US Securities Laws**" means, collectively, the *Sarbanes-Oxley Act of 2002* ("**Sarbanes-Oxley**"), the U.S. Securities Act, the U.S. Exchange Act, the rules and regulations of the SEC and the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board;

"**Voting Agreement**" means the Voting Agreement in the form agreed to by Pacific and the Requisite Consenting Parties to be posted on the Monitor's Website on or prior to July 13, 2016, subject to any amendments as may be agreed upon by the Requisite Consenting Parties;

"**Voting Claim**" means the amount of the Affected Claim of an Affected Creditor against Pacific as finally accepted and determined for voting at the Meeting, in accordance with the provisions of the Claims Procedure Order and the CCAA; and

"**Warrant Shares**" means the 625,000,000,000 New Common Shares which are to be issued to the holders of DIP Warrants, prior to the Common Share Consolidation, upon the exercise thereof pursuant to the terms and conditions of the DIP Warrant Indenture.

1.2 Certain Rules of Interpretation

For the purposes of this Plan:

(a) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, or supplemented in accordance with its terms;

(b) The division of this Plan into articles and sections are for convenience of reference only and do not affect the construction or interpretation of this Plan, nor are the descriptive headings of articles and sections intended as complete or accurate descriptions of the content thereof;

(c) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;

(d) The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(e) Unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;

(f) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;

(g) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other governmental entity includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(h) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms "this Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and

(i) The word "or" is not exclusive.

1.3 Governing Law

This Plan shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the jurisdiction of the Court.

1.4 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, US Dollars.

1.5 Claims Made in Currency Other than US Dollars

All Claims that are made in a currency other than US Dollars shall be converted to US Dollars for both voting and distribution purposes, using the April 27, 2016 (Filing Date) noon buying rate certified by the Federal Reserve Bank of New York for the purchase of US Dollars.

1.6 Date for Any Action

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.7 Time

Time shall be of the essence in this Plan.

ARTICLE 2 – PURPOSE AND EFFECT OF THIS PLAN

2.1 Purpose

The purpose of this Plan is to facilitate the continuation of the business of the Pacific Group as a going concern, address certain liabilities of the Applicants, and effect a recapitalization transaction on an expedited basis to provide a stronger financial foundation for the Pacific Group going forward and additional liquidity to allow the Pacific Group to continue to work towards its operational and financial goals from and after the Implementation Date in the expectation that all Persons with an economic

interest in the Pacific Group will derive a greater benefit from the implementation of this Plan than would otherwise result.

2.2 Effectiveness

Subject to the satisfaction, completion or waiver (to the extent permitted pursuant to Section 13.4) of the conditions precedent set out herein, this Plan will become effective in the sequence described in Section 9.5 from and after the Implementation Time and on the Implementation Time each Affected Claim will be fully and finally compromised, released and settled and discharged under the Plan. The Plan shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, all Existing Equity Holders, all holders of Equity Claims, the Released Parties, and all other Persons as provided for herein, or subject to, this Plan and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

2.3 Persons Not Affected

For greater certainty, except as provided in Sections 12.1, 12.2, 12.4, 13.2(e), 14.1, 14.2 and 14.3, this Plan does not affect the holders of Excluded Claims to the extent of those Excluded Claims. Nothing in this Plan shall affect the Pacific Group's rights and defences, both legal and equitable, with respect to any Excluded Claim, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claim. Nothing herein shall constitute a waiver of any right of either the Monitor or the Applicants to dispute the validity or quantum of an Excluded Claim. The holdings of Existing Shares by Existing Shareholders shall be diluted, and fractional shares may be cancelled on the Common Share Consolidation, without compensation in accordance with the terms of Section 9.4 of this Plan.

ARTICLE 3 – CLASSIFICATION, VOTING CLAIMS AND RELATED MATTERS

3.1 Classes

For the purposes of considering and voting on the Plan Resolution, there shall be one class of creditors, consisting of Affected Creditors (the "**Affected Creditor Class**").

3.2 Meeting

The Meeting (including attendance and voting) shall be held in accordance with this Plan, the Meeting Order and any further Order in the CCAA Proceedings.

3.3 Required Majority

In order to be approved, this Plan must receive the affirmative vote of the Required Majority.

3.4 Excluded Claims

Holders of Excluded Claims shall not be entitled to vote or (except as otherwise expressly stated in the Meeting Order) attend in respect of their Excluded Claims at any meeting to consider and approve this Plan.

3.5 Existing Equity Holders and Holders of Equity Claims

Existing Equity Holders and holders of Equity Claims shall not be entitled to attend or vote in respect of their Equity Claims at any meeting to consider and approve this Plan and shall not receive any distribution under the Plan on account of their Existing Shares or Equity Claims.

3.6 Crown Claims

All federal and provincial government claims of the kind described in subsection 6(3) of the CCAA that were outstanding at the Filing Date shall be paid in full within six months after the Sanction Order, as required by subsection 6(3) of the CCAA.

3.7 Payments to Employees

If not already paid, then immediately after the date of the Sanction Order, the Applicants will pay in full all employee-related payments required by subsection 6(5) of the CCAA, provided that this Section 3.7 shall not require payment of any employee-related amounts in advance of the normal payroll cycle applicable to employees.

ARTICLE 4 – CASH ELECTION

4.1 The Election

(a) Any Affected Creditor, other than the Plan Sponsor, an Equity Subscriber, any affiliates of any of them or any funds managed or administered by any of them or their respective affiliates, may make a Cash Election by completing a Cash Election Form and submitting the Cash Election Form in accordance with the timing requirements and terms specified in the Meeting Order. Subject to Section 11.2(e), an Affected Creditor that makes a Cash Election shall make a Cash Election in respect of all of the New Common Shares that it would otherwise be entitled to receive under the Plan. If no duly completed Cash Election Form is filed by an Affected Creditor in accordance with the timing requirements and other terms in the Meeting Order, that Affected Creditor shall not be entitled to make a Cash Election.

(b) In its Cash Election Form, a Cash Election Creditor may elect to receive one and only one of the following:

(i) cash at the Designated Rate in lieu of each New Common Share in its Share Amount; or

(ii) cash in the amount equal to (A) one and only one Offer Rate specified by the Cash Election Creditor per New Common Share in a percentage as specified by the Cash Election Creditor (not to exceed 100%) of its Share Amount, and (B) the Designated Rate in respect of its remaining Share Amount; or

(iii) cash at one and only one Offer Rate in lieu of each New Common Share in its Share Amount.

(c) Where the Cash Election Creditor fails to specify in its Cash Election Form a rate of cash per each New Common Share in its Share Amount or the percentage of its Share Amount to which the Offer Rate applies, it will be deemed to have elected to receive cash for its entire Share Amount at the Designated Rate. An Affected Creditor who submits a Cash Election Form which specifies that the Cash Election is made only in respect of part of its Share Amount, will be deemed to have elected to receive the Designated Rate in respect of the Share Amount for which an election was not made.

(d) Once the Cash Election Form is submitted by an Affected Creditor, its Cash Election shall be irrevocable and binding on such Affected Creditor and its transferees, successors and assigns.

(e) For greater certainty, a Cash Election may be made by or on behalf of a Beneficial

Noteholder by using two separate Cash Election Forms, being one for Affected Creditor Shares (other than Early Consent Shares) and the other for Early Consent Shares. Notwithstanding any provision herein, the use of two Cash Election Forms in such circumstances shall constitute one Cash Election Form for all purposes herein, as provided in paragraph 37 of the Meeting Order.

4.2 The Cash Election Procedure

(a) Paragraph 39 of the Meeting Order provides that within five (5) Business Days following the Master Proxy/Election Deadline, Pacific and the Monitor shall provide the Plan Sponsor and the Equity Subscribers and, at its request, the Trustee, with written notice of the particulars and information set out in paragraph 39 of the Meeting Order.

(b) If the amount required to fund the aggregate dollar amount of Cash Elections made at the Designated Rate exceeds $250,000,000, within five (5) Business Days of receipt of the information delivered under Section 4.2(a), the Plan Sponsor shall notify the Company, the Monitor and the Equity Subscribers as to whether the Plan Sponsor is electing to subscribe for additional New Common Shares at the Designated Rate to fund all or a portion of such excess, and the dollar amount thereof that it will be so funding.

(c) If Cash Elections are made at an Offer Rate, within five (5) Business Days of receipt of the information delivered under Section 4.2(a), the Plan Sponsor shall notify the Company, the Monitor and the Equity Subscribers as to whether the Plan Sponsor is electing to subscribe for additional New Common Shares at some or all of the Offer Rates, the dollar amount it is subscribing for and at which Offer Rates.

(d) On or prior to the fifth (5th) Business Day prior to the Implementation Date, the Plan Sponsor and the Equity Subscribers, each in accordance with their respective Subscription Agreements, shall deliver an aggregate amount equal to the lesser of the total amount required to fund the Cash Elections made at the Designated Rate (including in respect of Disputed Distribution Claims) and $250,000,000, plus any additional amounts elected pursuant to Section 4.2(b) and (c) (such aggregate amount being the **"Subscription Amount**") to the Monitor by way of wire transfers in accordance with wire transfer instructions provided by the Monitor.

(e) Within five (5) Business Days of receipt of the Subscription Amount, the Monitor (through DTC, as applicable) shall make commercially reasonable efforts to advise each Cash Election Creditor of (i) the Cash Amount it will receive, and (ii) the estimated number, if any, of Consolidated Common Shares to be distributed on Plan Implementation to such Cash Election Creditor.

4.3 Initial Cash Pool and Disputed Distribution Cash Pool

(a) The portion of the Subscription Amount attributable to Cash Election Creditors with Distribution Claims, and where applicable, to Cash Election Creditors who are entitled to Early Consent Shares, shall form the initial cash pool (the "**Initial Cash Pool**") and shall be held by the Monitor in the Initial Cash Pool Account for distribution to Cash Election Creditors on account of their Distribution Claims and, where applicable, their entitlement to Early Consent Shares, pursuant to and in accordance with Article 10 of this Plan.

(b) The portion of the Subscription Amount attributable to Cash Election Creditors with Disputed Distribution Claims shall form the disputed distribution cash pool (the "**Disputed Distribution Cash Pool**") and shall be held by the Monitor in the Disputed Distribution Claims Cash Pool Account for distribution to Cash Election Creditors with Disputed Distribution Claims to the extent that such Disputed Distribution Claims subsequently

become Distribution Claims pursuant to and in accordance with Article 11 of this Plan.

(c) Any interest accrued on funds in the Disputed Distributions Cash Pool shall be for the account of the Plan Sponsor and Equity Subscribers pursuant to and in accordance with the terms of the Subscription Agreements.

ARTICLE 5 – TREATMENT OF CLAIMS

5.1 Treatment of Affected Creditors Generally

For the purposes of calculating their Share Amounts, all Affected Creditors will be allocated Affected Creditor Shares on a pro rata basis, based on the quantum of each Affected Creditor's Distribution Claim. This principle shall not prevent the Early Consent Shares from being distributed to some but not all Noteholders, provided that such Early Consent Shares are taken solely from the aggregate Affected Creditor Shares distributable to Noteholders with respect to Noteholders' Allowed Claims.

5.2 Treatment of Noteholders

(a) For the purposes of distributions under this Plan, the Distribution Claim of any Beneficial Noteholder in respect of a Noteholder Claim shall be deemed to be equal to its Noteholder's Allowed Claim.

(b) On the Implementation Date and in accordance with the steps and sequence set forth in this Plan, each Beneficial Noteholder shall and shall be deemed to irrevocably and finally forgive, settle and extinguish a portion of its Notes for no consideration and exchange the remaining portion of its Notes for the following consideration which shall and shall be deemed to be received in full and final settlement of its Notes, its Noteholder's Allowed Claim (including any Guarantee Claim) and, if applicable, its Eligible Note Claim:

(i) if a Beneficial Holder has not made a Cash Election,

(A) its Pro Rata Share of the Net Noteholder Shares; and

(B) its Pro Rata Share of the Early Consent Shares, if such Noteholder has an Eligible Note Claim; and

(ii) if a Beneficial Noteholder has made a Cash Election,

(A) its Cash Amount; and

(B) its Share Amount less its Elected Share Amount.

(c) After giving effect to the terms of this Section 5.2, the obligations of the Applicants, or any of them, with respect to the Notes of each Noteholder (including any Guarantee Claim) and, if applicable, its Eligible Note Claim shall and shall be deemed to have been irrevocably and finally extinguished and each Noteholder shall have no further right, title or interest in or to the Notes, its Noteholder's Allowed Claim, or its Eligible Note Claim.

5.3 Treatment of General Creditors

(a) On the Implementation Date and in accordance with the steps and sequence set forth in this Plan, each General Creditor shall and shall be deemed to irrevocably and finally forgive, settle and extinguish a portion of its Affected Claim for no consideration and exchange the remaining portion of its Affected Claim for the following consideration which

shall and shall be deemed to be received in full and final settlement of its Affected Claim (including any Guarantee Claim):

(i) If a General Creditor has not made a Cash Election, its Pro Rata Share of the General Creditor Shares; or

(ii) If a General Creditor has made a Cash Election,

(A) its Cash Amount; and

(B) its Share Amount less its Elected Share Amount.

(b) After giving effect to the terms of this Section 5.3, the obligations of the Applicants, or any of them, with respect to such Affected Creditor's Affected Claim (including any Guarantee Claim) shall and shall be deemed to have been irrevocably and finally extinguished and such Affected Creditor shall have no further right, title or interest in or to its Affected Claim.

5.4 Equity Claims

All Equity Claims, and all Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled and barred on the Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under this Plan and shall not be entitled to vote on this Plan at the Meeting. Notwithstanding the foregoing, Existing Shareholders shall be entitled to continue to hold their Existing Shares in accordance with the terms of this Plan, subject to the Common Share Consolidation.

5.5 Treatment of Existing Equity Holders

(a) Each Existing Shareholder shall continue to hold its Existing Shares which shall be subject to the Common Share Consolidation pursuant to Section 9.5(i) and in accordance with the steps and sequences set forth herein.

(b) The Existing Shares shall in the aggregate, after the issuance of the New Common Shares and the Common Share Consolidation, constitute no more than 0.006% of the outstanding Common Shares, and if the Existing Shares in the aggregate, after the issuance of the New Common Shares and the Common Share Consolidation, constitute more than that percentage of the outstanding Common Shares, then Section 9.5(j) of this Plan provides that such excess Existing Shares shall be cancelled on a pro rata basis without compensation.

(c) Pursuant to this Plan and in accordance with the steps and sequences set forth herein, all Existing Share Options, the DDSU Plan, the DDSUs, the EDSU Plan, the EDSUs, the Rights and the Existing Shareholder Rights Plan shall be cancelled and shall be deemed to be cancelled without any repayment of capital in respect thereof or any other liability, payment or compensation therefor and for greater certainty, no holders of Existing Share Options or Rights shall be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.6 Claims of the Trustee and Bank Agents

Trustee Claims and Bank Agent Claims shall be unaffected by this Plan.

5.7 Director/Officer Indemnity Claims

Director/Officer Indemnity Claims that are not based on or related to Equity Claims are not affected by this Plan. The D&O Charge shall continue to secure the indemnification of Directors and Officers, in accordance with the Initial Order until the Implementation Date.

5.8 Calculation and Quantum of Claims

For the purposes of all distributions under this Plan, all Affected Claims (including Pre-filing Claims, Restructuring Period Claims and Director/Officer Claims) shall be calculated and quantified as of the Filing Date, which shall be deemed to mean as of 11:59 p.m. on April 26, 2016. To the extent that interest or other amounts accrue as part of any Affected Claim, such interest or other amounts shall be calculated up to and including April 26, 2016. On and after the Filing Date, no interest or other amounts shall accrue on, or be payable with respect to, any Claims.

ARTICLE 6 – ACCEPTANCE OF PLAN

6.1 Acceptance of Plan

If this Plan is approved by the Required Majority, then this Plan shall be deemed to have been agreed to, accepted and approved by the Affected Creditors and, if the Sanction Order is granted and the conditions described in Section 13.3 hereof have been satisfied or waived, as applicable, shall be binding upon all Affected Creditors.

ARTICLE 7 – REORGANIZED EQUITY OF PACIFIC

7.1 Amended Articles

In accordance with Section 13.3(l) of this Plan, the Amended Articles shall be received for deposit at the records office of Pacific, with effect as of the time on the Implementation Date specified in Section 9.5(h) of this Plan.

7.2 DIP Warrants

Certain warrants (the "**DIP Warrants**") were created by and issued under a warrant indenture between Pacific as issuer, Computershare Trust Company of Canada as warrant agent, and Computershare Trust Company N.A. and Computershare Inc. collectively as the co-agent dated June 22, 2016 (the "**DIP Warrant Indenture**"). The DIP Warrants have the attributes and rights as set out in the DIP Warrant Indenture and shall be exercisable for up to 625,000,000,000 New Common Shares, in accordance with Section 9.5(d)(v) of this Plan and the DIP Warrant Indenture.

7.3 Exchange of Plan Sponsor Notes

The Plan Sponsor Notes shall be exchanged for the Plan Sponsor Shares in accordance with the DIP Note Indenture and Section 9.5(d)(iv) of this Plan.

7.4 Affected Creditor Shares

The Affected Creditor Shares shall be distributed to Affected Creditors in accordance with this Plan.

7.5 Early Consent Shares

Noteholder eligibility to claim Early Consent Shares shall be determined in accordance with the Support Agreement and the Meeting Order. The Early Consent Shares shall be distributed to holders of Eligible Note Claims in accordance with and subject to the provisions of this Plan. In the event of any disputes as

to the entitlement of any Person to Early Consent Shares, the Applicants, the Monitor or the Majority Consenting Noteholders may seek the direction of the Court with respect to such dispute and entitlement.

7.6 The Cash Consideration Shares

The Plan Sponsor and the Equity Subscribers shall be issued the Cash Consideration Shares in accordance with Articles 4, 10 and 11 of this Plan and the Subscription Agreements.

ARTICLE 8 –MANAGEMENT

8.1 New Board

The members of the New Board shall be selected in accordance with the procedures set forth in the Support Agreement and their names shall be inserted in section 13.2 of the Reorganized Pacific Articles, and publicly announced by Pacific by way of press release, in each case prior to the Implementation Date.

8.2 Reorganized Company Management

Certain executive and management positions of Pacific in place on the Implementation Date (as agreed by the Requisite Consenting Parties in a side letter delivered on April 25, 2016) shall be determined in accordance with the terms of Annex A of the Recapitalization Term Sheet attached to the Support Agreement, which are hereby incorporated by reference.

ARTICLE 9 - IMPLEMENTATION

9.1 Administration Charge and KERP Charge

On the Implementation Date, all outstanding, invoiced obligations, liabilities, fees and disbursements secured by the Administration Charge and all obligations secured by the KERP Charge shall be fully paid by the Applicants (after first applying the retainers currently held by the Persons who benefit from the Administration Charge and then by paying the remaining balance in cash). Upon receipt by the Monitor of confirmation from (a) each of the beneficiaries of the Administration Charge that payments of the amounts secured by the Administration Charge have been made, and (b) Pacific that payments of the amounts secured by the KERP Charge have been made, the Monitor shall file a certificate with the Court confirming same and thereafter, the Administration Charge and the KERP Charge shall be and be deemed to be discharged from the assets of the Applicants, without the need for any other formality; provided however that this Section 9.1 shall not apply to the Monitor and its legal counsel in respect of any acts or steps required to be taken by the Monitor or its counsel after the Implementation Date and, for greater certainty, the Monitor and its legal counsel shall continue to have the benefit of the Administration Charge (in the reduced amount as contemplated by Section 13.2(h) of this Plan so long as (i) the Monitor has not been discharged from its duties as Monitor in these CCAA Proceedings, and (ii) any fees and disbursements of the Monitor or its counsel (including fees and disbursements incurred after the Implementation Date) remain unpaid by the Applicants. Notwithstanding Plan Implementation or the reduction of the Administration Charge, Pacific shall continue to pay the reasonable costs, fees and disbursements incurred by Assistants (as defined in the Initial Order), whether incurred prior to or after the Implementation Time, where such costs, fees and disbursements relate to the implementation of this Plan or any of the transactions contemplated herein.

9.2 Other Charges

On the Implementation Date, the DIP Note Charge, the D&O Charge, and the L/C Providers' Charge shall be and shall be deemed to be discharged from the assets of the Applicants, without the need for any other formality, provided that the L/C Providers' Charge and the DIP Note Charge shall only be discharged upon the execution of the Exit Notes and the Exit L/C Credit Agreement, as applicable.

9.3 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of any Applicant will occur and be effective as of the Implementation Date (or such other date as Pacific and the Requisite Consenting Parties may agree), and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the Applicants. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the Applicants, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this Plan shall be deemed to be effective and no such agreement shall have any force or effect.

9.4 Fractional Interests

No fractional Consolidated Common Shares shall be allocated or issued under this Plan, and fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of Pacific. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Consolidated Common Shares pursuant to this Plan shall be rounded down to the nearest whole number without compensation therefor.

9.5 Implementation Date Transactions

Commencing at the Implementation Time, the following events or actions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute intervals and at the times set out in this Section 9.5 (or at such other times, intervals, or order as the Applicants, the Monitor and the Requisite Consenting Parties may agree), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) The following shall occur concurrently:

(i) all Common Shares of Pacific held in treasury by Pacific shall be cancelled and shall be deemed to be cancelled without payment of any consideration therefor;

(ii) the Rights and the Existing Shareholder Rights Plan shall be cancelled and shall be deemed to be cancelled without any repayment of capital thereof or compensation therefor and shall cease to be of any further force or effect;

(iii) any and all Existing Share Options and the Stock Option Plan shall be cancelled and shall be deemed to be cancelled without any repayment of capital thereof or compensation therefor and shall cease to be of any further force or effect;

(iv) the DDSUs, the DDSU Plan, the EDSUs, and the EDSU Plan shall be cancelled and shall be deemed to be cancelled without any repayment of capital thereof or compensation therefor and shall cease to be of any further force or effect; and

(v) all Equity Claims, including Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any repayment of capital thereof or compensation therefor. Notwithstanding the foregoing, Existing Shareholders shall be entitled to continue to hold their Existing Shares in accordance with and subject to the terms of this Plan, including the Common Share Consolidation;

(b) All unpaid interest accrued to the Filing Date on each Affected Creditor's Affected Claim is forgiven, settled and extinguished in full;

(c) The outstanding principal amount of each Affected Creditor's Affected Claim is forgiven, settled and extinguished to the extent such principal amount exceeds the aggregate of (i) the fair market value on the Implementation Date of the Claim Settlement Shares to be issued to such Affected Creditor pursuant to Section 9.5(d)(iii) of this Plan, and (ii) the Cash Amount payable to such Affected Creditor pursuant to Section 9.5(d)(iii) of this Plan (the remaining amount of each such Affected Claim following such forgiveness, settlement and extinguishment being the "**Remaining Indebtedness**");

(d) The following shall occur concurrently:

(i) the Initial Cash Pool held by the Monitor in trust for Pacific shall be deemed to have been received by Pacific, and thereupon Pacific shall issue to the Plan Sponsor and the Equity Subscribers the Cash Consideration Shares;

(ii) the Disputed Distribution Claims Cash Pool held by the Monitor in trust for Pacific shall be deemed to have been received by and shall be held in trust for Pacific for distribution to Cash Election Creditors with Disputed Distribution Claims to the extent that such Disputed Distribution Claims subsequently become Distribution Claims;

(iii) in exchange for, and in full and final settlement of, the Remaining Indebtedness of each Affected Creditor: (A) Pacific shall distribute to each Affected Creditor other than Cash Election Creditors, its Share Amount; and (B) on behalf of Pacific, the Monitor shall distribute to each Cash Election Creditor its Cash Amount and, if applicable, Pacific shall distribute to each Cash Election Creditor, its Share Amount less its Elected Share Amount;

(iv) the Plan Sponsor Note shall be exchanged for the Plan Sponsor Shares in accordance with the DIP Note Indenture and Pacific shall add to the stated capital of the New Common Shares an amount as provided for in the Note Purchase Agreement, dated as of June 20, 2016, among Pacific, the Guarantors, the Plan Sponsor and the Investor DIP Note Purchasers;

(v) the Warrant Exercise Price (as defined in the DIP Warrant Indenture) in respect of Exercised Warrants shall be paid to Pacific by the Warrant Agent (as defined in the DIP Warrant Indenture) and (A) the exercise of the Exercised Warrants shall become effective in accordance with the terms of the DIP Warrant Indenture, and (B) Pacific shall issue the Warrant Shares to the holders of the Exercised Warrants (less any Warrant Shares in respect to DIP Warrants which are not Exercised Warrants), provided however that any Warrant Shares issuable to a holder of an Exercised Warrant that has not provided the certification required by section 3.3 of the DIP Warrant Indenture shall be held by Pacific pending release or cancellation in accordance with the DIP Warrant Indenture; and

(vi) Pacific shall issue the New Common Shares to be held in the Disputed Distribution Share Reserve;

(e) all interest accrued to the Implementation Date on the Plan Sponsor Note and on the Series 2 DIP Notes shall be paid in full;

(f) All New Common Shares issued as part of the implementation of this Plan shall be deemed to be issued and outstanding as fully-paid and non-assessable;

(g) Subject to the terms of the DIP L/C Credit Agreement and the DIP Note Indenture, as applicable, the following shall occur concurrently:

(i) the Series 2 DIP Notes shall be amended and restated as Exit Notes as defined in, and in accordance with, the DIP Note Indenture; and

(ii) the DIP L/C Credit Agreement shall be amended and restated as the Exit L/C Credit Agreement as defined in, and in accordance, with the DIP L/C Credit Agreement;

(h) The Amended Articles under the BCBCA shall become effective;

(i) The issued and outstanding Common Shares shall be consolidated on the basis of one Consolidated Common Share for each 100,000 Common Shares outstanding immediately prior to such consolidation (the "**Common Share Consolidation**"). Any fractional interests in the Consolidated Common Shares will, without any further act or formality, be cancelled without any repayment of capital thereof or compensation therefor. Following the completion of such consolidation, the total number of issued Consolidated Common Shares shall not exceed 50,000,000 plus the number of Consolidated Common Shares issued on account of the Existing Shares and the stated capital account of the Consolidated Common Shares shall be equal to the stated capital account of the Common Shares immediately prior to the Common Share Consolidation;

(j) If immediately following the Common Share Consolidation and the cancellation of any fractional shares resulting therefrom, the Existing Shares in the aggregate would constitute more than 0.006% of the issued and outstanding Common Shares (that is, for greater certainty, if the number of Consolidated Common Shares issued and outstanding immediately following the Implementation Date but prior to any Common Shares issued or issuable under a senior management incentive plan approved by the New Board would be more than 50,003,000), then to the extent that the post-consolidation Existing Shares in the aggregate exceed such percentage they shall be cancelled on a pro rata basis without any repayment of capital thereof or compensation therefor such that following such cancellation they do not in the aggregate exceed 0.006% of the issued and outstanding Common Shares;

(k) The New Shareholder Rights Plan shall become effective;

(l) The directors of Pacific immediately prior to the Implementation Time shall be deemed to have resigned and the New Board shall be deemed to have been appointed;

(m) The releases and injunctions referred to in Article 12 shall become effective;

(n) Pacific shall pay: (i) the outstanding fees and disbursements of the Assistants (as defined in the Initial Order), without duplication of the payments contemplated in Section 9.1; (ii) any amounts secured by the KERP Charge (as defined in the Initial Order), and (iii) amounts owing to the Trustee under section 8.5 of the 2019 Notes Indenture, under section 8.5 of the 2021 Notes Indenture, under section 8.5 of the 2023 Notes Indenture, and under section 8.5 of the 2025 Notes Indenture; and

(o) Pacific shall deliver and distribute the Consolidated Common Shares in accordance with Articles 10 and 11 of this Plan.

9.6 Cancellation of Notes, Indentures and Bank Facilities

From and after the Implementation Time, (a) the Notes and the Indentures will not entitle any Noteholder to any compensation or participation other than as expressly provided for in this Plan and shall be cancelled and will thereupon be null and void, and the obligations of the Applicants thereunder (including in respect of Guarantee Claims) or in any way related thereto shall be satisfied and discharged, except to the extent expressly preserved by this Plan, and (b) the Bank Facilities and any documents and security related thereto will not entitle any Bank Lenders (other than the Bank Agents in their capacities as such) to any compensation or participation other than as expressly provided for in this Plan and shall be cancelled and will thereupon be null and void, and the obligations of the Applicants thereunder (including in respect of Guarantee Claims) or in any way related thereto shall be satisfied and discharged. The Indentures will remain in effect for the purpose of permitting the Trustee to distribute the Claim Settlement Shares to the Noteholders subject to the Trustee's rights to recover its fees and expenses from the distributions if not paid from any other source.

ARTICLE 10 – PROVISIONS REGARDING DISTRIBUTIONS, DELIVERIES AND PAYMENTS

10.1 Delivery of Claim Settlement Shares to Noteholders

In order to effect the distribution of Claim Settlement Shares to Noteholders entitled in their capacities as Noteholders to distributions of Claim Settlement Shares in accordance with Section 5.2 hereof, or in respect of Disputed Distribution Claims of Noteholders, the following steps will be taken from and after the Implementation Date:

(a) Pacific shall use its commercially reasonable best efforts to cause the delivery of the Claim Settlement Shares to the Trustee for distribution through DTC to Noteholders under this Plan no later than the second Business Day following the Implementation Date (or such other date as Pacific and the Majority Consenting Noteholders may agree);

(b) DTC will surrender, or will cause the surrender of, the certificates, if any, representing the Notes to the Trustee in exchange for global certificates representing the Claim Settlement Shares (other than the Early Consent Shares) that the Noteholders are entitled to;

(c) The delivery of Claim Settlement Shares to Noteholders (other than Early Consent Shares) in exchange for the Notes will be made through the facilities of DTC to Participant Holders who, in turn, will make delivery of the Claim Settlement Shares to the Beneficial Noteholders pursuant to standing instructions and customary practices of DTC. If for any reason the Claim Settlement Shares are not DTC eligible, then the delivery of the Claim Settlement Shares shall be made by delivery of a share certificate to each Participant Holder, based on registration instructions received by, or on behalf of, the Monitor from Participant Holders in such manner as the Monitor determines reasonable in the circumstances;

(d) The delivery of Early Consent Shares to holders of Eligible Note Claims will be made either (i) by providing Direct Registration System advice or confirmation in the name of such holder of Eligible Note Claims (or its Participant Holder) and registered electronically in Pacific's records which will be maintained by its transfer agent for the Common Shares, or (ii) with the consent of Pacific and the AHC Advisors, in certificated form, which will be issued and delivered in accordance with the instructions to be provided by such holder of Eligible Note Claims in the Application for Early Consent Consideration;

(e) Pacific, its Directors and Officers, the Monitor and the Trustee will have no liability or obligation in respect of all deliveries from DTC, or its nominee, to Participant Holders or from Participant Holders to Beneficial Noteholders; and

(f) Upon receipt of and in accordance with written instructions from the Monitor, the Trustee shall instruct DTC to, and DTC shall: (i) establish an escrow position representing the respective positions of the Noteholders as of the Implementation Date for the purpose of making distributions to the Noteholders on and after the Implementation Date; and (ii) block any further trading in the Notes, effective as of the close of business on the third Business Day prior to the Implementation Date, all in accordance with the customary practices and procedures of DTC.

10.2 Delivery of Claim Settlement Shares to Bank Lenders

In order to effect the distribution of Claim Settlement Shares to those Bank Lenders entitled in their capacities as Bank Lenders to distributions of Claim Settlement Shares in accordance with Section 5.3 hereof, the following steps will be taken from and after the Implementation Date:

(a) Pacific shall use its commercially reasonable best efforts to cause the delivery of the Claim Settlement Shares to be distributed to Bank Lenders under this Plan no later than the second Business Day following the Implementation Date;

(b) At the Bank Lender Record Time, the transfer ledgers for Bank Lenders' Allowed Claims maintained by Pacific and/or the Bank Agents, as applicable, will be closed, and there will be no further changes in the record holders of such Bank Lenders' Allowed Claims for purposes of the Cash Election and for purposes of distributions of Claim Settlement Shares and Cash Amounts hereunder. Pacific, the Monitor and the Bank Agents will have no obligation to recognize any transfer of any Bank Lender Allowed Claim occurring after the Bank Lender Record Time and will be entitled instead to recognize and deal for all purposes under the Plan, including the Cash Election and distribution of Claim Settlement Shares and Cash Amounts, with only those record holders listed on the transfer ledgers as of the Bank Lender Record Time.

(c) The Monitor shall confirm with each Bank Lender as soon as practical that (a) it holds a Bank Lender Allowed Claim as of the Bank Lender Record Time, (b) the amount of that Bank Lender Allowed Claim as of the Bank Lender Record Time and (c) the contact information and the wire transfer instructions for each Bank Lender. The Monitor may seek the assistance of the Bank Agents in confirming this information, provided however that (i) the Bank Agents shall have no duty or obligation to provide, supplement or verify any information on their respective transfer ledgers or otherwise requested by or provided to the Monitor; (ii) the Bank Agents and any of their respective representatives and advisors shall be exculpated by all persons from any and all claims, causes of action, and other assertions of liability, and no holder of a claim or other party in interest shall have or pursue any claim or cause of action against the Bank Agents or any of their respective representatives and advisors, arising out of the Plan or any order of the Court in pursuant to or in furtherance of this Plan, including, without limitation, any assistance or information provided by the Bank Agents to the Monitor or Pacific; and (iii) the amount of any reasonable fees and expenses (including without limitation, reasonable attorneys' fees and expenses) incurred by the Bank Agents will be paid in cash by Pacific.

(d) Those Claim Settlement Shares deliverable pursuant to Section 9.5 to each Bank Lender shall be delivered by delivery of a share certificate to such Bank Lender.

10.3 Delivery of Claim Settlement Shares to General Creditors (other than Bank Lenders)

In order to effect the distribution of Claim Settlement Shares to those General Creditors (other than Bank Lenders) entitled in their capacities as General Creditors other than Bank Lenders to distributions of Claim Settlement Shares in accordance with Section 5.3 hereof, or in respect of Disputed Distribution Claims of such General Creditors, the following steps will be taken from and after the Implementation Date:

(a) Pacific shall use its commercially reasonable best efforts to cause the delivery of the Claim Settlement Shares to be distributed to General Creditors (other than Bank Lenders) under this Plan no later than the second Business Day following the Implementation Date;

(b) Pacific shall be entitled to use the address or delivery instructions provided by a General Creditor (other than Bank Lenders) in accordance with the Meeting Order; and

(c) Those Claim Settlement Shares deliverable pursuant to Section 9.5 to General Creditors (other than Bank Lenders) shall be delivered either (i) by delivery of a share certificate to the General Creditor (other than Bank Lenders), (ii) by direct registration system, or (iii) by delivery of such Claim Settlement Shares to the intermediary of the General Creditor (other than Bank Lenders) through an appropriate clearing facility.

10.4 Delivery of Consolidated Common Shares to Plan Sponsor

Plan Sponsor Shares shall be delivered, as directed by the Plan Sponsor, either (i) by delivery of a share certificate or share certificates to the Plan Sponsor on the Implementation Date, or (ii) by delivery of such Consolidated Common Shares to the intermediary of the Plan Sponsor through an appropriate clearing facility or otherwise.

10.5 Delivery of Consolidated Common Shares to holders of Exercised Warrants

Consolidated Common Shares deliverable pursuant to Section 9.5 and the DIP Warrant Indenture to the holders of Exercised Warrants will be effected through the facilities of DTC to Participant Holders who in turn will deliver such Consolidated Common Shares to the holders of Exercised Warrants pursuant to standing instructions and customary practices.

10.6 Delivery of Cash Amounts and Cash Consideration Shares

(a) From and after the Implementation Date, and in any event no later than ten (10) Business Days following the Implementation Date, the Monitor shall act as a disbursing agent (either directly or using such intermediaries as the Monitor may select) and the Monitor or such disbursing agent(s) shall disburse to each Cash Election Creditor (i) (A) with a Distribution Claim as at the Proxy/Election Deadline (or with respect to a Bank Lender Allowed Claim, as of the Bank Lender Record Time), (B) if applicable, who is otherwise entitled to Early Consent Shares, and (ii) who has validly made or has been deemed to make a Cash Election, their respective Cash Amount. The Monitor (or such disbursing agent) shall use such wire instructions or delivery instructions as are provided by the applicable Cash Election Creditor in his/her/its Cash Election Form.

(b) On the Implementation Date, Pacific shall issue the Cash Consideration Shares to the Plan Sponsor and the Equity Subscribers in such numbers pursuant to and in accordance with the terms of the Subscription Agreements.

10.7 Undeliverable Distributions

(a) If any distribution of Consolidated Common Shares or of a Cash Amount is undeliverable (for greater certainty, meaning that (i) it cannot be properly registered or delivered to the intended recipient because of inadequate or incorrect registration or delivery information, (ii) any cheque in respect of a Cash Amount is not deposited or cashed by the recipient within six (6) months from the date of issue, or (iii) it is otherwise undeliverable for any reason) (an "**Undeliverable Distribution**") it shall be retained by Pacific, or, in the case of a Cash Amount, by the Monitor in the Initial Cash Pool Account, which shall continue to hold such Undeliverable Distribution in escrow, and administer it in accordance with

this Section 10.7. No further distributions in respect of an Undeliverable Distribution shall be made unless and until Pacific and the Monitor are notified by the applicable Person of its current address and/or registration information, or other delivery instructions, as applicable, at which time Pacific, or, in the case of the Cash Amount, the Monitor, shall make such distributions to such Person.

(b) All claims for Undeliverable Distributions must be made on or before the date that is the 365th day following: (i) the Implementation Date, in the case of Distribution Claims; and (ii) the date that a Disputed Distribution Claim is finally resolved, after which the right to receive distributions under this Plan in respect of such an Undeliverable Distribution shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any compensation therefor, notwithstanding any federal, provincial, or state laws to the contrary, and: (i) any Consolidated Common Shares that are the subject of such Undeliverable Distribution shall be cancelled, and (ii) all undistributed Cash Amounts that are Undeliverable Distributions shall be forfeited and released to Pacific for its own benefit and use.

10.8 Consolidated Common Shares

The obligations of Pacific to deliver New Common Shares pursuant to this Plan shall, after the Common Share Consolidation, be satisfied by delivering the appropriate number of Consolidated Common Shares.

10.9 Withholding Rights

Pacific, the Monitor or DTC will be entitled to deduct and withhold from any consideration deliverable or otherwise payable to any Affected Creditor such amounts as Pacific, the Monitor or DTC is required to deduct or withhold with respect to such payment under the Income Tax Act (Canada) or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes hereof as having been paid to the Affected Creditors in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity. DTC is authorized, as agent for Pacific and the Monitor, to sell such portion of Common Shares otherwise deliverable to applicable Affected Creditors as is necessary to provide sufficient funds to Pacific, the Monitor or DTC, as the case may be, to enable them to comply with such deduction or withholding requirement (after deducting commission, other reasonable expenses incurred in connection with the sale, and any applicable taxes), and Pacific, the Monitor or DTC will notify the applicable Affected Creditor and remit any unapplied consideration including any unapplied balance of the net proceeds of such sale.

ARTICLE 11 – PROCEDURE FOR DISTRIBUTIONS REGARDING DISPUTED DISTRIBUTION CLAIMS

11.1 No Distribution Pending Allowance

An Affected Creditor holding a Disputed Distribution Claim will not be entitled to receive a distribution under the Plan in respect of such Disputed Distribution Claim or any portion thereof unless and until, and then only to the extent that, such Disputed Distribution Claim becomes a Distribution Claim.

11.2 Distributions After Disputed Distribution Claims Resolved

(a) Distributions of Consolidated Common Shares in relation to a Disputed Distribution Claim of an Affected Creditor will be held in treasury by Pacific, in the Disputed Distribution Share Reserve, for the benefit of the Affected Creditors with Disputed Distribution Claims until the final determination of the Disputed Distribution Claim in accordance with the Claims Procedure Order and this Plan.

(b) To the extent that any Disputed Distribution Claim becomes a Distribution Claim in accordance with this Plan, if the Affected Creditor:

(i) is a Beneficial Holder that has not made a Cash Election, Pacific shall distribute to such Affected Creditor the number of Consolidated Common Shares corresponding to number of New Common Shares it would have otherwise received pursuant to Section 5.2(b)(i);

(ii) is a Beneficial Holder that has made a Cash Election, the Monitor shall distribute to such Affected Creditor its Cash Amount, and, if applicable, Pacific shall distribute to such Affected Creditor the number of Consolidated Common Shares corresponding to number of New Common Shares it would have otherwise received pursuant to Section 5.2(b)(ii)(B);

(iii) is a General Creditor that has not made a Cash Election, Pacific shall distribute to such Affected Creditor the number of Consolidated Common Shares corresponding to number of New Common Shares it would have otherwise received pursuant to Section 5.3(a)(i); and

(iv) is a General Creditor that has made a Cash Election, the Monitor shall distribute to such Affected Creditor its Cash Amount, and, if applicable, Pacific shall distribute to such Affected Creditor the number of Consolidated Common Shares corresponding to number of New Common Shares it would have otherwise received pursuant to Section 5.3(a)(ii)(B).

(c) When and to the extent Affected Creditors become entitled to receive their Cash Amounts pursuant to Section 11.2(b), Pacific shall release to the Plan Sponsor and the Equity Subscribers from the Disputed Distribution Share Reserve the applicable number of Consolidated Common Shares in accordance with the terms of the applicable Subscription Agreements.

(d) On the earlier of (i) the first anniversary of the Implementation Date; and (ii) the date that all Disputed Distribution Claims have been finally resolved, in accordance with the Claims Procedure Order the Monitor shall remit the balance, including any cash interest accrued on the balance, in the Disputed Distribution Cash Pool Account, other than the amount of any Undeliverable Distributions, to the Plan Sponsor and the Equity Subscribers pursuant to and in accordance with the Subscription Agreements and any Cash Elections in respect of any remaining Disputed Distribution Claims shall automatically expire and be of no further force or effect. For clarity, interest earned on any amounts in the Disputed Distribution Cash Pool Account shall be paid to the Plan Sponsor and Equity Subscribers pursuant to the Subscription Agreements.

(e) On the date that all Disputed Distribution Claims have been finally resolved in accordance with the Claims Procedure Order and any required distributions contemplated in Section 11.2(b) of this Plan have been made (A) if the aggregate number of Consolidated Common Shares remaining in the Disputed Distribution Share Reserve is less than 500,000, Pacific shall cancel those Consolidated Common Shares; or (B) if the aggregate number of Consolidated Common Shares remaining in the Disputed Distribution Share Reserve is equal to or greater than 500,000, Pacific shall distribute in accordance with Article 10 such Consolidated Common Shares to the Affected Creditors with Distribution Claims such that after giving effect to such distributions each such Affected Creditor has received its applicable Pro Rata Share of such Consolidated Common Shares. In the case of an Affected Creditor that is a Cash Election Creditor, the reference to determination of its Pro Rata Share of such Consolidated Common Shares shall be based on the entitlement to its Share Amount.

ARTICLE 12 – RELEASES

12.1 Release

(a) At the Implementation Time, the Applicants, the Directors and Officers, and each of their respective financial advisors, legal counsel and agents (collectively, the "**Company Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Company Released Party, including without limitation any Affected Claim and any Guarantee Claim, whether or not any such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, where such right or claim is based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place (x) on or prior to the Implementation Date, or (y) after the Implementation Date in furtherance of the Plan and that is in any way relating to, arising out of or in connection with (i) the Notes; (ii) the Indentures; (iii) the Bank Facilities, (iv) the Existing Shares; (v) the Stock Option Plan and the Existing Share Options; (vi) the Existing Shareholder Rights Plan and the Rights; (vii) the EDSU Plan and the EDSUs; (viii) the DDSU Plan and the DDSUs; (ix) the Support Agreement, (x) Equity Claims; (xi) this Plan; (xii) the CCAA Proceedings; (xiii) the Chapter 15 Proceedings; (xiv) the Colombian Proceedings; (xv) the Subscription Agreements; (xvi) the Cash Elections; or (xvii) solely upon issuance of the Exit Notes and effectiveness of the Exit L/C Facility, respectively, the DIP Note Indenture or the DIP L/C Credit Agreement; provided, however, that nothing in this Section 12.1(a) will release or discharge:

(i) any Excluded Claim;

(ii) Pacific of or from its obligations under this Plan, under any Order, or under any document delivered by Pacific on the Implementation Date pursuant to this Plan; or

(iii) a Company Released Party if the Company Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

(b) At the Implementation Time, the Trustee, the Noteholders, the Ad Hoc Committee, the Bank Lenders, the Bank Agents and each of their respective financial advisors, legal counsel and agents (collectively, the "**Creditor Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Creditor Released Party, whether or not any such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, where such right or claim is based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place (x) on or prior to the Implementation Date, or (y) after the Implementation Date in furtherance of the Plan and that is in any way relating to, arising out of or in connection with (i) the Notes; (ii) the Indentures; (iii) the Bank Facilities, (iv) the Existing Shares; (v) the Stock Option Plan and the Existing Share Options; (vi) the Existing Shareholder Rights Plan and the Rights; (vii) the EDSU Plan and the EDSUs; (viii) the DDSU Plan and the DDSUs; (ix) the Support Agreement, (x) Equity Claims; (xi) this Plan; (xii) the CCAA Proceedings; (xiii) the Chapter 15 Proceedings; (xiv) the Colombian Proceedings; (xv) the Subscription Agreements; (xvi) the Cash Elections; or (xvii) solely upon issuance of the Exit Notes and effectiveness of the Exit L/C Facility, respectively, the DIP Note Indenture or the DIP L/C Credit Agreement; provided, however, that nothing in this Section 12.1(b) will release or discharge a Creditor Released Party of or from its obligations under this Plan, under any

Order, or under any document delivered by it or on its behalf on the Implementation Date pursuant to this Plan, and provided further that nothing in this Section 12.1(b) will release or discharge a Creditor Released Party if the Creditor Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

(c) At the Implementation Time, the Plan Sponsor and each of its financial advisors, legal counsel and agents (collectively, the "**Plan Sponsor Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Plan Sponsor Released Party, whether or not any such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, where such right or claim is based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place (x) on or prior to the Implementation Date, or (y) after the Implementation Date in furtherance of the Plan and that is in any way relating to, arising out of or in connection with (i) the Notes; (ii) the Indentures; (iii) the Bank Facilities, (iv) the Existing Shares; (v) the Stock Option Plan and the Existing Share Options; (vi) the Existing Shareholder Rights Plan and the Rights; (vii) the EDSU Plan and the EDSUs; (viii) the DDSU Plan and the DDSUs; (ix) the Support Agreement, (x) Equity Claims; (xi) this Plan; (xii) the CCAA Proceedings; (xiii) the Chapter 15 Proceedings; (xiv) the Colombian Proceedings; (xv) the Subscription Agreements; (xvi) the Cash Elections; or (xvii) solely upon issuance of the Exit Notes and effectiveness of the Exit L/C Facility, respectively, the DIP Note Indenture or the DIP L/C Credit Agreement; provided, however, that nothing in this Section 12.1(c) will release or discharge a Plan Sponsor Released Party of or from its obligations under this Plan, under any Order, or under any document delivered by it or on its behalf on the Implementation Date pursuant to this Plan, and provided further that nothing in this Section 12.1(c) will release or discharge a Plan Sponsor Released Party if the Plan Sponsor Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

12.2 Injunctions

All Persons (regardless of whether or not such Persons are Affected Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Implementation Time, with respect to any and all Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Plan.

12.3 Timing of Releases and Injunctions

All releases and injunctions set forth in this Article 12 shall become effective on the Implementation Date at the time or times and in the manner set forth in Section 9.5 hereof.

12.4 Knowledge of Claims

Each Person to which Section 12.1 hereof applies shall be deemed to have granted the releases set forth in Section 12.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have

under any applicable law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 13 – COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION

13.1 Application for Sanction Order

If this Plan is approved by the Required Majority, the Applicants shall apply for the Sanction Order on the date set for the hearing for the Sanction Order or such later date as the Court may set.

13.2 Sanction Order

The Sanction Order shall, among other things, declare that:

(a) this Plan and the transactions contemplated by it are fair and reasonable;

(b) this Plan (including the arrangements and releases set out herein) has been sanctioned and approved pursuant to section 6 of the CCAA and will be binding and effective as herein set out on the Applicants, all Affected Creditors, all holders of Equity Claims (including Existing Shareholders) and all other Persons as provided for in this Plan or in the Sanction Order;

(c) the Implementation Documents are approved;

(d) grant to the Monitor in addition to its rights and obligations under the CCAA, the powers, duties and protections contemplated by and required under the Plan;

(e) subject to the performance by the Applicants of their obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, no Person who is a party to any obligations or agreements shall, following the Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:

(i) any defaults or events of default arising as a result of the insolvency of the Applicants prior to the Implementation Date;

(ii) any defaults, events of default or cross-defaults under or in respect of any of the Notes or obligations thereunder;

(iii) any defaults, events of default or cross-defaults under or in respect of the Bank Facilities or obligations thereunder;

(iv) any change of control of Pacific or any other Applicant arising in connection with the implementation of this Plan;

(v) the fact that the Applicants have sought or obtained relief under the CCAA or that this Plan has been implemented by the Applicants;

(vi) the effect on the Applicants of the completion of any of the transactions contemplated by this Plan;

(vii) the appointment of the New Board of Pacific as provided in the Reorganized Pacific Articles;

(viii) any compromises or arrangements effected pursuant to this Plan; or

(ix) any other event(s) which occurred on or prior to the Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicants after the Filing Date;

(f) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 12.2 hereof shall be permanently enjoined;

(g) compromise, discharge and release the Released Parties from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released Parties in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;

(h) from and after the Implementation Date and until the Monitor has been discharged from its duties as Monitor in these CCAA Proceedings, the amount of the Administration Charge shall be reduced to an amount agreed to amongst the Monitor, Pacific and the Requisite Consenting Parties, or failing agreement on the amount, then the amount set by the Court, and the Administration Charge shall only be for the benefit of the Monitor and its counsel;

(i) authorize Pacific and the Monitor to seek an order of any court of competent jurisdiction to recognize the Plan and the Sanction Order and to confirm the Plan and the Sanction Order as binding and effective in any appropriate foreign jurisdiction; and

(j) from and after the Implementation Date, all Persons with an Affected Claim and holders of Equity Claims shall be deemed to have granted, and executed and delivered to the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

13.3 Conditions to Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by Section 13.4 hereof) of the following conditions:

(a) The Plan shall have been approved by the Required Majority at the Meeting;

(b) The Court shall have granted the Sanction Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(c) No Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Plan illegal or otherwise prohibited;

(d) All necessary judicial consents and any other necessary or desirable third party consents, if any, to deliver and implement all matters related to this Plan shall have been obtained;

(e) All documents necessary to give effect to all material provisions of this Plan (including the Sanction Order, this Plan, the Common Share Consolidation, the Cash Election, and the issuance of the New Common Shares to be issued under the Plan) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to the Applicants and the Requisite Consenting Parties;

(f) All required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, on terms satisfactory to the Requisite Consenting Parties and Pacific, each acting reasonably and in good faith and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(g) The Colombian Recognition Order Cash shall be released concurrently with the implementation of the Plan on the Implementation Date;

(h) The conditions precedent to the issuance of the Exit Notes pursuant to section 3.3 of the DIP Note Indenture shall be satisfied or waived;

(i) The conditions precedent to the effectiveness of the Exit L/C Facility under the DIP L/C Credit Agreement shall be satisfied or waived;

(j) The Plan Sponsor Subscription Amount shall have been received by the Monitor;

(k) The members of the New Board shall have been selected and publicly announced in accordance with Section 8.1 of this Plan;

(l) The Amended Articles shall have been deposited and filed in the record books in Pacific's record office maintained pursuant to the BCBCA, and the Sanction Order shall have been filed and registered as an effective order of the Supreme Court of British Columbia;

(m) The Voting Agreement shall have been executed by Pacific and the Plan Sponsor;

(n) The Consolidated Common Shares and Exit Notes shall be DTC eligible;

(o) The Consolidated Common Shares shall have been conditionally approved for listing on the TSX, the TSXV or such other Designated Offshore Securities Market acceptable to the Requisite Consenting Parties without any vote or approval of the Existing Shareholders, subject only to receipt of customary final documentation which is within Pacific's control to provide; and

(p) The issuance of Claim Settlement Shares shall be exempt from registration under the US Securities Act pursuant to the provisions of section 3(a)(10) of the US Securities Act.

13.4 Waiver of Conditions

The Applicants and the Requisite Consenting Parties may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such parties may agree to, provided however, that the conditions set out in Sections 13.3(a) and 13.3(b) cannot be waived.

13.5 Implementation Provisions

If the conditions contained in Section 13.3 are not satisfied or waived (to the extent permitted under Section 13.4) by the Outside Date, unless the Applicants and the Requisite Consenting Parties agree in

writing to extend such period, this Plan and the Sanction Order shall cease to have any further force or effect and will not be binding on any Person.

13.6 Monitor's Certificate of Plan Implementation

Upon written notice from the Applicants (or counsel on its behalf) to the Monitor that the conditions to Plan Implementation set out in Section 13.3, have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Applicants, serve on the service list for the CCAA Proceedings, and file with the Court, a certificate which states that all conditions precedent set out in Section 13.3 have been satisfied or waived and that the Implementation Date has occurred or will occur on a future date specified in the certificate.

ARTICLE 14 – GENERAL

14.1 Binding Effect

On the Implementation Date:

(a) the Plan will become effective at the Implementation Time and the transactions provided in this Plan to occur on the Implementation Date will be implemented as so provided;

(b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Applicants, all Affected Creditors, the Released Parties, and all other Persons named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;

(c) all Affected Claims shall be and shall be deemed to be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan; and

(d) each Person named or referred to in, or subject to the Plan, will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety.

14.2 Waiver of Defaults

From and after the Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants then existing or previously committed by the Applicants, or caused by the Applicants, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, guarantee, agreement for sale, deed, licence, permit or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and any of the Applicants arising directly or indirectly from the filing by the Applicants under the CCAA and the implementation of the Plan, including without limitation any of the matters or events listed in Section 13.2(e) and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under any such agreement shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicants from performing their obligations under the Plan or be a waiver of defaults by the Applicants under the Plan and the related documents.

14.3 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

14.4 Non-Consummation

The Applicants reserve the right to revoke or withdraw this Plan at any time prior to the Implementation Date, with the consent of the Monitor and the Requisite Consenting Parties.

If the Implementation Date does not occur on or before the Outside Date (as the same may be extended in accordance with the terms hereof and of the Support Agreement), or if this Plan is otherwise withdrawn in accordance with its terms: (a) this Plan shall be null and void in all respects, and (b) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants, their respective successors or any other Person; (ii) prejudice in any manner the rights of the Applicants, their respective successors or any other Person in any further proceedings involving the Applicants or their respective successors; or (iii) constitute an admission of any sort by the Applicants, their respective successors or any other Person.

Notwithstanding the foregoing, nothing shall affect the Plan Sponsor's and the DIP Note Purchasers' rights to recover the break fee from Pacific and the other Applicants under the Support Agreement, pursuant to the terms provided therein, or to the repayment of the obligations under the Plan Sponsor Note and the Series 2 DIP Notes issued pursuant to the DIP Note Indenture, in each case in accordance with the terms of the DIP Note Indenture, nor shall anything affect the rights of the letter of credit issuers under the DIP L/C Credit Agreement in accordance with the terms of the DIP L/C Credit Agreement.

14.5 Modification of Plan

(a) The Applicants may, at any time and from time to time, amend, restate, modify and/or supplement this Plan with the consent of the Monitor and the Requisite Consenting Parties, provided that: any such amendment, restatement, modification or supplement must be contained in a written document that is filed with the Court and:

(i) if made prior to or at the Meeting: (A) the Monitor, the Applicants or the Chair (as defined in the Meeting Order) shall communicate the details of any such amendment, restatement, modification and/or supplement to Affected Creditors and other Persons present at the Meeting prior to any vote being taken at the Meeting; (B) the Applicants shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and (C) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's website forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and

(ii) if made following the Meeting: (A) the Applicants shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court; (B) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's website; and (C) such amendment, restatement, modification and/or supplement shall require the approval of the Court following notice to the Affected Creditors.

(b) Where any amendment, restatement, modification or supplement of or to this Plan is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors, then notwithstanding Section 14.5(a) hereof and without additional steps, such amendment, restatement, modification or supplement may be made by the Applicants: (i) if prior to the date of the Sanction Order, with the consent of the Monitor and the Requisite Consenting

Parties; and (ii) if after the date of the Sanction Order, with the consent of the Monitor and the Requisite Consenting Parties and upon approval by the Court.

(c) Any amended, restated, modified or supplementary plan or plans of compromise filed with the Court and, if required by this Section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

14.6 Severability of Plan Provisions

If, prior to the Implementation Time, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, at the request of the Applicants, made with the consent of the Requisite Consenting Parties (acting reasonably), the Court shall have the power to either (a) sever such term or provision from the balance of this Plan and provide the Applicants and the Requisite Consenting Parties with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Implementation Time, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted, provided that the Requisite Consenting Parties have approved such alteration or interpretation, acting reasonably. Notwithstanding any such holding, alteration or interpretation, and provided that this Plan is implemented, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

14.7 Responsibilities of Monitor

PricewaterhouseCoopers Inc. is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants and this Plan and not in its personal or corporate capacity, and will not be responsible or liable for any obligations of the Applicants under the Plan or otherwise.

14.8 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail, email or by facsimile addressed to the respective Parties as follows:

(a) If to Pacific or any other Applicant:

Pacific Exploration & Production Corporation
333 Bay Street, Suite 1100
Toronto, Ontario M5H 2R2

Attention: Peter Volk
Fax: (416) 360-7783
Email: pvolk@pacificcorp.energy

With a copy to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800, P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Tony Reyes
Fax: (416) 216-3930

Email: tony.reyes@nortonrosefulbright.com

(b) If to the Monitor:

PricewaterhouseCoopers Inc., Monitor of the Applicants
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

Attention: Greg Prince and Mica Arlette
Fax: (416) 814-3210
Email: gregory.n.prince@ca.pwc.com / mica.arlette@ca.pwc.com

With a copy to:

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Robert Thornton / Rebecca Kennedy / Asim Iqbal
Fax: (416) 304-0595
Email: rthornton@tgf.ca / rkennedy@ tgf.ca / aiqbal@tgf.ca

(c) If to the Ad Hoc Committee:

Goodmans LLP
Suite 3400
333 Bay Street
Bay Adelaide Centre
Toronto, Ontario M5H 2S7

Attention: Brendan O'Neill / Celia Rhea
Fax: (416) 979-1234
Email boneill@goodmans.ca / crhea@goodmans.ca

(d) If to the Bank Lenders:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017

Attention: Angela Libby
Fax: (212) 701-5800
Email: angela.libby@davispolk.com

and to:

Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004

Attention: Gregg Bateman
Fax: (212) 480-8421
Email: bateman@sewkis.com

(e) If to the Plan Sponsor:

The Catalyst Capital Group Inc.
181 Bay Street Suite 4700, Box 792
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Attention: Gabriel de Alba
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With a copy to:

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-and-

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or to such other address as any party may from time to time notify the others in accordance with this Section 14.8. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or emailing, provided that such day in either event is a Business Day and the communication is so delivered, faxed or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

14.9 Consent of Majority Consenting Noteholders or Bank Lenders

For the purposes of this Plan, any matter requiring the agreement, waiver, consent or approval of (a) the Majority Consenting Noteholders shall be deemed to have been agreed to, waived, consented to or approved by such Majority Consenting Noteholders if such matter is agreed to, waived, consented to or approved in writing by Goodmans LLP, provided that Goodmans LLP expressly confirms in writing (which can be by way of e-mail) that it is providing such agreement, consent, waiver or approval on behalf of the Majority Consenting Noteholders, (b) the Majority Consenting Lenders shall be deemed to have been agreed to, waived, consented to or approved by such Majority Consenting Lenders if such matter is agreed to, waived, consented to or approved in writing by Davis Polk & Wardwell LLP and Seward & Kissel LLP, provided that each of Davis Polk & Wardwell LLP and Seward & Kissel LLP expressly confirms in writing (which can be by way of e-mail) that it is providing such agreement, consent, waiver or approval on behalf of the Majority Consenting Lenders.

14.10 Paramountcy

From and after the Implementation Time on the Implementation Date, any conflict between:

(a) this Plan; and

(b) the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Person and the Applicants and/or the Subsidiaries as at the Implementation Date,

will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

14.11 Further Assurances

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, each of the Persons named or referred to in, or subject to, this Plan will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

Schedule "A"

Ordinary Course Claims

The term "Ordinary Course Claims" as defined in the Plan shall include, without limitation, the following Claims:

1. The claims of the following Persons providing good or services to or in respect of any parts of the business of the Pacific Group in Colombia or Peru:

   Employees, tax authorities, counterparties in joint operating agreements and overriding royalty agreements, field service providers, utility providers of any kind, administrative service providers of any kind, the Agencia National de Hidrocarburos, other governmental agencies or entities including Ecopetrol, S.A., social agencies (including Colombian social security, health and retirement/pension institutions and/or agencies) and providers of social programs to which the Applicants or their affiliates contribute.

2. The claim of HSBC Bank USA, National Association, as Lender under the HSBC Credit Agreement, in the amount of $5872.80, with respect to legal fees, as described in a proof of claim filed by HSBC Bank USA, National Association, as Lender under the HSBC Credit Agreement, and dated June 9, 2016.

3. The claim of The Bank of Nova Scotia in the amount of $23,619.60, with respect to legal fees, as described in a proof of claim filed by The Bank of Nova Scotia and dated June 8, 2016.

Schedule “B”

Agreed Additional Excluded Claims

1. Ordinary Course Claims.

2. [List of Agreed Additional Excluded Claims to follow].

Schedule “C”

Reorganized Pacific Articles

ARTICLES

PACIFIC EXPLORATION & PRODUCTION CORPORATION

●, 2016

PACIFIC EXPLORATION & PRODUCTION CORPORATION

(the "Company")

ARTICLES

PACIFIC EXPLORATION & PRODUCTION CORPORATION

(the "Company")

1 INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "**affiliate**" has the meaning ascribed to such term in the *Business Corporations Act*;

(2) "**board of directors**", "**directors**" and "**board**" mean the directors or sole director of the Company, as the case may be;

(3) "***Business Corporations Act***" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(4) "**Catalyst**" means The Catalyst Capital Group Inc., together with its successors and assigns;

(5) "**Catalyst Group**" means Catalyst, any funds managed or administered by Catalyst or its affiliates and any affiliates of the foregoing, together with their respective successors and assigns;

(6) "**Catalyst Voting Agreement**" means the voting agreement between the Company and Catalyst entered into on the date even herewith;

(7) "***CCAA***" shall mean the *Companies' Creditors Arrangements Act* (Canada), as amended, and any successor statute thereto;

(8) "**Effective Date**" means the date on which the Plan of Arrangement is implemented;

(9) "**Interpretation Act**" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(10) "**legal personal representative**" means the personal or other legal representative of a shareholder, and includes a trustee in bankruptcy of the shareholder;

(11) "**Plan of Arrangement**" means the plan of arrangement or compromise of the Company under the CCAA (as approved by the Ontario Superior Court of Justice (Commercial List) in Toronto with Court File No. CV-16-11363-00CL);

(12) "**registered address**" of a shareholder means that shareholder's address as recorded in the central securities register;

(13) "**seal**" means the seal of the Company, if any;

(14) *"**Securities Transfer Act**"* means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(15) "**security**" has the meaning assigned to it in the *Securities Act* (British Columbia); and

(16) "**voting securities**" means securities of the Company that:

(a) are not debt securities; and

(b) carry voting rights in connection with the election of directors.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if these Articles were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles.

1.3 Conflicts Between Articles and the *Business Corporations Act*

If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail**.**

2 SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company is as follows:

(1) An unlimited number of common shares ("**Common Shares**"), without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:

(a) The holders of the Common Shares shall be entitled to receive notice of and to vote at every meeting of the shareholders of the Company and shall have one (1) vote thereat for each Common Share so held;

(b) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares (as defined below), the board of directors may from time-to-time declare a dividend, and the Company shall pay thereon out of the monies of the Company properly applicable to the payment of the dividends to the holders of Common Shares. For the purpose hereof, the holders of Common Shares receive dividends as shall be determined from time-to-time by the board of directors whose determination shall be conclusive and binding upon the Company and the holders of Common Shares; and

(c) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares, in the event of liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends) the holders of Common Shares shall be entitled to share equally.

(2) An unlimited number of preferred shares ("**Preferred Shares**"), without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:

(a) The board of directors may from time-to-time issue the Preferred Shares in one or more series, each series to consist of such numbers of shares as may before issuance thereof be determined by the board of directors;

(b) The board of directors may by resolution alter these Articles and authorize the alteration of the Notice of Articles of the Company (subject as hereinafter provided) to create any series of Preferred Shares and to fix before issuance, the designation, rights, privileges, restrictions and conditions to attach to the Preferred Shares of each series, including, without limiting the generality of the foregoing, the special rights and restrictions, whether preferred, deferred or otherwise, and whether in regard to redemption or return of capital, conversion into or exchange for the same or any other number of any other kind, class or series of securities of the Company or of any other corporation, dividends, voting, nomination, election or appointment of directors or other control, or other provisions attaching to the Preferred Shares of such series; and provided, however, that no shares of any series shall be issued until the Company has filed an alteration to the Notice of Articles with the Registrar of Companies, or such designated person in any other jurisdiction in which the Company may be continued;

(c) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full the shares of all series shall participate rateably in respect of accumulated dividends and return of capital;

(d) The Preferred Shares shall be entitled to preference over the Common Shares and any other shares of the Company ranking junior to the Preferred Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences over the Common Shares and any other shares of the Company ranking junior to the Preferred Shares as may be fixed by the resolution of the board of directors as to the respective series authorized to be issued;

(e) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority and payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, exclusive of any conversion rights that may affect the aforesaid;

(f) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preferred Shares nor shall the Company call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preferred Shares unless all dividends up to and including the dividend payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment;

(g) Preferred Shares of any series may be purchased for cancellation or made subject to redemption by the Company out of capital pursuant to the provisions of the *Business Corporations Act*, if the board of directors so provide in the resolution of the board of directors relating to the issuance of such Preferred Shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each such series as set forth in the said resolution of the board of directors and these Articles relating to the issuance of such series;

(h) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares, bonds, notes, debentures or other securities of the Company now or hereafter authorized; and

(i) No class of shares may be created or rights and privileges increased to rank in parity or priority with the Preferred Shares with regard to the rights and privileges thereof and without limiting the generality of the foregoing, capital and dividends, without the approval of the holders of the Preferred Shares.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Share Certificate or Acknowledgement

Each shareholder is entitled, without charge, to (a) one (1) share certificate representing the shares of each class or series of shares registered in the shareholder's name, or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement, and delivery of a share certificate or acknowledgement, for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Share Certificate or Acknowledgement

Subject to section 92 of the *Securities Transfer Act* in respect of a lost or destroyed share certificate, if the directors are satisfied that a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is worn out or defaced, the directors must, on production to them of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, the directors think fit:

(1) order the share certificate or acknowledgement, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgement, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Share Certificate or Acknowledgement

Subject to section 92 of the *Securities Transfer Act* in respect of a lost or destroyed share certificate, if a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgement, as the case may be, must be issued to the person entitled to that share certificate or acknowledgement, as the case may be, if the directors receive:

(1) proof satisfactory to the directors that the share certificate or acknowledgement is lost, stolen or destroyed; and

(2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate evidencing a share in the capital of the Company to the Company with a written request that the Company issue in the shareholder's name two (2) or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Share Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provide or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3 ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act*, the provisions of these Articles and rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may, at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act* and the provisions of these Articles, the Company may issue share purchase warrants, options or rights upon such terms and conditions as the board of directors determine, which share purchase warrants, options or rights may be issued alone or in conjunction with debentures, debenture stock, bonds, notes, shares or any other securities issued or created by the Company from time to time.

4 SECURITIES REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The board of directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The board of directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5 SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

(1) a duly signed instrument of transfer in respect of the share has been received by the Company;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(3) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgement has been surrendered to the Company.

5.2 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, a transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.3 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgements deposited with the instrument of transfer:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.4 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

5.5 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6 TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7 PURCHASE OR REDEMPTION OF SHARES

7.1 Company Authorized to Purchase or Redeem Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase or Redemption When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

8 BORROWING POWERS

The Company, if authorized by the board of directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(2) issue bonds, notes, debentures or other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; or

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9 ALTERATIONS

9.1 Alteration of Authorized Share Structure

(1) Subject to the *Business Corporations Act*, the Company may by resolution of the board of directors:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established; or

(c) subject to Article 2.1(2), alter the identifying name of any of its shares

(2) Subject to the *Business Corporations Act*, the Company may by special resolution:

(a) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(b) if the Company is authorized to issue shares of a class of shares with par value:

(A) decrease the par value of those shares; or

(B) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(c) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; or

(d) subject to Article 2.1(2), otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act* or the Plan of Arrangement.

9.2 Change of Name

The Company may by resolution of the board of directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.3 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10 MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting of shareholders is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting of shareholders within eighteen (18) months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting of shareholders at least once in each calendar year and not more than fifteen

(15) months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolutions in Lieu of Shareholder Meetings

(1) If all the shareholders who are entitled to vote at an annual general meeting of shareholders consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting of shareholders, the annual general meeting of shareholders is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting of shareholders.

(2) Pursuant to the *Business Corporations Act*, a resolution of the shareholders consented to in writing by all of the shareholders entitled to vote on it, whether by signed document, fax, email, or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the shareholders duly called and held. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the shareholders passed in accordance with this Article 10.2(2) is deemed to be a proceeding at a meeting of shareholders and to be as valid and effective as if it had been passed at a meeting of the shareholders that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the shareholders.

10.3 Calling of Meetings of Shareholders

Subject to Article 10.5, the directors may, whenever they think fit, call a meeting of shareholders.

10.4 Location of Meeting

A general meeting of the Company's shareholders may be held anywhere in the world as determined by the directors.

10.5 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, twenty-one (21) days;

(2) otherwise, ten (10) days,

but not more than two (2) months before the meeting.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two (2) months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four (4) months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, twenty-one (21) days;

(2) otherwise, ten (10) days.

If no record date is set, the record date is 5:00 p.m. (Toronto time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two (2) months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four (4) months. If no record date is set, the record date is 5:00 p.m. (Toronto time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Class Meetings and Series Meetings of Shareholders

Subject to the provisions of the *Business Corporations Act*, unless specified otherwise in these Articles or in the special rights and restrictions attached to any class or series of shares, the provisions of these Articles relating to general meetings will apply, with the necessary changes and so far as they are applicable, to a class meeting or series meeting of shareholders holding a particular class or series of shares.

10.9 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting of shareholders, all business is special business except business relating to the conduct of, or voting at, the meeting;

(2) at an annual general meeting of shareholders, all business is special business except for the following:

(a) business relating to the conduct of, or voting at, the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

(i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds (2/3) of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two (2) shareholders present in person or represented by proxy holding at least twenty-five percent (25%) of the shares eligible to vote at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder, and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the chief executive officer (if any), the secretary (if any), the assistant secretary (if any), the auditor of the Company, any lawyer of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board of directors, if any;

(2) if the chair of the board of directors is absent or unwilling to act as chair of the meeting, the chief executive officer, if any; or

(3) such other person designated by the board of directors.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, the person appointed under Article 11.9 above is not present within fifteen (15) minutes after the time set for holding the meeting, or if such person is unwilling to act as chair of the meeting, or if such person has advised the secretary, if any, or any director present at the meeting, that such person will not be present at the meeting, the members of the board of directors present must choose: one of their number, a senior officer or counsel to the Company to chair the meeting or if the director, senior officer or counsel present declines to take the chair or if the board of directors fail to so choose or if no director, senior officer or counsel is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for thirty days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article

11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven (7) days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of a meeting of the shareholders must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three (3) months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and during that period, make such ballots and proxies available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three (3) month period, the Company may destroy such ballots and proxies.

12 VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting of the shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting of the shareholders, personally or by proxy, and more than one of the joint shareholders votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two (2) or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of the shareholders by written instrument, fax or any other method of transmitting legibly recorded messages and:

(1) for that purpose, the instrument appointing a representative must:

(a) be received at the registered office of the Company or at any other place specified for the receipt of proxies, in the notice calling the meeting, at least the number of business days for the receipt of proxies specified in the notice, or if no number of days is specified in the notice, at least, two (2) business days before the day set for the holding of the meeting; or

(b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

12.6 Proxy Provisions Do Not Apply to All Companies

Article 12.9 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply. Articles 12.7 to 12.13 apply to the Company only insofar as they are not inconsistent with any applicable securities legislation and any regulations and rules made and promulgated under such legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by a securities commission or similar authorities appointed under that legislation.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of the shareholders of the Company may, by proxy, appoint one or more (but not more than five (5)) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the instrument of proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form designated by the directors, the scrutineer or the chair of the meeting:

[*name of company]*
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [*name*] or, failing that person, [*name*], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [*month, day, year*] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):_____.

Signed [*month, day, year*]

_____
[*Signature of shareholder*]

_____
[*Name of shareholder- printed*]

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must be by written instrument, fax or any other method of transmitting legibly recorded messages and must:

(1) be received at the registered office of the Company or at any other place specified for the receipt of proxies, in the notice calling the meeting, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, in the notice, at least two (2) business days before the day set for the holding of the meeting; or

(2) unless the notice provides otherwise, be deposited at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

12.11 Revocation of Proxy

Subject to Article 12.12, every proxy may be revoked by an instrument in writing that is:

(1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) deposited with the chair of the meeting, at the meeting, before any vote in respect of which the proxy is to be used shall have been taken.

12.12 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.11 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.13 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13 DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors is set at:

(1) from the date of these Articles to the date of the annual general meeting of shareholders held in 2019, the lesser of:

(a) seven (7); and

(b) the number of directors set under Article 14.4;

(2) from and after the date of the annual general meeting of shareholders held in 2019, excluding additional directors appointed under Article 14.8:

(a) If the Company is a public company, the greater of three (3) and the most recently set of:

(A) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(B) the number of directors set under Article 14.4

(b) If the Company is not a public company, the most recently set of:

(A) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(B) the number of directors set under Article 14.4.

13.2 Board Composition

(1) From the Effective Date until the earlier of (i) the date on which the Catalyst Group owns or controls less than 10% of the issued and outstanding voting securities of the Company and (ii) the date of the annual general meeting of shareholders to be held in 2019 (such period, the "**Independence Period**"), a majority of the directors must qualify as "independent" of the Company within the meaning of National Instrument 52-110 – *Audit Committees* or any successor instrument or legislation ("**NI 52-110**") and as "independent" of Catalyst within the meaning of NI 52-110 as if Catalyst was the "issuer" for purposes of NI 52-110 (each such director, an "**Independent Director**"); provided, however, that if at any time a majority of the directors are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any director who was an Independent Director, this requirement shall not be applicable for a period of ninety (90) days thereafter, during which time the remaining directors shall appoint a sufficient number of Independent Directors to comply with this requirement.

(2) As a condition of his or her appointment or election as a director of the Company during the Independence Period, each director who is appointed or elected as an Independent Director shall resign in the event that he or she ceases to qualify as an Independent Director during the Independence Period, and the board of directors shall accept his or her resignation. In the event that a director does not resign in accordance with the

immediately preceding sentence, he or she may be removed by the other directors pursuant to Article 14.11.

(3) On the Effective Date, the board of directors shall be comprised of the following individuals:[1]

(a) ●, who shall be the chair of the board of directors;

(b) ●;

(c) ●;

(d) ●;

(e) ●;

(f) ●; and

(g) ●,

(collectively, the "**Initial Directors**");

(4) At the end of the Initial Directors' initial term as directors at the date of the annual general meeting of shareholders to be held in 2017, each of the Initial Directors then in office shall be nominated for re-election at the annual general meeting of shareholders to be held in 2017, provided that such directors consent to re-election. In the event that any one or more of the Initial Directors then in office does not consent to re-election, another individual may be nominated for election by a majority of the directors then in office.

(5) Each of ●[2] and ●[3] shall be nominated for re-election at the annual general meeting of shareholders to be held in 2018, provided that such directors consent to re-election.

13.3 Change in Number of Directors

Subject to Article 13.2(1), if the number of directors is set under Article 13.1(1)(a), Article 13.1(2)(a)(A) or Article 13.1(2)(b)(A):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number and the Company will provide the shareholders with a reasonable opportunity to do so; and

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.4 Directors' Acts Valid Despite Vacancy

Subject to Article 13.2(1) and Article 15.2, an act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

[1] Three nominees to be selected by Catalyst, two nominees to be jointly selected by Catalyst and the Requisite Consenting Creditors (who must be independent), one RCN Proposed Director and one RCL Proposed Director. Actual names of these individuals will be included prior to the Effective Date.
[2] insert name of the RCN Proposed Director.
[3] insert name of the RCL Proposed Director.

13.5 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.6 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such who is also a director.

13.7 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.8 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the other directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the other directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.9 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14 ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting of shareholders and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting of shareholders for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting of shareholders, and all the shareholders who are entitled to vote at an annual general meeting of shareholders fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting of shareholders is required to be held under the *Business Corporations Act*; or

(2) the shareholders fail, at the annual general meeting of shareholders or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) the date on which his or her successor is elected or appointed; and

(4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors; provided that in doing so, the Independent Director requirements of Article 13.2(1) are satisfied.

14.6 Remaining Directors Power to Act

Subject to Article 13.2(1) and Article 15.2, the directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to Article 15.2 and the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the

board of directors; provided that in doing so, the Independent Director requirements of Article 13.2(1) are satisfied.

14.8 Additional Directors

Subject to Article 13.1(1)(a), between annual general meetings of shareholders or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment. In appointing any director(s) pursuant to this Article 14.8, the directors shall comply with the Independent Director requirements set forth in Article 13.2(1).

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy; provided that in doing so, the Independent Director requirements of Article 13.2(1) are satisfied. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy, provided that in doing so, the Independent Director requirements of Article 13.2(1) are satisfied.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, if the director ceases to be qualified to act as a director of a company and does not promptly resign, or if the director was elected or appointed as an Independent Director and during the Independence Period ceases to be an Independent Director and does not resign in accordance with Article 13.2(2), and the directors may appoint a director to fill the resulting vacancy; provided that in doing so, the Independent Director requirements of Article 13.2(1) are satisfied.

15 POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Acts Requiring Special Approval

(1) Notwithstanding anything contained herein, from the Effective Date until the date of the annual general meeting of shareholders held in 2019, none of the Company, the board of directors, management, or any other person or persons acting on behalf of the Company shall take or cause or permit the Company to take any of the following actions, expend any amount of money, make any decision or incur any obligation on behalf of the Company with respect to any matter enumerated below unless the action, expenditure or other decision has been approved by a majority of the board of directors, which majority shall (subject to Article 16.2) include (i) at least one (1) of ●[4] or ●[5] (for so long as such individuals are directors and if either of such individuals are no longer directors, any two (2) Independent Directors); and (ii) except with respect to a related party transaction (as defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**")) involving Catalyst, at least one (1) of ●, ● or ●[6] (or if such individuals are no longer directors, any one (1) director who is an employee of Catalyst, if any such individual is a director of the Company):

(a) incurring new funded indebtedness for borrowed money (including notes, debentures, bonds, guarantees or any other similar instruments) other than new funded indebtedness (i) not exceeding US$10 million in aggregate each calendar year; and (ii) not exceeding US$250,000,000 incurred for the purpose of redeeming or otherwise retiring all of the US$250,000,000 10% Senior Secured Notes due 2021 of the Company issued on the Effective Date;

(b) adopting, implementing or modifying in any material respect any compensation plans in which executives or senior management are eligible to participate, other than such plans that are designed primarily for the benefit of employees other than executives or senior management and the benefits thereof are principally for such employees;

(c) entering into, amending or modifying any related party transaction (as defined in MI 61-101);

(d) terminating the Catalyst Voting Agreement or amending, modifying or waiving any provision thereof;

(e) commencing an issuer bid (as defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*);

(f) issuing any shares of the Company or securities convertible or exchangeable into shares of the Company (other than pursuant to any compensation plan approved pursuant to this Article 15.2(1) or in connection with the conversion or exchange of any securities);

[4] insert name of the RCN Proposed Director.
[5] interest name of the RCL Proposed Director.
[6] insert names of the directors nominated by Catalyst.

(g) implementing any changes to the capital structure of the Company;

(h) commencing an issuance by the Company to all or substantially all of its existing security holders of a right to purchase additional equity securities of the Company's own issue (other than pursuant to a shareholder rights plan);

(i) effecting any material changes to the development plan or business plan of the Company;

(j) effecting any sale of material assets of the Company; or

(k) implementing any material amendments to these Articles (which shall include, for certainty, any amendment to Articles 13 through 19 hereof) or the Notice of Articles,

provided that any action, expenditure or other decision in respect of (h) above shall also be approved by each of ●[7] and ●[8] for so long as such individuals are on the board of directors.

(2) To the extent within the control of the board of directors, management or any other person or persons acting on behalf of the Company, the special approval requirements set forth in subsection (1) shall apply with respect to any action, expenditure or other decision within the scope of any of the matters enumerated in subsection (1) as they relate to any subsidiary of the Company.

15.3 Enforcement of Catalyst Voting Agreement

For so long as the Catalyst Voting Agreement remains in force and effect, the board of directors, management and any other person or persons acting on behalf of the Company shall use commercially reasonable efforts to ensure that the provisions of the Catalyst Voting Agreement are complied with and enforced, in all material respects.

15.4 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16 DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

[7] insert name of the RCN Proposed Director
[8] insert name the RCL Proposed Director

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

17 PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as the directors think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Subject to the provisions of these Articles, questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of the board of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the chief executive officer, if any, if the chief executive officer is a director; or

(3) any other director chosen by the directors if:

(a) neither the chair of the board nor the chief executive officer, if a director, is present at the meeting within fifteen (15) minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the chief executive officer, if a director, is willing to chair the meeting; or

(c) the chair of the board and the chief executive officer, if a director, have advised the secretary, if any, or any other director, that the chair of the board and the chief executive officer will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings,

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, at least forty-eight (48) hours' notice of each meeting of the board of directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the board of directors to a director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the directors or, if the number of directors is set at one (1), is deemed to be set at one (1) director, and that director may constitute a meeting.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(a) in all cases, if each of the directors entitle to vote on the resolution consents to it in writing; or

(b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article 17 may be evidence by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two (2) or more counterparts which together are deemed to constitute one entire document. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is deemed to effective on the date stated in the consent in writing and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to such meetings.

18 EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors;

(4) the power to approve any of the matters described in Article 15.2 or any act in furtherance thereof; and

(5) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors;

(d) the power to appoint or remove officers appointed by the directors; and

(e) the power to approve any of the matters described in Article 15.2 or any act in furtherance thereof; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within fifteen (15) minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19 OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

20 INDEMNIFICATION

20.1 Definitions

In this Article 21:

(1) "**eligible penalty**" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "**eligible proceeding**" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director, officer, or former officer of the Company (an "**eligible party**") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director, former director, officer or former officer of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and

(3) "**expenses**" has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company may indemnify a director, former director, officer or former officer of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company may, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director, former director, officer or former officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

21 DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to Article 2.1 and to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as the directors may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two (2) months. If no record date is set, the record date is 5:00 p.m. (Toronto time) on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as the directors deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of such joint shareholders may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

22 DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23 NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

(a) for a record mailed to a shareholder, the shareholder's registered address;

(b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or

(5) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1(1) is deemed to be received by the person to whom it was mailed on the day, Saturdays,

Sundays and holidays excepted, following the date of mailing. A record that is faxed to the fax number provided by the person referred to in Article 23.1(3) is deemed to be received by the person to whom it was faxed on the day it was faxed. A record that is emailed to the email address provided by the person referred to in Article 23.1(4) is deemed to be received by the person to whom it was emailed on the day that it was emailed.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to such person:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24 SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two (2) directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as the directors may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

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APPENDIX C
INITIAL ORDER

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 27TH
	)	
MR. JUSTICE NEWBOULD	)	DAY OF APRIL, 2016

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION, PACIFIC E&P HOLDINGS CORP., META PETROLEUM CORP., PACIFIC STRATUS INTERNATIONAL ENERGY LTD., PACIFIC STRATUS ENERGY COLOMBIA CORP., PACIFIC STRATUS ENERGY S.A., PACIFIC OFF SHORE PERU S.R.L., PACIFIC RUBIALES GUATEMALA S.A., PACIFIC GUATEMALA ENERGY CORP., PRE-PSIE COÖPERATIEF U.A., PETROMINERALES COLOMBIA CORP. AND GRUPO C&C ENERGIA (BARBADOS) LTD.

Applicants

INITIAL ORDER

THIS APPLICATION, made by Pacific Exploration & Production Corporation ("**Pacific**"), Pacific E&P Holdings Corp., Meta Petroleum Corp., Pacific Stratus International Energy Ltd., Pacific Stratus Energy Colombia Corp., Pacific Stratus Energy S.A., Pacific Off Shore Peru S.R.L., Pacific Rubiales Guatemala S.A., Pacific Guatemala Energy Corp., PRE-PSIE Coöperatief U.A., Petrominerales Colombia Corp. and Grupo C&C Energia (Barbados) Ltd. (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act* 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Ontario.

ON READING the affidavit of Peter Volk sworn April 27, 2016 and the Exhibits thereto (the "**Volk Affidavit**"), the supplementary affidavit of Peter Volk sworn April 27, 2016 (the

"**Supplementary Volk Affidavit**") and the pre-filing report of the proposed Monitor dated April 26, 2016 (the "**Proposed Monitor's Report**"), and on hearing the submissions of counsel for the Applicants, PricewaterhouseCoopers Inc. (as the proposed Monitor), the *ad hoc* committee acting for certain holders of Note Claims (the "**Ad Hoc Noteholder Committee**"), Bank of America N.A. and HSBC Bank USA, N.A. as administrative agents with respect to certain Bank Claims (the "**Agents**"), The Catalyst Capital Group Inc. (the "**Plan Sponsor**"), the L/C Providers (as those terms are defined herein), the independent committee of the board of directors of Pacific, Lazard Frères & Co. LLC, International Finance Corporation, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Alex Schmitt sworn April 27, 2016, filed, and on reading the consent of PricewaterhouseCoopers Inc. to act as the Monitor,

AND ON BEING ADVISED that the Applicants intend to commence recognition proceedings under Law 1116 of 2006 of the Republic of Colombia (the "**Colombian Proceedings**") and proceedings under chapter 15 of title 11 of the United States Code in the Southern District of New York (the "**U.S. Proceedings**", and collectively with the Colombian Proceedings, the "**Foreign Proceedings**"),

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that each of the Applicants is a company to which the CCAA applies.

REFERENCES TO DOLLARS

3. Unless otherwise stated, all references to dollars or $ herein are to dollars of the United States of America.

PLAN OF ARRANGEMENT

4. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain, employ or compensate the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**", including without limitation those Assistants named in **Schedule A** to this Order) currently retained, employed or compensated by any of them (and whether such Assistants are providing advice to the Applicants, or to other stakeholders), with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the Applicants shall be entitled to continue to utilize the cash management system currently in place as described in the Volk Affidavit or, with the approval of the DIP Note Purchasers (as defined herein), replace it with another substantially similar central cash management system including such modifications as may be required in order to comply with the terms of the DIP Financing Documents (as defined herein) (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the

Cash Management System, and shall be, in its capacity as provider of the Cash Management System or any part thereof, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. THIS COURT ORDERS that, subject to the terms and conditions of the Restructuring Support Agreement among the Applicants, the Plan Sponsor, certain holders of Note Claims and certain holders of Bank Claims (each as defined in **Schedule B** hereto) dated April 20, 2016 (the "**RSA**") and the DIP Financing Documents, including the Cash Flow Projections (as defined in the DIP Financing Documents), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained, employed or compensated by an Applicant in respect of these proceedings or any similar or ancillary proceedings in other jurisdictions or in respect of related corporate matters at their standard rates and charges;

(c) amounts owing for goods and services actually supplied by trade creditors to the Applicants in the ordinary course of business;

(d) any other costs and expenses, with the consent of the Monitor if any single payment exceeds $200,000; and

(e) the reasonable fees and disbursements of the indenture trustee for Pacific's senior unsecured notes, including the reasonable fees and expenses of counsel to the indenture trustee.

8. THIS COURT ORDERS that, subject to the terms of the RSA and the DIP Financing Documents, including the Cash Flow Projections, and except as otherwise provided to the

contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants or to the Business following the date of this Order.

9. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other Canadian taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes in Canada (collectively, "**Sales Taxes**") required to be remitted by the Applicants or any of them in connection with the sale of goods and services by the Applicants or any of them, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other Canadian taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants or any of them.

10. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. THIS COURT ORDERS that, except as specifically permitted herein and subject to the terms of the DIP Financing Documents, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its respective Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business, provided however that the Applicants shall be entitled to make payments with respect to the provision of goods and services to the Applicants, or any of them, and any other liabilities arising in the ordinary course of business and not contested by the Applicants, whether such liabilities arise prior to or after the date of this Order, including without limitation payments with respect to the liabilities identified on **Schedule C** to this Order.

RESTRUCTURING

12. THIS COURT ORDERS that, subject to such requirements as are imposed by the CCAA and the terms and conditions of the RSA and the DIP Financing Documents, and unless otherwise specified in this Order, Pacific shall have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its Business or operations in Canada;

(b) retain a solicitation agent (the "**Solicitation Agent**") and permit it to obtain proxies and/or voting information from creditors in respect of the Plan and any amendments thereto; and

(c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate,

all of the foregoing to permit the Applicants to proceed with the Restructuring (as defined in the RSA).

13. THIS COURT ORDERS that an Applicant shall provide each of the relevant landlords with notice of that Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the applicable Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the applicable Applicant, or by further Order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If an Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to that Applicant's claim to the fixtures in dispute.

14. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against an Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

15. THIS COURT ORDERS that each of the Applicants is authorized and empowered to take all steps and actions in respect of, and to comply with all of its obligations pursuant to, the

RSA, and that nothing in this Order shall be construed as waiving or modifying any of the rights, commitments or obligations of any of the Applicants under the RSA.

16. THIS COURT ORDERS that Pacific is authorized and empowered to take all steps and actions in respect of (i) the commitment letter between Pacific and the Plan Sponsor (the "**Plan Sponsor Commitment Letter**"), (ii) the commitment letter between Pacific and the Ad Hoc DIP Lenders (as defined herein) (the "**Ad Hoc Commitment Letter**"), and (iii) the commitment letter between Pacific and the L/C Providers (as defined herein") (the "**L/C Commitment Letter**", and together with the Ad Hoc Commitment Letter and the Plan Sponsor DIP Commitment Letter, the "**Commitment Letters**"), each dated as of April 20, 2016 and attached to the Volk Affidavit.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

17. THIS COURT ORDERS that until and including May 27, 2016, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants (or any of them) or any of their branches, or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court, provided however that nothing in this paragraph shall prevent any Proceedings duly authorized in the Colombian Proceedings with respect to Property not owned directly by any of the Applicants or any part of the Business not operated directly by the Applicants.

NO EXERCISE OF RIGHTS OR REMEDIES

18. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Applicants (or any of them) or any of their branches, or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) stay or suspend any rights or remedies duly authorized in the Colombian Proceedings with

respect to Property not owned directly by any of the Applicants or any part of the Business not operated directly by the Applicants, (ii) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (iii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

19. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Applicants, or any of their branches, except (i) for those parties to the RSA in accordance with the terms thereof, (ii) with the written consent of the Applicants and the Monitor, or (iii) with leave of this Court.

CONTINUATION OF SERVICES

20. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Applicants, or any of their branches, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Applicant in accordance with normal payment practices of that Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

23. THIS COURT ORDERS that each Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of that Applicant (i) after the commencement of the within proceedings, or (ii) in respect of actions taken as directors and officers of that Applicant relating to the within proceedings, the Foreign Proceedings, the Restructuring and the development and implementation of the Plan, except in each case to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

24. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**D&O Charge**") on the Property, which charge shall not exceed an aggregate amount of $11,000,000, as security for the indemnity

provided in paragraph 23 of this Order. The D&O Charge shall have the priority set out in paragraphs 54 and 56 herein.

25. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the D&O Charge, and (b) an Applicant's directors and officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

26. THIS COURT ORDERS that PricewaterhouseCoopers Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders (or members, as applicable), officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

27. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor receipts and disbursements of the Pacific Group (as defined in the Volk Affidavit) and make such inquiries as it deems appropriate with respect to the Cash Management System and the movement of cash within the Business;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Foreign Proceedings, and such other matters as may be relevant to the proceedings herein;

(c) provide updates, from time to time, to the Superintendencia de Sociedades of Colombia on the status of these proceedings;

(d) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lenders and/or their counsel or financial advisors of financial and other information as agreed to between the Applicants and the DIP Lenders including reporting on a basis to be agreed with the DIP Lenders;

(e) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lenders and/or their counsel or financial advisors, which information shall be reviewed with the Monitor and delivered to the DIP Lenders and/or their counsel or financial advisors in accordance with the DIP Financing Documents;

(f) advise the Applicants in their development of the Plan and any amendments to the Plan;

(g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;

(h) assist the Applicants, to the extent required by the Applicants, with their restructuring activities;

(i) Assist the Applicants, to the extent required by the Applicants, with any matters relating to the Foreign Proceedings and any other foreign proceedings commenced in relation to the Applicants;

(j) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(k) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(l) perform such other duties as are required by this Order or by this Court from time to time.

28. THIS COURT ORDERS that without limiting paragraph 27 above, in carrying out its rights and obligations in connection with this Order, the Monitor shall be entitled to take such reasonable steps and use such services as it deems necessary in discharging its powers and obligations, including, without limitation, utilizing the services of any other PricewaterhouseCoopers network firms.

29. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. THIS COURT ORDERS that the Monitor shall provide any creditor of an Applicant and the DIP Lenders and/or their respective counsel or financial advisors with information provided by that Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by any of the Applicants is confidential, the

Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

32. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

33. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and each of the Assistants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings; for greater certainty, the Financial Advisors (as defined in **Schedule B**) shall be paid their fees and disbursements in accordance with the terms of their respective engagement or commitment letters, in each case including such success fees as and when due under such engagement or commitment letters. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and the Assistants on a twice-monthly basis and, in addition, the Monitor, counsel to the Monitor, and the Assistants may retain such retainers as they hold as of the date of this Order, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

34. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and the Assistants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $45,000,000 (inclusive of success fees payable to Financial Advisors), as security for their professional fees and disbursements incurred (i) at the standard rates and charges of the Monitor, counsel to the Monitor, and each such Assistant, both before and after the making of this Order in respect of these proceedings; or (ii) as prescribed in the Financial Advisors' respective engagement or commitment letters. The fees and disbursements of the trustee or trustees under the DIP Notes

and the warrant indenture related thereto, as well as any collateral agent, common depositary, transfer agent, paying agent, settlement agent, listing agent, security registrar and any other similar service provider in respect thereof of in connection therewith, shall also be secured by the Administration Charge, at their standard rates and charges. The Administration Charge shall have the priority set out in paragraphs 54 and 56 hereof.

APPROVAL OF KERP / AMENDMENTS TO EMPLOYMENT TERMS

36. THIS COURT ORDERS that the Key Employee Retention Program (the **"KERP"**) described in the Supplemental Volk Affidavit, the details of which are included as Exhibit C-1 to the Supplementary Volk Affidavit, is hereby approved and that the Applicants are authorized and directed to make payments in accordance with the terms thereof to the maximum aggregate amount of $14,120,000.

37. THIS COURT ORDERS that the KERP Participants (as such term is defined in the Supplementary Volk Affidavit) shall be entitled to the benefit of and are hereby granted a charge (the **"KERP Charge"**) on the Property, to secure the amounts payable to the KERP Participants pursuant to paragraph 36 of this Order. The KERP Charge shall be in the amount and shall have the priority set out in paragraphs 54 and 56 hereof

38. THIS COURT ORDERS that the KERP Charge shall be a silent, passive charge, and that the KERP Participants shall not be entitled to enforce the KERP Charge without the prior leave of this Court on notice to the DIP Note Purchasers and the Monitor.

APPROVAL OF FINANCIAL ADVISORS' ENGAGEMENTS

39. THIS COURT ORDERS that the Applicants are authorized to continue the engagement of the Company's Financial Advisor (as defined in **Schedule A**) on the terms and conditions set out in the Company's Financial Advisor engagement letter dated December 17, 2015, as amended by a letter dated April 18, 2016.

40. THIS COURT ORDERS that the Applicants are authorized to continue the engagement of the IC Financial Advisor (as defined in **Schedule A**) on the terms and conditions set out in the IC Financial Advisor engagement letter dated March 10, 2016.

41. THIS COURT ORDERS that the Applicants are authorized to continue the engagement of the Noteholders' Financial Advisor (as defined in **Schedule A**) on the terms and conditions set out in the Noteholders' Financial Advisor engagement letter dated February 16, 2016.

42. THIS COURT ORDERS that the Applicants are authorized to continue the engagement of the Agents' Financial Advisor (as defined in **Schedule A**) on the terms and conditions set out in the Agents' Financial Advisor engagement letter dated December 7, 2015.

43. THIS COURT ORDERS that each of the Financial Advisor engagement letters (attached as confidential Exhibits C-1, C-2, C-3 and C-4 to the Volk Affidavit) is hereby ratified and confirmed and the Applicants are authorized to perform their obligations thereunder, and that the claims of the Financial Advisors shall be treated as unaffected in any Plan.

DIP FINANCING AND LETTER OF CREDIT FACILITY

44. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to issue senior secured notes (the "**DIP Notes**") to be purchased by the Plan Sponsor and certain members of the Ad Hoc Noteholders Committee (the "**Ad Hoc DIP Lenders**", together with the Plan Sponsor, the "**DIP Note Purchasers**", and any subsequent transferee of the DIP Notes shall be considered a DIP Note Purchaser for the purposes of this Order) pursuant to the Commitment Documents (defined below) in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the aggregate principal amount of the DIP Notes shall not exceed $500,000,000 unless permitted by further Order of this Court.

45. THIS COURT ORDERS that the DIP Notes shall be on the terms and subject to the conditions set forth in the Commitment Letters and the DIP/Exit Term Sheet attached thereto.

46. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to request the issuance, renewal or extension of letters of credit under a letter of credit facility (the "**L/C Facility**") from Banco Davivienda, Banco Corpbanca Colombia S.A., Citibank Colombia S.A., Banco Latinoamericano de Comercio Exterior, S.A. and Bank of America N.A. (collectively, the "**L/C Providers**") in order to finance the Applicants' letter of credit requirements, provided that borrowings under such L/C Facility shall not exceed $134,000,000

unless permitted by further Order of this Court. The DIP Note Purchasers, together with the L/C Providers, are herein collectively referred to as the "**DIP Lenders**").

47. THIS COURT ORDERS that the L/C Facility shall be on the terms and subject to the conditions set forth in the L/C Commitment Letter. The Commitment Letters and the DIP/Exit Term Sheet attached thereto, and the L/C Commitment Letter and the DIP LC Facility Term Sheet attached thereto, are collectively herein referred to as the "**Commitment Documents**").

48. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such note purchase agreements, indentures, collateral trust agreements, intercreditor agreements, credit agreements, mortgages, charges, hypothecs, debentures, pledges, cash collateral agreements, bank account control agreements, security account control agreements, and other security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Documents (the Commitment Documents, together with the Definitive Documents, the "**DIP Financing Documents**") or as may be reasonably required by the DIP Note Purchasers or the L/C Providers, as the case may be, pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, guarantees, interest, fees, liabilities and obligations to the DIP Lenders under and pursuant to the DIP Financing Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

49. THIS COURT ORDERS that the DIP Note Purchasers shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Note Charge**") on the Property, as security for amounts owing to them from time to time under the DIP Financing Documents, including the payment of the Break Fee (as defined in the DIP/Exit Term Sheet) (the "**Break Fee**"), which DIP Note Charge shall not secure an obligation that exists before this Order is made. The DIP Note Charge shall have the priority set out in paragraphs 54 and 56 hereof. For greater certainty, on approval of this Order by the Court the amounts secured from time to time under the DIP Financing Documents shall not be treated as obligations which existed prior to the date this Order is made.

50. THIS COURT ORDERS that the L/C Providers shall be entitled to the benefit of and are hereby granted a charge (the **"L/C Providers' Charge"** and, together with the DIP Note Charge, the "**DIP Lenders' Charge**") on the Property, as security for amounts owing from time to time to them under the DIP Financing Documents, which L/C Providers' Charge shall secure any reimbursement obligations that arises or matures after the date hereof in respect of any existing or outstanding letters of credit issued by the L/C Providers or any of them prior to the date of this Order, but shall not secure any reimbursement obligation that exists before this Order is made. The L/C Providers' Charge shall have the priority set out in paragraphs 54 and 56 hereof.

51. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

(a) each of the DIP Lenders may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Note Charge or the L/C Providers' Charge, as the case may be, and their respective DIP Financing Documents;

(b) upon the occurrence of an event of default under the DIP Financing Documents, the DIP Note Charge, or the L/C Providers' Charge, in each case as applicable, then the DIP Note Purchasers or the L/C Providers, as the case may be and if so entitled under their own DIP Financing Documents, upon five (5) days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the applicable DIP Financing Documents and the applicable DIP Lender's Charge, including without limitation, to cease making advances or providing letters of credit to the Applicants and set off and/or consolidate any amounts owing by such DIP Lender to the Applicants against the obligations of the Applicants to such DIP Lender under the the applicable DIP Financing Documents or the applicable DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Note Purchasers and the L/C Providers shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

52. THIS COURT ORDERS AND DECLARES that, except as provided in the DIP Financing Documents, each of the DIP Lenders shall be treated as unaffected in any Plan, or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the DIP Financing Documents.

53. THIS COURT ORDERS that the Break Fee is hereby approved and shall be payable in accordance with the terms of the Commitment Documents in lieu of any liability of Pacific, under any theory, that Pacific would have to the DIP Lenders for any indirect, consequential, special or punitive damages (including, without limitation, any loss of profits, business or anticipated savings) to the extent that they are in connection with or as a result of (i) the failure of the issuance of the DIP Notes to occur, or (ii) the Plan (including the equity warrants) and the recapitalization contemplated by the RSA not being fully consummated, on or before the DIP Maturity Date (as defined in the DIP Financing Documents); provided, however, that nothing in this paragraph is intended to limit Pacific's obligations and liabilities to the DIP Lenders under (a) the DIP Financing Documents, or (b) the Commitment Documents (including, for avoidance of doubt, with respect to the indemnification and Pacific's obligations to the Plan Sponsor under Article XIV of the Plan Sponsor Commitment Letter, as applicable).

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

54. THIS COURT ORDERS that the priorities of the Administration Charge, the DIP Note Charge, the KERP Charge, the D&O Charge, and the L/C Providers' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $45,000,000);

Second – DIP Note Charge and KERP Charge (with respect to the KERP Charge, to the maximum amount of $14,120,000), ranking *pari passu*;

Third – D&O Charge (to the maximum amount of $11,000,000); and

Fourth – L/C Providers' Charge.

55. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, the DIP Note Charge, the KERP Charge, the D&O Charge, and the L/C Providers' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

56. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

57. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the beneficiaries of each of the Charges, or further Order of this Court.

58. THIS COURT ORDERS that Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lenders thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Financing Documents shall create or be deemed to constitute a breach by an Applicant of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from an Applicant entering into the Commitment Documents, the creation of the Charges, or the execution, delivery or performance of the other DIP Financing Documents; and

(c) the payments made by any of the Applicants pursuant to this Order or the DIP Financing Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

59. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in an Applicant's interest in such real property leases.

POSTPONEMENT OF ANNUAL GENERAL MEETING

60. THIS COURT ORDERS that Pacific be and is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

SERVICE AND NOTICE

61. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the *Globe & Mail* (National Edition) and the *Wall Street Journal* (International Edition), a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor of Pacific who has a claim against Pacific of more than CDN $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the

prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

62. THIS COURT ORDERS that the Monitor is hereby discharged from the requirement to send notices as prescribed in paragraph 23(1)(a)(ii)(B) of the CCAA to the creditors of the Applicants, save and except for the creditors of Pacific as described in paragraph 61 hereof.

63. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in these proceedings, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'www.pwc.com/ca/pacific'.

64. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

SEALING

65. THIS COURT ORDERS that the volume of Confidential Exhibits to the Volk Affidavit and Supplementary Volk Affidavit be and are hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

66. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

67. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any Applicant, the Business or the Property.

68. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States, in the Republic of Colombia, or elsewhere, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor, as the case may be, in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

69. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a foreign representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including without limitation in the United States with respect to the U.S. Proceedings, and in Colombia with respect to the Colombian Proceedings.

70. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided, however, that the DIP Lenders shall be entitled to rely on this Order for all advances, loans made and note purchases completed, the payment of the Break Fee and other amounts paid under the DIP Notes, the L/C Facility and DIP Financing Documents up to and including the date that this Order may be varied or amended.

71. THIS COURT ORDERS that a comeback hearing in this matter shall be held on May 10, 2016 at 10:00 a.m. All materials with respect to such comeback hearing shall be filed with the Court and served on the Service List herein by no later than May 5, 2016, subject to further Order of this Court. 25

72. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 27 2016

PER / PAR: RW

Schedule A
List of Assistants retained as of the date of this Order

(a) the legal and financial advisors to the Company, including without limitation (i) Norton Rose Fulbright Canada LLP, (ii) Proskauer Rose LLP, (iii) J&A Garrigues S.L.P., (iv) Lazard Frères & Co. LLC (the "**Company's Financial Advisor**"), (v) Zolfo Cooper Management LLC, (vi) Osler Hoskin & Harcourt LLP (for the Independent Committee), and (vii) UBS Securities Canada Inc. (for the Independent Committee, the "**IC Financial Advisor**");

(b) the legal and financial advisors to the Ad Hoc Noteholder Committee, including, without limitation, (i) Goodmans LLP, (ii) Paul, Weiss, Rifkind, Wharton & Garrison LLP, (iii) Cardenas & Cardenas Abogados, and (iv) Evercore Group L.L.C. and Evercore Partners LLP (the "**Noteholders' Financial Advisor**");

(c) the legal and financial advisors to each administrative agent under the bank credit facilities, including, without limitation, (i) Torys LLP, (ii) Davis Polk & Wardwell LLP, (iii) Gómez-Pinzón Zuleta Abogados, (iv) Seward & Kissel LLP, and (v) FTI Consulting Inc. (the "**Agents' Financial Advisor**"); and

(d) the legal and financial advisors to the Plan Sponsor, including, without limitation, (i) Brown Rudnick LLP, (ii) McMillan LLP, and (iii) GMP Securities L.P.

The term "**Financial Advisors**" shall mean, collectively, the Company's Financial Advisor, the IC Financial Advisor, the Noteholders' Financial Advisor, and the Agents' Financial Advisor.

Schedule B
Definitions of Note Claims and Bank Debt Claims

"**Note Claims**" means all claims by holders under (i) the 5.375% senior unsecured notes due January 26, 2019 issued by the Company (the "**2019 Notes**"); (ii) the 7.25% senior unsecured notes due December 12, 2021 issued by the Company (the "**2021 Notes**"); (iii) the 5.125% senior unsecured notes due March 28, 2023 issued by the Company (the "**2023 Notes**"); and/or (iv) the 5.625% senior unsecured notes due January 19, 2025 (the "**2025 Notes**", and together with the 2019 Notes, 2021 Notes and 2023 Notes, the "**Notes**," and the claims and other obligations arising thereunder, and/or under the indentures and supplemental indentures governing the Notes.

"**Bank Debt Claims**" means all claims of lenders under each of (i) the $75,000,000 Master Credit Agreement dated as of April 4, 2014 among the Company, as borrower, the guarantors party thereto, and Banco Latinoamericano de Comercio Exterior, S.A. as lender (as amended, modified, restated or supplemented from time to time, the "**Bladex Facility**"); (ii) the $109,000,000 Credit and Guaranty Agreement dated as of May 2, 2013 among the Company, as borrower, the guarantors party thereto, and Bank of America, N.A. as lender (as amended, modified, restated or supplemented from time to time, the "**BofA Facility**"); (iii) the $250,000,000 Credit and Guaranty Agreement dated as of April 8, 2014 among the Company, as borrower, the guarantors party thereto, the lenders party thereto and HSBC Bank USA, N.A., as administrative agent (as amended, modified, restated or supplemented from time to time, the "**HSBC Facility**"); and/or (iv) the $1,000,000,000 Revolving Credit and Guaranty Agreement dated as of April 30, 2014 among the Company, as borrower, the guarantors party thereto, Bank of America, N.A. as administrative agent and the lenders party thereto (as amended, modified, restated or supplemented from time to time, the "**Revolving Facility**," and together with the Bladex Facility, the BofA Facility and the HSBC Facility, the "**Credit Facilities**" and the loans, commitments, and other obligations held by the applicable lenders pursuant to the Credit Facilities.

Schedule C
Unaffected Claims

The claims of the following Persons providing good or services to or in respect of any parts of the Business in Colombia or Peru:

Employees, tax authorities, counterparties in joint operating agreements and overriding royalty agreements, field service providers, utility providers of any kind, administrative service providers of any kind, the Agencia National de Hidrocarburos, other governmental agencies or entities including Ecopetrol, S.A. , social agencies (including Colombian social security, health and retirement/pension institutions and/or agencies) and providers of social programs to which the Applicants or their affiliates contribute.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION, PACIFIC E&P HOLDINGS CORP., META PETROLEUM CORP., PACIFIC STRATUS INTERNATIONAL ENERGY LTD., PACIFIC STRATUS ENERGY COLOMBIA CORP., PACIFIC STRATUS ENERGY S.A., PACIFIC OFF SHORE PERU S.R.L., PACIFIC RUBIALES GUATEMALA S.A., PACIFIC GUATEMALA ENERGY CORP., PRE-PSIE COÖPERATIEF U.A., PETROMINERALES COLOMBIA CORP. AND GRUPO C&C ENERGIA (BARBADOS) LTD.

Applicants

Court File No.: CV-16-11363-00CL

C-29

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL ORDER
(Returnable April 27, 2016)

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Lawyers for the Applicants

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APPENDIX D
MEETING ORDER
(EXCLUDING SCHEDULES)

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	THURSDAY, THE 30TH
	)	
JUSTICE NEWBOULD	)	DAY OF JUNE, 2016

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION, PACIFIC E&P HOLDINGS CORP., META PETROLEUM CORP., PACIFIC STRATUS INTERNATIONAL ENERGY LTD., PACIFIC STRATUS ENERGY COLOMBIA CORP., PACIFIC STRATUS ENERGY S.A., PACIFIC OFF SHORE PERU S.R.L., PACIFIC RUBIALES GUATEMALA S.A., PACIFIC GUATEMALA ENERGY CORP., PRE-PSIE COÖPERATIEF U.A., PETROMINERALES COLOMBIA CORP. AND GRUPO C&C ENERGIA (BARBADOS) LTD.

Applicants

MEETING ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants, including the affidavit of Peter Volk sworn June 27, 2016 and the Exhibits thereto (the "**Volk Affidavit**") and the Fourth Report of the Monitor dated June 29, 2016 (the "**Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor, the *ad hoc* committee acting for certain holders of Noteholder Claims

(the "**Ad Hoc Committee**"), Bank of America N.A. and HSBC Bank USA, N.A. as administrative agents with respect to certain Bank Claims, The Catalyst Capital Group Inc. (including any funds managed by it or its affiliates, the "**Plan Sponsor**"), the independent committee of the board of directors of Pacific, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Alexander Schmitt sworn June 28, 2016, filed,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion herein be and is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. THIS COURT ORDERS that capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan (as defined below) or, if not so defined therein, then as defined in the Claims Procedure Order granted in these proceedings on May 10, 2016 (the "**Claims Procedure Order**").

MONITOR'S ROLE

3. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under (i) the CCAA; (ii) the Initial Order; and (iii) the Claims Procedure Order, is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Meeting Order, including in respect of the Cash Election.

4. THIS COURT ORDERS that: (i) in carrying out the terms of this Meeting Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Order, the Claims Procedure Order, or as an officer of the Court, including the stay of proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this

Meeting Order, save and except for any gross negligence or wilful misconduct on its part; (iii) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants without independent investigation; and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

PLAN OF COMPROMISE AND ARRANGEMENT

5. THIS COURT ORDERS that the draft Plan of Compromise and Arrangement, as found at Exhibit "B" to the Volk Affidavit (as the same may be amended from time to time, the "**Plan**") be and is hereby accepted for filing with the Court, and that the Applicants are authorized to seek approval of the Plan by the Affected Creditors holding Voting Claims or Disputed Voting Claims (each an "**Eligible Voting Creditor**") at the Meeting (as defined below) in the manner set forth herein.

6. THIS COURT ORDERS that the Applicants, with the consent of the Plan Sponsor, the Majority Consenting Noteholders and the Majority Consenting Lenders, be and are hereby authorized to amend, modify and/or supplement the Plan, provided that any such amendment, modification or supplement shall be made in accordance with the terms of Section 14.5 of the Plan.

7. THIS COURT ORDERS that, if any amendments, modifications and/or supplements to the Plan as referred to in paragraph 6, above, would, if disclosed, reasonably be expected to affect an Eligible Voting Creditor's decision to vote for or against the Plan, notice of such amendment, modification and/or supplement shall be distributed in advance of the Meeting, subject to further order of this Court, by the Monitor using the method most reasonably practicable in the circumstances, as the Monitor may determine.

MEETING AND NOTICE OF MEETING

8. THIS COURT ORDERS that the Applicants are authorized to call a meeting (the "**Meeting**") of a single class of Affected Creditors to consider and vote upon the Plan, all in accordance with the provisions of this Meeting Order.

9. THIS COURT ORDERS that each of the following in substantially the forms attached to this Meeting Order as **Schedules "A"**, "**B**", "**C**" and (with respect to the Information Circular) as attached to the Volk Affidavit as Exhibit "A", respectively, are hereby approved:

(a) the form of notice of the Meeting and Sanction Hearing (the "**Notice of Meeting**");

(b) the form of proxy for Affected Creditors, other than Noteholders with respect to Noteholder Claims (the "**General Creditor Proxy**");

(c) the form of Cash Election Form which may be completed by Affected Creditors other than Noteholders (the "**General Creditor Cash Election Form**"); and

(d) the draft information circular (Exhibit "A" to the Volk Affidavit) prepared by Pacific with respect to the Plan (the "**Information Circular**"),

(collectively, the "**General Creditor Information Package**").

10. THIS COURT ORDERS that each of the following in substantially the forms attached to this Meeting Order as **Schedules** "**D**", "**E**", "**F**", "**G**" and "**H**", respectively, are hereby approved:

(a) the voting instruction form for Beneficial Noteholders with respect to the Noteholders' Allowed Claim (the "**Beneficial Noteholder Voting Instruction Form**");

(b) the form to be completed by Early Consent Consideration Noteholders who are claiming Early Consent Consideration (the "**Application for Early Consent Consideration**"), which shall also include an election to make a Cash Election in respect of any entitlement to receive Early Consent Shares;

(c) the form of Cash Election Form which may be completed by Beneficial Noteholders (the "**Beneficial Noteholders Cash Election Instruction Form**");

(d) the form of Master Proxy for Participant Holders (as defined below) (the "**Master Proxy**"); and

(e) the form of Master Cash Election Form for Participant Holders (the "**Master Cash Election Form**"),

(collectively, with the Notice of Meeting and the Information Circular, the "**Noteholder Information Package**").

11. THIS COURT ORDERS that, notwithstanding paragraphs 9 and 10 above (a) prior to distribution to Affected Creditors of the forms attached as Schedules hereto, and the Information Circular, the Applicants may amend any such forms and the Information Circular in any manner that is not materially adverse to Affected Creditors, (b) the Applicants are hereby authorized to use, in lieu of the forms attached as Schedules "C", "D", "E", "F" "G" and "H", such other electronic instruction forms as may be provided by Broadridge Investor Services Inc. ("**Broadridge**") or as may be used in the Automated Tender Offer Program operated by DTC ("**ATOP**"), for such purposes, and (c) subject to paragraph 7 above, the Applicants are at any time prior to or at the Meeting hereby authorized to make any amendments, modifications and/or supplements to any part of the General Creditor Information Package and the Noteholders Information Package (collectively, the "**Information Packages**", and each an

"**Information Package**"), as the Applicants, the Requisite Consenting Parties (as defined in the Plan) or the Monitor may determine ("**Material Modifications**"), and that notice of such Material Modifications shall be distributed by the Applicants or the Monitor using the method most reasonably practicable in the circumstances, as the Monitor may determine.

12. THIS COURT ORDERS that, as soon as practicable after the granting of this Meeting Order, but in no event later than July 13, 2016, the Monitor shall cause a copy of the Information Packages (and any amendments made thereto in accordance with paragraph 11 hereof), this Meeting Order, and the Report to be posted on the Monitor's Website. The Monitor shall ensure that the Information Packages (and any amendments made thereto in accordance with paragraph 11 hereof) remain posted on the Monitor's Website until at least one (1) Business Day after the Implementation Date.

13. THIS COURT ORDERS that, as soon as practicable after the granting of this Meeting Order, but in no event later than July 13, 2016, the Monitor shall send the Noteholder Information Package to Kingsdale Shareholder Services (the "**Solicitation Agent**") and Broadridge, for distribution to Noteholders (in respect of their Noteholder Claims), all in accordance with this Meeting Order.

14. THIS COURT ORDERS that, as soon as practicable after the granting of this Meeting Order, but in no event later than July 13, 2016, the Monitor shall send the General Creditor Information Package to all Affected Creditors, other than Noteholders with respect to Noteholder Claims, in accordance with this Meeting Order. For greater certainty, Bank Lenders shall each be sent a General Creditor Information Package and shall each be responsible for the completion and submission of the forms required by this Meeting Order.

15. THIS COURT ORDERS that, as soon as practicable after the granting of this Meeting Order, the Monitor shall use reasonable efforts to cause the Notice of Meeting (substantially in

the form attached hereto as **Schedule "A"**) to be published for a period of one (1) Business Day in The Globe and Mail (National Edition) and the Wall Street Journal (International Edition).

BANK LENDER SOLICITATION PROCESS

16. THIS COURT ORDERS that the record date for the purposes of determining which Bank Lenders are entitled to receive notice of the Meeting, vote at the Meeting with respect to their Bank Lender Allowed Claim, make a Cash Election, and receive distributions on account of a Bank Lender Allowed Claim shall be 5:00 p.m. (Toronto time) on July 8, 2016 (the "**Bank Lender Record Time**"), without prejudice to the right of the Applicants, with the consent of the Monitor, to set any other record date or dates for the purpose of distributions under the Plan or other purposes. At the Bank Lender Record Time, the transfer ledgers for Bank Lenders' Allowed Claims, maintained by the Applicants and/or the Bank Agents (as defined below), as applicable, will be closed, and there will be no further changes in the record holders of such Bank Lenders' Allowed Claims for any purpose hereunder. The Applicants, the Monitor and the Bank Agents will have no obligation to recognize any transfer of any Bank Lender's Allowed Claim occurring after the Bank Lender Record Time and will be entitled instead to recognize and deal for all purposes under the Plan with only those record holders listed on the transfer ledgers as of the Bank Lender Record Time (each such record holder, a "**Bank Lender of Record**").

17. THIS COURT ORDERS that the Monitor shall confirm with each Bank Lender as soon as practicable that (a) it holds a Bank Lender Allowed Claim as of the Bank Lender Record Time, (b) the amount of that Bank Lender Allowed Claim as of the Bank Lender Record Time and (c) the contact information and the wire transfer instructions for each Bank Lender. The Monitor may seek the assistance of Bank of America, N.A. and HSBC Bank USA, N.A. as agents under the Bank Facilities (the "**Bank Agents**") in confirming this information, provided however that (i) the Bank Agents shall have no duty or obligation to provide, supplement or

verify any information on their respective transfer ledgers or otherwise requested by or provided to the Monitor; (ii) the Bank Agents and any of their respective representatives and advisors shall be exculpated by all persons from any and all claims, causes of action, and other assertions of liability, and no holder of a claim or other party in interest shall have or pursue any claim or cause of action against the Bank Agents or any of their respective representatives and advisors, arising out of the Plan or any order of the Court pursuant to or in furtherance of this Plan, including, without limitation, any assistance or information provided by the Bank Agents to the Monitor or Pacific; and (iii) the amount of any reasonable fees and expenses (including without limitation, reasonable attorneys' fees and expenses) incurred by the Bank Agents will be paid in cash by Pacific.

NOTEHOLDERS SOLICITATION PROCESS

18. THIS COURT ORDERS that the record date for the purposes of determining which Beneficial Noteholders are entitled to receive notice of the Meeting and vote at the Meeting with respect to their Noteholders' Allowed Claim shall be 5:00 p.m. (Toronto time) on July 8, 2016 (the "**Noteholder Record Date**"), without prejudice to the right of the Applicants, with the consent of the Monitor, to set any other record date or dates for the purpose of distributions under the Plan or other purposes.

19. THIS COURT ORDERS that as soon as practicable after the Noteholder Record Date, the Trustee shall provide the Solicitation Agent and the Monitor with a list showing the names and addresses of all persons who are DTC participants (each, a "**Participant Holder**") and the principal amount of Notes held by each Participant Holder as at the Noteholder Record Date (the "**Participant Holders List**").

20. THIS COURT ORDERS that, upon receipt by the Solicitation Agent and the Monitor of the Participant Holders List or other information iden fying Participant Holders, the Solicitation

Agent, with the assistance of Broadridge, shall promptly contact each Participant Holder to determine, in consultation with the Monitor, the number of Noteholder Information Packages such Participant Holder requires in order to provide one to each Beneficial Noteholder that has an account (directly or indirectly through an agent or custodian) with the Participant Holder, and each Participant Holder shall provide to the Solicitation Agent and/or Broadridge a response within three (3) Business Days of receipt of this information request. The Solicitation Agent and/or Broadridge shall, upon receipt, forthwith deliver a copy of that response to the Monitor.

21. THIS COURT ORDERS that:

(a) As soon as practicable after receiving from a Participant Holder the information referred to in paragraph 20, the Solicitation Agent, in consultation with the Monitor and the Trustee, will utilize Broadridge to send the Noteholder Information Package to such Participant Holder via e-mail (with a copy to the Monitor) for distribution to the applicable Beneficial Noteholders by such Participant Holder;

(b) On or July 13, 2016, the Solicitation Agent, in consultation with the Monitor, shall send via email to the Trustee, an electronic copy of the Noteholder Information Package; and

(c) As soon as practicable after the Applicants, the Monitor or the Solicitation Agent receives a request from any Person claiming to be a Beneficial Noteholder, the Solicitation Agent, in consultation with the Monitor and Trustee, shall send via email to such Person (with a copy to the Monitor) an electronic copy of the Noteholder Information Package.

22. THIS COURT ORDERS that each Participant Holder shall within three (3) Business Days of receipt of a Noteholder Information Package deliver to each Beneficial Noteholder which has an account (directly or through an agent or custodian) with such Participant Holder the Noteholder Information Package, other than the Master Proxy, and the Master Cash Election Form. The Participant Holder shall take any other action required to enable such Beneficial Noteholder to return to the Participant Holder a completed Beneficial Noteholder Voting Instruction Form, Beneficial Noteholder Cash Election Instruction Form and Application for Early Consent Consideration, if applicable, and to vote at the Meeting with respect to the Notes owned by such Beneficial Noteholder as at the Noteholder Record Date.

23. THIS COURT ORDERS that accidental failure of, or accidental omission by, the Solicitation Agent to provide a copy of the Noteholder Information Package to any one or more of the Participant Holders, the non-receipt of a copy of the Noteholder Information Package by any Noteholder beyond the reasonable control of the Solicitation Agent or any failure or omission to provide a copy of the Noteholder Information Package as a result of events beyond the reasonable control of the Solicitation Agent (including, without limitation, any inability to use postal services, or an inability to contact Participant Holders) shall not constitute a breach of this Meeting Order, and shall not invalidate any resolution passed or proceedings taken at the Meeting, but if any such failure or omission is brought to the attention of the Monitor prior to the Meeting, then the Monitor shall use reasonable efforts to rectify the failure or omission by the method and in the time most reasonably practicable in the circumstances.

24. THIS COURT ORDERS that the Monitor and the Solicitation Agent shall have no liability whatsoever to any Person regarding any act taken by, or any omission of, the Solicitation Agent in connection with the Solicitation Agent's responsibilities and activities in performing the services to the Applicants that are set out in this Meeting Order, the Claims Procedure Order, any agreement with the Applicants or any other order of this Court, and all Persons shall be and

are hereby barred from commencing any action or proceeding against the Monitor or the Solicitation Agent with respect thereto.

25. THIS COURT ORDERS that with respect to votes to be cast at the Meeting by a Noteholder, it is the Beneficial Noteholder (and for greater certainty not the Registered Holder or the Participant Holder of such Notes, unless such Registered Holder or Participant Holder holds such Notes on its own behalf and not on behalf of any other Beneficial Noteholder) who is entitled to cast such votes as an Eligible Voting Creditor. Each Beneficial Noteholder (or Registered Holder or Participant Holder that holds such Notes on its own behalf and not on behalf of any other Beneficial Noteholder) that casts a vote at the Meeting in accordance with this Meeting Order shall be counted as an individual Affected Creditor.

26. THIS COURT ORDERS that the Monitor may amend the solicitation process for Beneficial Noteholders as may be deemed appropriate by the Monitor in consultation with the counsel for the Applicants, the Plan Sponsor and the Ad Hoc Committee in order to ensure that all Beneficial Noteholders who wish to vote at the Meeting are able to vote at the Meeting.

NOTICE SUFFICIENT

27. THIS COURT ORDERS that the publication of the Notice of Meeting in accordance with paragraph 15 above, the sending of a copy of the applicable Information Packages to Affected Creditors in accordance with paragraphs 13 and 14 above, the posting of the Information Packages on the Monitor's Website, and the provision of notice to the Noteholders and others in the manner set out in paragraphs 12, and 15 through 22 above, shall constitute good and sufficient notice of this Meeting Order, the Plan and the Notice of Meeting on all Persons who may be entitled to receive notice thereof, or who may wish to be present in person or by proxy at the Meeting or in these proceedings, and no other form of notice need be made on such Persons and no other document or material need be delivered to such Persons in respect of

these proceedings. Notice shall be effective, in the case of mailing, three (3) Business Days after the date of mailing, in the case of delivery by courier, on the day after the courier was sent, in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch and in the case of delivery by fax or e-mail, on the day the fax or e-mail was transmitted, unless such day is not a Business Day, or the fax or e-mail transmission was made after 5:00 p.m., in which case, on the next Business Day.

THE MEETING

28. THIS COURT ORDERS that the Applicants are hereby authorized and directed to call, hold and conduct the Meeting at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 on Wednesday, August 17, 2016, at 10:00 a.m. (Toronto time), or as adjourned to such places and times as the Chair or Monitor may determine in accordance with paragraph 56 hereof, for the purposes of considering and voting on the resolution to approve the Plan and transacting such other business as may be properly brought before the Meeting.

29. THIS COURT ORDERS that the only Persons entitled to notice of, to attend or to speak at the Meeting are the Eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Applicants, the independent committee of the board of directors of Pacific, the Plan Sponsor, the Ad Hoc Committee, the Bank Lenders, the Bank Agents, the Trustee, all such parties' financial and legal advisors, the Chair, Secretary and the Scrutineers. Any other person may be admitted to the Meeting and permitted to speak thereat only by invitation of the Applicants or the Chair.

AFFECTED CREDITORS CLASS

30. THIS COURT ORDERS that, for the purposes of voting at the Meeting, each Affected Creditor shall be entitled to one vote as a member of the Affected Creditors Class, and the value

of a vote cast by any Affected Creditor shall be deemed equal to his, her, or its Voting Claim or Disputed Voting Claim, as the case may be.

31. THIS COURT ORDERS that, for the purposes of voting at the Meeting, the Voting Claim of any Beneficial Noteholder (or Registered Holder or Participant Holder that holds such Notes on its own behalf and not on behalf of any other Beneficial Noteholder) and any Bank Lender shall be deemed to be equal to its Noteholder's Allowed Claim (in accordance with the Claims Procedure Order) or Bank Lender Allowed Claim (in accordance with the Claims Procedure Order), respectively, as a member of the Affected Creditors Class.

CASH ELECTION

32. THIS COURT ORDERS that any Affected Creditor (other than the Plan Sponsor, an Equity Subscriber or any affiliates of any of them or any funds managed or administered by any of them or their respective affiliates), may make a Cash Election in respect of its entitlement to receive Consolidated Common Shares under the Plan (a) in the case of General Creditors, by completing a General Creditor Cash Election Form, and filing it with the Monitor, (b) in the case of Beneficial Noteholders, (i) with respect to its Affected Creditor Shares other than Early Consent Shares, by instructing its Participant Holder to complete a Beneficial Noteholders Cash Election Instruction Form, and file it through the ATOP system, and/or (ii) with respect to its Early Consent Shares, by completing an Application for Early Consent Consideration and filing it with its Participant Holder, in all cases on or prior to the 10:00 a.m. (Toronto time) on August 10, 2016 (the "**Proxy/Election Deadline**"). A Beneficial Noteholder, in respect of its Noteholder's Allowed Claim, may make a Cash Election on or prior to the Proxy/Election Deadline in respect of its entitlement to receive Consolidated Common Shares under the Plan electronically through the ATOP system or in such other manner as agreed to by Pacific, the Plan Sponsor and the AHC Advisors.

33. THIS COURT ORDERS that a Cash Election Creditor in its Cash Election Form may:

(a) elect to receive cash at the Designated Rate in lieu of each Consolidated Common Share in its Share Amount; or

(b) elect to receive cash in the amount equal to: (i) an Offer Rate specified by the Cash Election Creditor per Consolidated Common Share in a percentage (not to exceed 100%) of its Share Amount, and (ii) the Designated Rate in respect of its remaining Share Amount; or

(c) elect to receive cash at its Offer Rate in lieu of each Consolidated Common Share in its Share Amount.

34. THIS COURT ORDERS that an Affected Creditor that makes a Cash Election shall make a Cash Election in respect of all of the Consolidated Common Shares that it would otherwise be entitled to receive under the Plan. If a Cash Election Creditor fails to specify in its Cash Election Form a rate in lieu of each Consolidated Common Share it would otherwise be entitled to receive under the Plan or the percentage of its Share Amount to which the Offer Rate applies, it will be deemed to have elected to receive cash for its entire Share Amount at the Designated Rate. If no Cash Election Form is filed by an Affected Creditor with the Monitor on or prior to the Proxy/Election Deadline, that Affected Creditor shall not be entitled to make a Cash Election.

35. THIS COURT ORDERS that where an Affected Creditor submits an applicable Cash Election Form which specifies that the Cash Election is made only in respect of part of its Share Amount, such Affected Creditor will be deemed to have elected to receive the Designated Rate in respect of the Share Amount for which an election was not made.

36. THIS COURT ORDERS that once a Cash Election Form is submitted by an Affected Creditor, its Cash Election and such Cash Election Form shall be irrevocable.

37. THIS COURT ORDERS that if a Cash Election is made by a Beneficial Noteholder, with respect to all or a portion of the Consolidated Common Shares to which it is entitled under the Plan, through different instruments which are Cash Election Forms, all such instruments shall together be deemed to be one Cash Election Form for all purposes.

VOTING BY PROXIES AND SUBMISSION OF CASH ELECTION FORMS

38. THIS COURT ORDERS that the Master Proxies and the Master Cash Election Form, as applicable, submitted in respect of the Meeting (or any adjournment thereof) or otherwise must be (a) submitted to the Solicitation Agent by 10:00 a.m. (Toronto time) on August 16, 2016 (the "**Master Proxy/Election Deadline**"); and (b) in substantially the form attached to this Meeting Order as **Schedule "G"** in the case of Master Proxies and **Schedule "H"** in the case of Master Cash Election Forms, or in such other form acceptable to the Monitor or the Chair. The Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy or election form is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

39. THIS COURT ORDERS that within five (5) Business Days following the Master Proxy/ Election Deadline, Pacific and the Monitor shall provide the Plan Sponsor and the Equity Subscribers and, at its request, the Trustee, with written notice of:

(a) the full particulars of the valid Cash Elections made including, without limitation, the aggregate total amount of the Designated Common Shares and the amounts of the Offered Common Shares and the applicable Offer Rates;

(b) full particulars of the Cash Elections made with respect to Disputed Distribution Claims; and

(c) the information reasonably required to verify the amounts referred to in paragraphs 39(a) and (b) together with such other information as requested by the Plan Sponsor, the Equity Subscribers and the Trustee, acting reasonably.

40. THIS COURT ORDERS that each of the Beneficial Noteholders who holds its Notes through a Participant Holder and who wishes to vote at the Meeting shall execute a Beneficial Noteholder Voting Instruction Form, attached as **Schedule "D"** (or provide such other form of voting instruction to the Participant Holder as is customary, with the consent of the Monitor).

41. THIS COURT ORDERS that in order to cast its vote at the Meeting or to make a Cash Election, each of the Beneficial Noteholders shall execute the Beneficial Noteholder Voting Instruction Form and Beneficial Noteholders Cash Election Instruction Form (or provide such other form of voting and/or cash election instruction to the Participant Holder via ATOP or as is customary, with the consent of the Monitor), respectively, and return the Beneficial Noteholder Voting Instruction Form and the Beneficial Noteholders Cash Election Instruction Form (or ATOP instruction) to their respective Participant Holder by the Proxy/Election Deadline. The Beneficial Noteholder Voting Instruction Form and the Beneficial Noteholders Cash Election Instruction Form must clearly state the name and contain the signature, or such other electronic certification as may be required, of the applicable Participant Holder, the applicable account number or numbers of the account or accounts maintained by such Beneficial Noteholder with such Participant Holder, and the principal amount of Notes that such Beneficial Noteholder holds in each account or accounts (or otherwise).

42. THIS COURT ORDERS that each Participant Holder shall verify the Beneficial Noteholders' holdings of Notes indicated on the Beneficial Noteholders Voting Instruction Forms

and in the Beneficial Noteholder Cash Election Instruction Forms received by such Participant Holder (as submitted via ATOP, if applicable) and complete and include the amounts of such holdings on that Participant Holder's Master Proxy and on that Participant Holder's Master Cash Election Form and shall deliver such Master Proxy and Master Cash Election Form, if applicable, so that it is received by the Solicitation Agent by the Master Proxy/Election Deadline. In completing the Master Proxy, Participant Holders shall make commercially reasonable efforts to ensure that the same Beneficial Noteholder is counted only once in the number of Beneficial Noteholders indicated as having voted for or against the Plan.

43. THIS COURT ORDERS that all General Creditor Proxies and General Creditor Cash Election Forms, as applicable, submitted in respect of the Meeting (or any adjournment thereof) must be (a) submitted to the Monitor by the Proxy/Election Deadline; (b) in substantially the form attached to this Meeting Order as Schedule "B" in the case of General Creditor Proxies and as Schedule "C" in the case of a General Creditor Cash Election Forms, or in such other form acceptable to the Monitor or the Chair; and (c) in the case of General Creditor Proxies and General Creditor Cash Election Forms, as applicable, submitted in respect of a Bank Lender Allowed Claim, submitted by the Bank Lender of Record as of the Bank Lender Record Time. The Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy or election form is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

44. THIS COURT ORDERS that by no later than 1:00 p.m. (Toronto time) on August 16, 2016, the Solicitation Agent shall deliver to the Monitor a summary of all information received by the Solicitation Agent along with copies of all Master Proxies and Master Cash Election Forms received by the Solicitation Agent. Notwithstanding the foregoing, the Chair shall have the discretion to accept for voting purposes any duly completed Beneficial Noteholder Voting

Instruction Form filed at the Meeting with the Chair (or the Chair's designee) prior to the commencement of the Meeting.

45. THIS COURT ORDERS that, for the purposes of tabulating the votes cast on any matter that may come before the meeting, the Chair shall be entitled to rely on any vote cast by a holder of all proxies (including all Master Proxies) that have been duly submitted to the Monitor in the manner set forth in this Meeting Order without independent investigation.

46. THIS COURT ORDERS that the provisions of this Meeting Order, including the instructions contained in the General Creditor Proxy, the Beneficial Noteholders Voting Instruction Form, the Master Proxy, the General Creditor Cash Election Form, the Application for Early Consent Consideration, the Master Cash Election Form and the Beneficial Noteholders Cash Election Instruction Form attached hereto shall govern the submission of such documents and any deficiencies in respect of the form or substance of such documents filed with the Monitor.

TRANSFERS OR ASSIGNMENTS OF CLAIMS

47. THIS COURT ORDERS that the transfer or assignment of Claims, and the voting rights attached to the transfer and assignment of Claims, shall be governed by the Claims Procedure Order.

48. THIS COURT ORDERS that Noteholders who acquire Eligible Note Claims after the Noteholder Record Date (or who otherwise cannot demonstrate that they are the holder of such Eligible Note Claim as of such date) will not receive any Early Consent Consideration in respect of such Eligible Note Claim.

DISPUTED VOTING CLAIMS

49. THIS COURT ORDERS that notwithstanding anything to the contrary herein, in the event that an Affected Creditor holds a Disputed Voting Claim as at the date of the Meeting, such Creditor may attend the Meeting and such Disputed Voting Claim may be voted at such Meeting by such Creditor (or its duly appointed proxyholder) in accordance with the provisions of this Meeting Order, without prejudice to the rights of the Applicants, the Monitor or the holder of the Disputed Voting Claim with respect to the final determination of the Disputed Voting Claim for distribution purposes, and such vote shall be separately tabulated as provided herein, provided that votes cast in respect of any Disputed Voting Claim shall not be counted for any purpose, unless, until and only to the extent that such Disputed Voting Claim is finally determined to be a Voting Claim.

ENTITLEMENT TO VOTE AT THE MEETING

50. THIS COURT ORDERS that the only Persons entitled to vote at the Meeting in person or by proxy are Affected Creditors, with respect to and to the extent of their Voting Claims or Disputed Voting Claims, as the case may be.

51. THIS COURT ORDERS that, notwithstanding anything to the contrary herein, any Person with an Equity Claim shall have no right to, and shall not, vote at the Meeting with respect to such Equity Claim.

PROCEDURE AT THE MEETING

52. THIS COURT ORDERS that Greg Prince or another representative of the Monitor, designated by the Monitor, shall preside as the chair of the Meeting (the "**Chair**") and, subject to this Meeting Order or any further Order of the Court, shall decide all matters relating to the conduct of the Meeting.

53. THIS COURT ORDERS that a person designated by the Monitor shall act as secretary at the Meeting (the "**Secretary**") and the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting (the "**Scrutineers**"). The Scrutineers shall tabulate the votes in respect of all Voting Claims and Disputed Voting Claims, if any, at the Meeting.

54. THIS COURT ORDERS an Eligible Voting Creditor that is not an individual may only attend and vote at the Meeting if it has appointed a proxyholder to attend and act on its behalf at such Meeting.

55. THIS COURT ORDERS that the quorum required at the Meeting shall be one Affected Creditor with a Voting Claim present at such Meeting in person or by proxy. If the requisite quorum is not present at the Meeting, then such Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.

56. THIS COURT ORDERS the Meeting shall be adjourned to such date, time and place as may be designated by the Chair or the Monitor, if:

(a) the requisite quorum is not present at the Meeting;

(b) the Meeting is postponed by a vote of the majority in value of the Affected Creditors with Voting Claims present in person or by proxy at the Meeting; or

(c) prior to or during the Meeting, the Chair or the Monitor, in consultation with the Applicants and legal counsel to the Requisite Consenting Parties (as defined in the Plan), otherwise decides to adjourn such Meeting.

The announcement of the adjournment by the Chair at such Meeting (if the adjournment is during the Meeting), the posting of notice of such adjournment on the Monitor's Website, and

written notice to the Service List with respect to such adjournment shall constitute sufficient notice of the adjournment and neither the Applicants nor the Monitor shall have any obligation to give any other or further notice to any Person of the adjourned Meeting.

57. THIS COURT ORDERS that the Chair be and is hereby authorized to direct a vote at the Meeting, by confidential written ballot or by such other means as the Chair may consider appropriate, with respect to: (i) a resolution to approve the Plan and any amendments thereto; and (ii) any other resolutions as the Monitor may consider appropriate in consultation with the Applicants and legal counsel to the Requisite Consenting Parties (as defined in the Plan).

58. THIS COURT ORDERS that every question submitted to the Affected Creditors at the Meeting, except to approve the Plan, shall be decided by a vote of a majority in value of the Affected Creditors present in person or by proxy at the Meeting.

59. THIS COURT ORDERS that the Monitor shall keep separate tabulations of votes cast in respect of:

(a) Voting Claims; and

(b) Disputed Voting Claims, if applicable.

60. THIS COURT ORDERS that following the votes at the Meeting, the Scrutineers shall tabulate the votes and the Monitor shall determine whether the Plan has been accepted by the Required Majority. Where any Affected Creditor has filed a General Creditor Proxy or a Beneficial Noteholder Voting Instruction Form, but has failed in such proxy or form to indicate a vote for or against the approval of the Plan, the Affected Creditor shall be deemed to have voted for the Plan.

61. THIS COURT ORDERS that the Monitor shall file a report with this Court by no later than two (2) Business Days after the Meeting or any adjournment thereof, as applicable, with respect to the results of the vote, including whether:

(a) the Plan has been accepted by the Required Majority in the Affected Creditors Class; and

(b) whether the votes cast in respect of Disputed Voting Claims, if applicable, would affect the result of the vote.

62. THIS COURT ORDERS that a copy of the Monitor's report regarding the Meeting and the Plan shall be posted on the Monitor's Website prior to the Sanction Hearing.

63. THIS COURT ORDERS that if the votes cast by the holders of Disputed Voting Claims would affect whether the Plan has been approved by the Required Majority, the Monitor shall report this to the Court in accordance with paragraph 61 of this Meeting Order, in which case (i) the Applicants or the Monitor may request this Court to direct an expedited determination of any material Disputed Voting Claims, as applicable, (ii) the Applicants may request that this Court defer the date of the Sanction Hearing, (iii) the Applicants may request that this Court defer or extend any other time periods in this Meeting Order or the Plan, and/or (iv) the Applicants or the Monitor may seek such further advice and direction as may be considered appropriate.

TREATMENT OF CREDITORS

64. THIS COURT ORDERS that the result of any vote conducted at the Meeting shall be binding upon all Affected Creditors, whether or not any such Creditor was present or voted at the Meeting.

SANCTION HEARING AND ORDER

65. THIS COURT ORDERS that if the Plan has been accepted by the Required Majority, the Applicants shall bring a motion seeking the Sanction Order on August 23, 2016, or as soon thereafter as the matter can be heard (the "**Sanction Hearing**").

66. THIS COURT ORDERS that service of the Notice of Meeting and the posting of this Meeting Order to the Monitor's Website pursuant to paragraphs 12 through 15 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Sanction Hearing unless they have served and filed a Notice of Appearance in these proceedings.

67. THIS COURT ORDERS that any Person who wishes to oppose the motion for the Sanction Order shall serve all parties on the Service List, and file with this Court, a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 5:00 p.m. (Toronto time) on August 19, 2016.

68. THIS COURT ORDERS that if the Sanction Hearing is adjourned, only those Persons who are listed on the Service List shall be served with notice of the adjourned date of the Sanction Hearing.

EARLY CONSENT CONSIDERATION OR CASH IN LIEU THEREOF

69. THIS COURT ORDERS that in order to be entitled to Early Consent Consideration or cash in lieu thereof, a Noteholder must (a) qualify for such Early Consent Consideration in accordance with the terms of the Support Agreement, (b) be a holder of the qualifying Noteholder Claim as of 5:00 p.m. (Toronto time) on the Noteholder Record Date, and (c) hold,

immediately prior to the Implementation Time, Notes in the aggregate principal amount equal to, or in excess of, the fair market value of the Early Consent Shares such holder would be entitled to receive pursuant to this paragraph.

70. THIS COURT ORDERS that Beneficial Noteholders who claim Early Consent Consideration or cash in lieu thereof must deliver their properly completed and executed Application for Early Consent Consideration in the form attached as Schedule "E" to their Participant Holder so that such Application for Early Consent Consideration is received by the Participant Holder by the Proxy/Election Deadline.

71. THIS COURT ORDERS that each Participant Holder who receives, by the Proxy/Election Deadline, an Application for Early Consent Consideration from a Beneficial Noteholder which has an account (directly or through an agent or custodian) shall:

(a) apply or affix such Participant Holder's Medallion/Signature Guarantee to the Application for Early Consent Consideration to confirm the holdings of such Beneficial Noteholder on the Noteholder Record Date; and

(b) deliver all Applications for Early Consent Consideration received by it pursuant to paragraph 70 above to the Solicitation Agent (with a copy to the Monitor) by 5:00 p.m. (Toronto time) on the date of the Master Proxy/Election Deadline.

72. THIS COURT ORDERS that a Beneficial Noteholder will not be entitled to Early Consent Consideration or cash in lieu thereof pursuant to a Cash Election if the Solicitation Agent has not received that Noteholder's Application for Early Consent Consideration, properly completed (including the verification of holdings described in paragraph 71(a)), by the Master Proxy/Election Deadline.

GENERAL

73. THIS COURT ORDERS that the Applicants and the Monitor, in consultation with legal counsel to the Requisite Consenting Parties, may, in their discretion, generally or in individual circumstances, waive in writing the time limits imposed on any Affected Creditor under this Meeting Order if each of the Applicants and the Monitor deem it advisable to do so.

74. THIS COURT ORDERS that any notice or other communication to be given pursuant to this Meeting Order by or on behalf of any Person to the Applicants, the Monitor or to the Solicitation Agent shall be in writing and will be sufficiently given only if by mail, courier, e-mail, fax or hand-delivery addressed to:

(a) in the case of the Applicants:

Pacific Exploration & Production Corporation
333 Bay Street, Suite 1100
Toronto, Ontario
Canada M5H 2R2
Attention: Michael Galego, Deputy General Counsel
Email: mgalego@pacificcorp.energy

with a copy to:

Norton Rose Fulbright Canada LLP
200 Bay Street, Suite 3800
Toronto, Ontario
Canada M5J 2Z4
Attention: Tony Reyes
Email: tony.reyes@nortonrosefulbright.com

(b) in the case of the Monitor:

PricewaterhouseCoopers Inc.
PwC Tower
18 York St. Suite 2600
Toronto, Ontario M5J 0B2

Attention:	Greg Prince and Mica Arlette
Fax:	(416) 814-3210
Email:	gregory.n.prince@ca.pwc.com Mica.arlette@ca.pwc.com

with a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West, Suite 3200
Toronto, Ontario M5K 1K7

Attention:	Robert Thornton, Rebecca Kennedy and Asim Iqbal
Fax:	(416) 304-1313
Email:	rthornton@tgf.ca rkennedy@tgf.ca aiqbal@tgf.ca

(c) in the case of the Solicitation Agent:

Kingsdale Shareholder Services
Exchange Tower
130 King Street West
Suite 2950, P.O. Box 361
Toronto, Ontario M5X 1E2

Attention:	Joshua Duggan
Email:	jduggan@kingsdaleshareholder.com

75. THIS COURT ORDERS that notwithstanding any provision herein to the contrary, the Solicitation Agent and the Monitor shall be entitled to rely upon any communication given pursuant to this Meeting Order (including any delivery of Information Packages or any parts thereof) by e-mail or fax.

76. THIS COURT ORDERS that if any deadline set out in this Meeting Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.

77. THIS COURT ORDERS that if during any period during which notices or other communications are being given pursuant to this Meeting Order a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Meeting Order.

78. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Meeting Order or for advice and directions concerning the discharge of their respective powers and duties under this Meeting Order or the interpretation or application of this Meeting Order.

79. THIS COURT ORDERS that subject to any further Order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount.

RECOGNITION AND ASSISTANCE

80. THIS COURT REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Colombia or elsewhere to give effect to this Meeting Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Meeting Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be

necessary or desirable to give effect to this Meeting Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Meeting Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 30 2016

PER / PAR:

SCHEDULE "A"

INTENTIONALLY OMITTED

SCHEDULE "B"

INTENTIONALLY OMITTED

SCHEDULE "C"

INTENTIONALLY OMITTED

SCHEDULE "D"

INTENTIONALLY OMITTED

SCHEDULE "E"

INTENTIONALLY OMITTED

SCHEDULE "F"

INTENTIONALLY OMITTED

SCHEDULE "G"

INTENTIONALLY OMITTED

SCHEDULE "H"

INTENTIONALLY OMITTED

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APPENDIX E
CLAIMS PROCEDURE ORDER

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 10TH
	)	
JUSTICE NEWBOULD	)	DAY OF MAY, 2016

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION, PACIFIC E&P HOLDINGS CORP., META PETROLEUM CORP., PACIFIC STRATUS INTERNATIONAL ENERGY LTD., PACIFIC STRATUS ENERGY COLOMBIA CORP., PACIFIC STRATUS ENERGY S.A., PACIFIC OFF SHORE PERU S.R.L., PACIFIC RUBIALES GUATEMALA S.A., PACIFIC GUATEMALA ENERGY CORP., PRE-PSIE COÖPERATIEF U.A., PETROMINERALES COLOMBIA CORP. AND GRUPO C&C ENERGIA (BARBADOS) LTD.

Applicants

CLAIMS PROCEDURE ORDER

THIS MOTION, made by Pacific Exploration & Production Corporation ("**Pacific**"), Pacific E&P Holdings Corp., Meta Petroleum Corp., Pacific Stratus International Energy Ltd., Pacific Stratus Energy Colombia Corp., Pacific Stratus Energy S.A., Pacific Off Shore Peru S.R.L., Pacific Rubiales Guatemala S.A., Pacific Guatemala Energy Corp., PRE-PSIE Coöperatief U.A., Petrominerales Colombia Corp. and Grupo C&C Energia (Barbados) Ltd., pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants, including the affidavit of Peter Volk sworn May 5, 2016 and the Exhibits thereto, and the First Report of the Monitor dated May 9, 2016, and on hearing the submissions of counsel for the Applicants, the Monitor, the *ad hoc* committee acting for certain holders of Noteholder Claims (the "**Ad Hoc Committee**"), Bank of

America N.A. and HSBC Bank USA, N.A. as administrative agents with respect to certain Bank Claims, The Catalyst Capital Group Inc., the independent committee of the board of directors of Pacific, International Finance Corporation, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Alexander Schmitt sworn May 6, 2016, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with.

DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that, for the purposes of this Order (the "**Claims Procedure Order**"), in addition to terms defined elsewhere herein, the following terms shall have the following meanings:

   (a) "**2019 Notes Indenture**" means the Indenture dated as of November 26, 2013, as amended, modified, restated or supplemented from time to time, among Pacific, as issuer, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 2019 Notes;

   (b) "**2019 Notes**" means the 5.375% unsecured notes issued by Pacific due January 26, 2019;

   (c) "**2021 Notes Indenture**" means the Indenture dated as of December 12, 2011, as amended, modified, restated or supplemented from time to time, among

Pacific, as issuer, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 2021 Notes;

(d) "**2021 Notes**" means the 7.25% unsecured notes issued by Pacific due December 12, 2021;

(e) "**2023 Notes Indenture**" means the Indenture dated as of March 28, 2013, as amended, modified, restated or supplemented from time to time, among Pacific, as issuer, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 2023 Notes;

(f) "**2023 Notes**" means the 5.125% unsecured notes issued by Pacific due March 28, 2023;

(g) "**2025 Notes Indenture**" means the Indenture dated as of September 19, 2014, as amended, modified, restated or supplemented from time to time, among Pacific, as issuer, and The Bank of New York Mellon, as trustee, pursuant to which Pacific issued the 2025 Notes;

(h) "**2025 Notes**" means the 5.625% unsecured notes issued by Pacific due January 19, 2025;

(i) "**Affected Unsecured Claims**" means all Claims against Pacific that are not Equity Claims;

(j) "**Affected Unsecured Creditor**" means the holder of an Affected Unsecured Claim in respect of and to the extent of such Affected Unsecured Claim;

(k) "**Agents**" means, collectively, Bank of America, N.A. as agent under the Revolving Facility, and HSBC Bank USA, National Association as agent under the HSBC Facility;

(l) "**Applicants**" means the applicants in this proceeding;

(m) "**Bank Claim**" means any right or claim of any Bank Lender that may be asserted or made in whole or in part against any of the Applicants, in any capacity, whether or not asserted or made, in respect of the principal of and accrued interest on the Bank Facilities;

(n) "**Bank Facilities**" means the credit facilities governed by:

(i) the Credit and Guarantee Agreement between, among others, Pacific, as borrower, and Bank of America, N.A., as lender, dated as of May 2, 2013, as amended, modified, restated or supplemented (the "**BofA Bilateral Facility**");

(ii) the Master Credit Agreement between, among others, Pacific and Banco Latinoamericano de Comercio Exterior, S.A., dated as of April 2, 2014, as amended, modified, restated or supplemented (the "**Bladex Facility**");

(iii) the Credit and Guarantee Agreement between, among others, Pacific, as borrower, and HSBC Bank USA, National Association, as agent, dated as of April 8, 2014, as amended, modified, restated or supplemented (the "**HSBC Facility**"); and

(iv) the Revolving Credit and Guaranty Agreement between, among others, Pacific, as borrower, and Bank of America, N.A., as agent, dated April 30, 2014, as amended, modified, restated or supplemented (the "**Revolving Facility**"),

and "**Bank Facility**" means any one of the Bank Facilities.

(o) "**Bank Lenders' Allowed Claims**" has the meaning ascribed thereto in paragraph 15 of this Claims Procedure Order;

(p) "**Bank Lenders**" means the parties to the Bank Facilities other than Pacific as borrower and the Guarantors as guarantors thereunder and includes, without limitation, any agent for the lenders thereunder;

(q) "**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;

(r) "**Calendar Day**" means a day, including Saturday, Sunday and any statutory holidays in the Province of Ontario, Canada;

(s) "**CCAA Proceedings**" means the within proceedings commenced by the Applicants under the CCAA;

(t) "**Charges**" means the charges created by the Initial Order made on April 27, 2016 and defined as "Charges" therein;

(u) "**Claim**" means:

(i) any right or claim of any Person that may be asserted or made in whole or in part against Pacific, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever of Pacific, and any interest accrued thereon or costs payable in respect thereof, in existence on the Filing Date, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, and whether or not any such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and including any claims that would have been claims provable in bankruptcy had Pacific become bankrupt on the Filing Date, (each, a "**Pre-filing Claim**", and collectively, the "**Pre-filing Claims**");

(ii) any right or claim of any Person against Pacific in connection with any indebtedness, liability or obligation of any kind whatsoever owed by Pacific to such Person arising out of the restructuring, disclaimer, repudiation, termination or breach by Pacific on or after the Filing Date of any contract, lease or other agreement whether written or oral (each, a "**Restructuring Period Claim**", and collectively, the "**Restructuring Period Claims**"); and

(iii) any right or claim of any Person against one or more of the Directors and/or Officers of Pacific howsoever arising, whether or not such right or

claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, for which any Director or Officer of Pacific is alleged to be by statute or otherwise by law liable to pay in his or her capacity as a Director or Officer (each a "**Director/Officer Claim**", and collectively, the "**Director/Officer Claims**"),

in each case other than any Excluded Claim, and provided for greater certainty that the terms Pre-Filing Claim and Restructuring Period Claim shall in each case include any claim against Pacific for indemnification by any Director or Officer;

(v) "**Claims Bar Date**" means 5:00 p.m. (Eastern) on June 10, 2016;

(w) **"Claims Package"** means the materials to be provided by the Monitor to Persons who may have a Claim in accordance with this Claims Procedure Order, which materials shall include a blank Proof of Claim, an Instruction Letter, and such other materials as Pacific, with the consent of the Monitor, may consider appropriate or desirable;

(x) "**Consenting Lender**" means any holder of a Bank Claim that executed the Support Agreement or who has agreed to be bound by the terms and conditions thereof, in respect of whom the Support Agreement has not been terminated;

(y) "**Consenting Noteholder**" means any holder of a Noteholder Claim that executed the Support Agreement on or prior to April 20, 2016, in respect of whom the Support Agreement has not been terminated;

(z) "**Court**" means the Ontario Superior Court of Justice (Commercial List) in the City of Toronto in the Province of Ontario;

(aa) "**Creditor**" means any Person having a Claim and includes without limitation the transferee or assignee of a Claim transferred and recognized as a Creditor in accordance with paragraphs 42 and 43 hereof or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

(bb) "**Director/Officer Claim**" has the meaning ascribed to that term in paragraph 2(u)(iii) of this Claims Procedure Order;

(cc) "**Directors**" means all current and former directors (or their estates) of Pacific in such capacity and "**Director**" means any one of them;

(dd) "**Disputed Claim**" means a Disputed Voting Claim or a Disputed Distribution Claim;

(ee) "**Disputed Director/Officer Claim**" means a Director/Officer Claim which is validly disputed in accordance with the Claims Procedure Order and which remains subject to adjudication in accordance with this Claims Procedure Order;

(ff) "**Disputed Distribution Claim**" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Distribution Claim, which is validly disputed for distribution purposes in accordance with this Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with this Claims Procedure Order;

(gg) "**Disputed Voting Claim**" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been allowed as a Voting Claim, which is validly disputed for voting purposes in accordance with this Claims Procedure Order and which remains subject to adjudication for voting purposes in accordance with this Claims Procedure Order;

(hh) "**Distribution Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor against Pacific as finally accepted and determined for distribution purposes in accordance with this Claims Procedure Order and the CCAA;

(ii) "**Equity Claim**" has the meaning set forth in Section 2(1) of the CCAA;

(jj) "**Excluded Claim**" means

(i) any claims secured by any of the Charges;

(ii) any claims against a Director and/or Officer that are not permitted to be compromised pursuant to section 5.1(2) of the CCAA, but only to the extent not so permitted;

(iii) any claims that cannot be compromised pursuant to subsection 19(2) of the CCAA;

(iv) any claims of the Subsidiaries against Pacific;

(v) any Secured Claims;

(vi) any claims of the Trustees in their capacities as trustees appointed under any of the Indentures, other than claims for the principal of and accrued interest on the Notes;

(vii) any claims under letters of credit outstanding as of the Filing Date, for the benefit of any of the Applicants; and

(viii) any Post-Filing Claims.

(kk) "**Filing Date**" means the date of the Initial Order, being April 27, 2016;

(ll) "**Guarantee Claim**" means any Bank Claim or Noteholder Claim against any Guarantor, and "**Guarantee Claims**" means all of such Bank Claims and Noteholder Claims;

(mm) "**Guarantors**" means, collectively, Pacific E&P Holdings Corp., Meta Petroleum Corp., Pacific Stratus International Energy Ltd., Pacific Stratus Energy Colombia Corp., Pacific Stratus Energy S.A., Pacific Off Shore Peru S.R.L., Pacific

Rubiales Guatemala S.A., Pacific Guatemala Energy Corp., PRE-PSIE Coöperatief U.A., and Petrominerales Colombia Corp.;

(nn) "**Indentures**" means, collectively, the 2019 Notes Indenture, the 2021 Notes Indenture, the 2023 Notes Indenture, and the 2025 Notes Indenture;

(oo) "**Initial Order**" means the initial order of the Court made in these CCAA Proceedings on April 27, 2016, as amended, restated or varied from time to time;

(pp) "**Instruction Letter**" means the instruction letter to Unsecured Creditors, substantially in the form attached as Schedule "B" hereto, regarding the completion of a Proof of Claim by an Unsecured Creditor and the claims procedure described herein;

(qq) "**Known Unsecured Creditor**" means an Affected Unsecured Creditor whose Claim against Pacific is known to Pacific as of the date of this Claims Procedure Order;

(rr) "**Majority Consenting Lenders**" means Consenting Lenders holding at least a majority of the aggregate principal amount of all Bank Claims held by all Consenting Lenders at the applicable time;

(ss) "**Majority Consenting Noteholders**" means Consenting Noteholders holding at least a majority of the aggregate principal amount of all Noteholder Claims held by all Consenting Noteholders at the applicable time;

(tt) "**Meeting**" means a meeting of the Affected Unsecured Creditors of Pacific called for the purpose of considering and voting in respect of a Plan;

(uu) "**Notes**" means, collectively, the 2019 Notes, the 2021 Notes, the 2023 Notes and the 2025 Notes;

(vv) "**Noteholder Claim**" means any right or claim of any Noteholder that may be asserted or made in whole or in part against any of the Applicants, in any capacity, whether or not asserted or made, in respect of the principal of and accrued interest on the Notes;

(ww) "**Noteholders' Allowed Claims**" has the meaning ascribed thereto in paragraph 13 of this Claims Procedure Order.

(xx) "**Notice of Dispute of Revision or Disallowance**" means the notice referred to in paragraph 23 or 36 hereof, as applicable, substantially in the form attached as Schedule "E" hereto, which must be delivered to the Monitor by any Unsecured Creditor or a Person asserting a Director/Officer Claim wishing to dispute a Notice of Revision or Disallowance, with reasons for its dispute;

(yy) "**Notice of Revision or Disallowance**" means the notice referred to in paragraph 22 or 35 hereof, as applicable, substantially in the form of Schedule "D" advising an Unsecured Creditor or a Person asserting a Director/Officer Claim that Pacific, with the assistance of the Monitor, has revised or rejected all or part of such Unsecured Creditor's Claim set out in its Proof of Claim;

(zz) "**Notice Parties**" means those parties listed on Schedule "F" to this Claims Procedure Order;

(aaa) "**Notice to Creditors**" means the notice for publication by the Monitor as described in paragraph 17 hereof, substantially in the form attached hereto as Schedule "A";

(bbb) "**Officers**" means all current and former officers (or their estates) of Pacific in such capacity and "**Officer**" means any one of them;

(ccc) "**Pacific**" means the Applicant Pacific Exploration & Production Corporation;

(ddd) "**Person**" means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

(eee) "**Plan**" means the plan of compromise and arrangement to be filed by the Applicants in the CCAA Proceedings as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof;

(fff) "**Post-Filing Claim**" means any claims against Pacific that arose from the provision of authorized goods and services provided or otherwise incurred on or after the Filing Date in the ordinary course of business, but specifically excluding any Restructuring Period Claim;

(ggg) "**Pre-filing Claim**" has the meaning ascribed to that term in paragraph 2(u)(i) of this Claims Procedure Order;

(hhh) "**Proof of Claim**" means the Proof of Claim referred to in paragraph 18 hereof to be filed by Affected Unsecured Creditors, substantially in the form attached hereto as Schedule "C";

(iii) "**Restructuring Period Claim**" has the meaning ascribed to that term in paragraph 2(u)(ii) of this Claims Procedure Order;

(jjj) "**Restructuring Period Claims Bar Date**" means seven (7) Calendar Days after termination, or repudiation of the applicable agreement or other event giving rise to the applicable Restructuring Period Claim;

(kkk) "**Secured Claim**" means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of Pacific (including statutory and possessory liens that create security interests) up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date;

(lll) "**Subsidiaries**" means, collectively, all of the direct and indirect subsidiaries of Pacific;

(mmm) "**Support Agreement**" means the Support Agreement made as of April 20, 2016 among Pacific, the Guarantors and the Noteholders and Bank Lenders party thereto;

(nnn) "**Trustees**" means The Bank of New York Mellon, as trustee, under each of the Indentures;

(ooo) "**Unknown Unsecured Creditor**" means an Affected Unsecured Creditor other than a Known Unsecured Creditor;

(ppp) "**Unsecured Creditor**" means a Known Unsecured Creditor or an Unknown Unsecured Creditor;

(qqq) "**Voting Claim**" means the amount of the Affected Unsecured Claim of an Affected Unsecured Creditor against Pacific as finally accepted and determined for voting at the Meeting, in accordance with the provisions of this Claims Procedure Order and the CCAA.

3. **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to dollars or $ herein shall be references to dollars of the United States of America.

5. **THIS COURT ORDERS** that all references to the word "including" shall mean "including without limitation".

6. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

GENERAL PROVISIONS

7. **THIS COURT ORDERS** that Pacific and the Monitor are hereby authorized (i) to use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may, where they are satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure Order as to completion and execution of such forms, and (ii) to request any further documentation from a Creditor that Pacific or the Monitor may require in order to enable them to determine the validity of a Claim.

8. **THIS COURT ORDERS** that, except as otherwise set out herein, interest and penalties that would otherwise accrue after the Filing Date shall not be included in any Claim.

9. **THIS COURT ORDERS** that copies of all forms delivered hereunder, as applicable, and determinations of Claims by the Court shall be maintained by the Monitor.

10. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, Pacific may, with the consent of the Monitor, refer an Affected Unsecured Creditor's Claim or (with the consent of the Monitor, Pacific and the relevant Director or Officer) a Director/Officer Claim for resolution to the Court, where in Pacific's view such a referral is preferable or necessary for the resolution or the valuation of the Claim.

11. **THIS COURT ORDERS** that Pacific may, with the consent of the Majority Consenting Lenders, the Majority Consenting Noteholders and the Monitor, apply to this Court for an Order appointing a claims officer to resolve Disputed Claims and/or Disputed Director/Officer Claims on such terms and in accordance with such process as may be ordered by this Court.

MONITOR'S ROLE

12. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall assist Pacific in connection with the administration of the claims procedure provided for herein, including the determination of Claims of Creditors and the referral of a particular Claim to the Court, as requested by Pacific from time to time, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Procedure Order.

CLAIMS PROCEDURE FOR NOTEHOLDERS

13. **THIS COURT ORDERS** that neither Pacific nor the Monitor shall be required to send Claims Packages to the Noteholders with respect to any Noteholder Claim and that neither the Noteholders nor the Trustees shall be required to file Proofs of Claim in respect of Noteholder Claims. Within three (3) Business Days of the date of this Claims Procedure Order, Pacific shall send to each of the Trustees (as agents for the Noteholders), with copies to the Notice Parties, a notice stating the accrued amounts (including all principal and interest) owing directly by Pacific under each of the Indentures up to the Filing Date. Each of the Trustees shall confirm to the Monitor whether such amounts are accurate within seven (7) Business Days of receipt of Pacific's notice. If such amounts are confirmed by the Trustees, or in the absence of any response by a Trustee within seven (7) Business Days of receipt of Pacific's notice, such amounts shall be deemed to be the accrued amounts owing directly by Pacific under the Indentures for the purposes of voting on and receiving distributions under the Plan, unless the amounts of Noteholder Claims under an Indenture are otherwise agreed

to in writing by Pacific, the Trustee, the Monitor, the Majority Consenting Lenders, and the Majority Consenting Noteholders, in which case such agreement shall govern. If a Trustee indicates that it cannot confirm the accrued amounts owing directly by Pacific under an Indenture up to the Filing Date, such amounts shall be determined by the Court for the purposes of voting on and receiving distributions under the Plan, unless the amounts of such Noteholder Claims are otherwise agreed to in writing by Pacific, the Trustee, the Monitor, the Majority Consenting Lenders, and the Majority Consenting Noteholders, in which case such agreement shall govern. The amounts of the Noteholder Claims of the Noteholders as determined in accordance with this paragraph shall be the "**Noteholders' Allowed Claims**". Noteholders asserting Claims other than for the principal of and accrued interest on their Notes must file Proofs of Claim.

14. **THIS COURT ORDERS** that the Noteholders' Allowed Claims shall constitute Voting Claims and Distribution Claims for purposes of voting on and receiving distributions under the Plan.

CLAIMS PROCEDURE FOR BANK LENDERS

15. **THIS COURT ORDERS** that neither Pacific nor the Monitor shall be required to send Claims Packages to the Bank Lenders with respect to any Bank Claim and that the Bank Lenders shall not be required to file Proofs of Claim in respect of any Bank Claims, whether against Pacific or any Guarantor. Within three (3) Business Days of the date of this Claims Procedure Order, Pacific shall send to each Bank Lender under each Bank Facility, with copies to the Notice Parties, a notice stating the accrued amounts (including all principal and interest) owing directly by Pacific under each of the Bank Facilities up to the Filing Date. For the purposes of this paragraph 15, such notice with

respect to the Revolving Facility and the HSBC Facility shall be sent to the respective Agents thereunder. Each of the Bank Lenders, or the Agent, as the case may be, shall confirm to the Monitor whether such amounts are accurate within seven (7) Business Days of receipt of Pacific's notice. If such amounts are confirmed by the Bank Lenders or the Agent, or in the absence of any response by a Bank Lender or Agent within seven (7) Business Days of receipt of Pacific's notice, such amounts shall be deemed to be the accrued amounts owing directly by Pacific under the respective Bank Facilities for the purposes of voting on and receiving distributions under the Plan, unless the amounts of Bank Claims under a Bank Facility are otherwise agreed to in writing by Pacific, the applicable Bank Lender or Agent, the Monitor, the Majority Consenting Lenders, and the Majority Consenting Noteholders, in which case such agreement shall govern. If a Bank Lender or the Agent indicates that it cannot confirm the accrued amounts owing directly by Pacific under a Bank Facility up to the Filing Date, such amounts shall be determined by the Court for the purposes of voting on and receiving distributions under the Plan, unless the amounts of such Bank Claims are otherwise agreed to in writing by Pacific, the applicable Bank Lender or Agent, the Monitor, the Majority Consenting Lenders, and the Majority Consenting Noteholders, in which case such agreement shall govern. The amount of the Bank Claims as determined in accordance with this paragraph shall be the "**Bank Lenders' Allowed Claims**". Bank Lenders asserting Claims other than for the principal of and accrued interest on the Bank Facilities must file Proofs of Claim.

16. **THIS COURT ORDERS** that the Bank Lenders' Allowed Claims shall constitute Voting Claims and Distribution Claims for purposes of voting on and receiving distributions under the Plan.

NOTICE TO CREDITORS

17. **THIS COURT ORDERS** that the Monitor shall publish the Notice to Creditors for at least two (2) Business Days in *The Globe & Mail* (National Edition) and *The Wall Street Journal* (International Edition), as soon as practicable after the granting of this Claims Procedure Order.

CLAIMS PROCEDURE FOR UNSECURED CREDITORS

(i) Claims Package

18. **THIS COURT ORDERS** that, subject to paragraphs 13 and 15 hereof, the Monitor shall send a Claims Package to (i) each of the Known Unsecured Creditors by prepaid ordinary mail to the address last shown on the books and records of Pacific before 11:59 p.m. on the date that is three (3) Business Days after the date hereof; and (ii) any Unknown Unsecured Creditor who makes a request therefor prior to the Claims Bar Date.

19. **THIS COURT ORDERS** that, subject to paragraphs 13 and 15 hereof, any Unsecured Creditor that wishes to assert a Claim must file a completed Proof of Claim such that it is received by the Monitor by no later than the Claims Bar Date.

20. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in paragraphs 18, 19 and 21 hereof, the following shall apply with respect to any Restructuring Period Claims:

    (a) any notices of disclaimer or repudiation delivered to Creditors by Pacific or the Monitor after the Filing Date shall be accompanied by a Claims Package;

(b) the Monitor shall send a Claims Package to any Creditor who makes a request therefor in respect of a Restructuring Period Claim prior to the Restructuring Period Claims Bar Date;

(c) any Creditor that wishes to assert a Restructuring Period Claim must return a completed Proof of Claim to the Monitor such that it is received by the Monitor by no later than 5:00 p.m. on the Restructuring Period Claims Bar Date;

(d) any Creditor that does not return a Proof of Claim to the Monitor by 5:00 p.m. on the Restructuring Period Claims Bar Date shall not be entitled to attend or vote at the Meeting and shall not be entitled to receive any distribution from any Plan and any and all Restructuring Period Claims of such Creditor shall be forever extinguished and barred without any further act or notification.

(ii) Adjudication of Claims against Pacific

21. **THIS COURT ORDERS** that, subject to paragraphs 13 and 15 hereof, any Unsecured Creditor that does not file a Proof of Claim such that it is received by the Monitor by the Claims Bar Date with respect to a Claim against Pacific shall not be entitled to attend or vote at the Meeting and shall not be entitled to receive any distribution from any Plan and any and all such Claims of such Unsecured Creditor shall be forever extinguished and barred without any further act or notification and irrespective of whether or not such Unsecured Creditor received a Claims Package.

22. **THIS COURT ORDERS** that Pacific, with the assistance of the Monitor, shall review all Proofs of Claim received by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, and shall accept, revise or reject the amount of each Claim against

Pacific set out therein for voting and/or distribution purposes. The Monitor shall notify each Unsecured Creditor who has delivered a Proof of Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, as to whether such Unsecured Creditor's Claim against Pacific as set out therein has been revised or rejected for voting purposes (and/or for distribution purposes if Pacific, with the assistance of the Monitor, elects to do so), and the reasons therefor, by sending a Notice of Revision or Disallowance.

23. **THIS COURT ORDERS** that any Unsecured Creditor who wishes to dispute a Notice of Revision or Disallowance sent pursuant to the immediately preceding paragraph shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor by no later than 5:00 p.m. on the date that is seven (7) Calendar Days after the date of delivery to the applicable Unsecured Creditor of the Notice of Revision or Disallowance.

24. **THIS COURT ORDERS** that where an Unsecured Creditor that receives a Notice of Revision or Disallowance pursuant to paragraph 22 above does not file a Notice of Dispute of Revision or Disallowance by the time set out in paragraph 23 above, the value of such Unsecured Creditor's Voting Claim and Distribution Claim (if the Notice of Revision or Disallowance also dealt with the Distribution Claim) shall be deemed to be as set out in the Notice of Revision or Disallowance and any and all of the Unsecured Creditor's rights to dispute the Claim(s) as valued on the Notice of Revision or Disallowance or to otherwise assert or pursue such Claims in an amount that exceeds the amount set forth on the Notice of Revision or Disallowance, in each case for voting purposes and distribution purposes (if the Notice of Revision or Disallowance dealt with

the Distribution Claim), shall be forever extinguished and barred without further act or notification.

(iii) Resolution of Claims against Pacific

25. **THIS COURT ORDERS** that in the event that Pacific, with the assistance of the Monitor, is unable to resolve a dispute regarding any Disputed Voting Claim with an Unsecured Creditor, Pacific shall so notify the Monitor and the Unsecured Creditor. Thereafter, the Disputed Voting Claim shall be referred to the Court for resolution or to such alternative dispute resolution as may be ordered by the Court or as agreed to by the Monitor, Pacific and the applicable Creditor; provided, however that to the extent a Claim is referred under this paragraph to the Court or an alternative dispute resolution, it shall be on the basis that the value of the Claim shall be resolved or adjudicated both for voting and distribution purposes (and that it shall remain open to the parties to agree that the Creditor's Voting Claim may be settled by the Unsecured Creditor and Pacific without prejudice to a future hearing by the Court or an alternative dispute resolution to determine the Creditor's Distribution Claim in accordance with paragraph 30 hereof). The Court or an alternative dispute resolution, as the case may be, shall resolve the dispute between Pacific and the Unsecured Creditor.

26. **THIS COURT ORDERS** that where the value of an Unsecured Creditor's Voting Claim has not been finally determined in accordance with this Claims Procedure Order by the date of the Meeting, the ability of such Unsecured Creditor to vote its Disputed Voting Claim and the effect of casting any such vote shall be governed by the Meeting Order.

27. **THIS COURT ORDERS** that Pacific, with the assistance of the Monitor, shall review and consider the Proofs of Claim filed in accordance with this Claims Procedure Order in order to determine the Distribution Claims of Unsecured Creditors. The Monitor shall notify each Unsecured Creditor who filed a Proof of Claim and who did not receive a Notice of Revision or Disallowance for distribution purposes pursuant to paragraph 22 herein as to whether such Unsecured Creditor's Claim as set out in such Unsecured Creditor's Proof of Claim has been revised or rejected for distribution purposes, and the reasons therefor, by delivery of a Notice of Revision or Disallowance.

28. **THIS COURT ORDERS** that any Unsecured Creditor who wishes to dispute a Notice of Revision or Disallowance for distribution purposes sent pursuant to the immediately preceding paragraph shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor such that it is received by the Monitor by no later than 5:00 p.m. on the date that is seven (7) Calendar Days after the date of delivery to the applicable Unsecured Creditor of the Notice of Revision or Disallowance referred to in paragraph 27.

29. **THIS COURT ORDERS** that where an Unsecured Creditor that receives a Notice of Revision or Disallowance pursuant to paragraph 27 above does not file a Notice of Dispute of Revision or Disallowance for distribution purposes by the time set out in paragraph 28 above, the value of such Unsecured Creditor's Distribution Claim shall be deemed to be as set out in the Notice of Revision or Disallowance for distribution purposes and any and all of the Unsecured Creditor's rights to dispute the Distribution Claim as valued on the Notice of Revision or Disallowance or to otherwise assert or pursue such Distribution Claim in an amount that exceeds the amount set forth on the

Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

30. **THIS COURT ORDERS** that in the event that Pacific, with the assistance of the Monitor, is unable to resolve a dispute regarding any Disputed Distribution Claim with an Unsecured Creditor, Pacific shall so notify the Monitor and the Unsecured Creditor. Thereafter, the Disputed Distribution Claim shall be referred to the Court for resolution or to such alternative dispute resolution as may be ordered by the Court or as agreed to by the Monitor, Pacific and the applicable Creditor. The Court or an alternative dispute resolution, as the case may be, shall resolve the dispute between Pacific and the Unsecured Creditor.

31. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in this Order, in respect of any Affected Unsecured Claim that exceeds $1,000,000, the Monitor and Pacific shall not accept, admit, settle, resolve, value (for any purpose) or revise such Affected Unsecured Claim or any part thereof without the consent of the Majority Consenting Lenders and the Majority Consenting Noteholders, or a further Order of the Court.

(iv) Adjudication of Director/Officer Claims

32. **THIS COURT ORDERS** that, for greater certainty, the procedures in paragraphs 21 - 31 shall not apply to adjudication of Director/Officer Claims.

33. **THIS COURT ORDERS** that if a Person does not file a Proof of Claim with the Monitor such that it is received by the Monitor by the Claims Bar Date with respect to a Director/Officer Claim, any and all such Claims of such Person shall be forever

extinguished and barred without any further act or notification and irrespective of whether or not such Person received a Claims Package and the Directors and Officers shall have no liability whatsoever in respect of such Director/Officer Claims.

34. **THIS COURT ORDERS** that the Monitor shall forthwith provide the relevant Director or Officer (and his or her counsel) with a copy of any Proofs of Claim received in respect of Director/Officer Claims.

35. **THIS COURT ORDERS** that Pacific, with the assistance of the Monitor and in consultation with the relevant Director or Officer, shall review all Proofs of Claim received by the Claims Bar Date in respect of Director/Officer Claims and shall accept, revise or reject the amount of each Director/Officer Claim set out therein. The Monitor, with the consent of Pacific, shall notify each Person who has delivered a Proof of Claim by the Claims Bar Date in respect of Director/Officer Claims as to whether such Person's Claim as set out therein has been revised or rejected and the reasons therefor by sending a Notice of Revision or Disallowance. The Monitor shall provide a copy of such Notice of Revision or Disallowance to any counsel to a Director or Officer.

36. **THIS COURT ORDERS** that any Person who wishes to dispute a Notice of Revision or Disallowance sent pursuant to the immediately preceding paragraph shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor such that it is received by the Monitor by no later than 5:00 p.m. on the date that is seven (7) Calendar Days after the date of delivery to the applicable Person of the Notice of Revision or Disallowance. The Monitor shall provide a copy of such Notice of Dispute of Revision or Disallowance

to the relevant Director or Officer (and his or her counsel) upon the receipt of such Notice of Dispute of revision or Disallowance.

37. **THIS COURT ORDERS** that where a Person that receives a Notice of Revision or Disallowance pursuant to paragraph 35 above does not file a Notice of Dispute of Revision or Disallowance by the time set out in paragraph 36 above, the value of such Person's Director/Officer Claim shall be deemed to be as set out in the Notice of Revision or Disallowance and any and all of such Person's rights to dispute the Director/Officer Claim(s) as valued on the Notice of Revision or Disallowance or to otherwise assert or pursue such Director/Officer Claims in an amount that exceeds the amount set forth on the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

(v) Resolution of Director/Officer Claims

38. **THIS COURT ORDERS** that in the event that Pacific determines that it is necessary to finally determine the amount of a Director/Officer Claim and Pacific, with the assistance of the Monitor and the consent of the applicable Directors and Officers, is unable to resolve a dispute regarding such Director/Officer Claim with the Person asserting such Director/Officer Claim, Pacific shall so notify the Monitor and such Person. Thereafter, the Disputed Director/Officer Claim shall be referred to the Court for resolution or to such alternative dispute resolution as may be ordered by the Court or as agreed to by the Monitor, Pacific and the applicable Person. The Court or an alternative dispute resolution, as the case may be, shall resolve the dispute.

39. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in this Order, in respect of any Director/Officer Claim that exceeds $1,000,000, the Monitor and Pacific shall not accept, admit, settle, resolve, value (for any purpose) or revise such Director/Officer Claim or any part thereof without the consent of the Majority Consenting Lenders and the Majority Consenting Noteholders, or a further Order of the Court.

EXCLUDED CLAIMS

40. **THIS COURT ORDERS** that, for greater certainty, no Person holding an Excluded Claim shall be required to file a Proof of Claim in respect of such Excluded Claim, and such Person shall be unaffected by this Order in respect of such Excluded Claim.

SET-OFF

41. **THIS COURT ORDERS** that Pacific may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to the Plan to any Creditor, any claims of any nature whatsoever that Pacific may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by Pacific of any such claim that Pacific may have against such Creditor.

NOTICE OF TRANSFEREES

42. **THIS COURT ORDERS** that, subject to paragraph 43, if after the Filing Date, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor Pacific shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall

have been received and acknowledged by Pacific and the Monitor in writing, and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Procedure Order prior to receipt and acknowledgement by Pacific and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any rights of set-off to which Pacific may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to Pacific. Reference to transfer in this Claims Procedure Order includes a transfer or assignment whether absolute or intended as security.

43. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall restrict Consenting Creditors who have beneficial ownership of a Noteholder Claim or a Bank Claim from transferring or assigning such Claim, in whole or in part, in accordance with the provisions of the Support Agreement.

SERVICE AND NOTICES

44. **THIS COURT ORDERS** that Pacific and the Monitor may, unless otherwise specified by this Claims Procedure Order, serve and deliver the Claims Package, any letters, notices or other documents to Creditors or any other interested Person by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons at the physical or electronic address, as applicable, last shown on the books and records of Pacific or set out in such Creditor's Proof of Claim. Any such

service and delivery shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario) or the United States, and the tenth Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by facsimile transmission or email by 5:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

45. **THIS COURT ORDERS** that any notice or communication required to be provided or delivered by a Creditor to the Monitor or Pacific under this Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this Claims Procedure Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery, facsimile transmission or email addressed to the Notice Parties at the addresses, facsimile numbers and electronic addresses shown on Schedule F to this Claims Procedure Order. Any such notice or communication delivered by a Creditor shall be deemed to be received upon actual receipt by the Monitor thereof during normal business hours on a Business Day or if delivered outside of normal business hours, the next Business Day.

46. **THIS COURT ORDERS** that if during any period during which notices or other communications are being given pursuant to this Claims Procedure Order a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall

only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Claims Procedure Order.

47. **THIS COURT ORDERS** that in the event that this Claims Procedure Order is later amended by further Order of the Court, Pacific or the Monitor may post such further Order on the Monitor's website and such posting shall constitute adequate notice to Creditors of such amended claims procedure.

MISCELLANEOUS

48. **THIS COURT ORDERS** that Pacific shall not oppose the Ad Hoc Committee or the Agents seeking standing in any proceeding before this Court, a claims officer, or otherwise in respect of the determination of any Claims.

49. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall constitute or be deemed to constitute an allocation or assignment of Claims or Excluded Claims into particular affected or unaffected classes for the purpose of a Plan and, for greater certainty, the treatment of Claims, Excluded Claims, or any other claims and the classification of creditors for voting and distribution purposes shall be subject to the terms of any proposed Plan, or further Order of this Court.

50. **THIS COURT ORDERS** that Pacific or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order or for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

51. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

52. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, or any judicial, regulatory or administrative body having jurisdiction in Canada, the United States of America, Colombia or any other foreign jurisdiction, to act in aid of and to be complementary to this Court in carrying out the terms of this Claims Procedure Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Pacific and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist Pacific and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 10 2016

PER / PAR:

SCHEDULE "A"

NOTICE TO CREDITORS OF PACIFIC EXPLORATION & PRODUCTION CORPORATION ("PACIFIC") AND/OR ITS DIRECTORS OR OFFICERS

RE: NOTICE OF CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS

NOTICE IS HEREBY GIVEN that pursuant to an Order of the Ontario Superior Court of Justice made May 10, 2016 (the "**Order**"), a claims procedure has been commenced for the purpose of identifying and determining all claims against Pacific and the Directors and Officers (including former directors and officers) of Pacific that are to be affected in Pacific's Plan of Compromise and Arrangement under the CCAA. Capitalized terms not defined herein shall have the meanings ascribed to them in the Order.

PLEASE TAKE NOTICE that the claims procedure applies only to the Claims described in the Order. This claims procedure is only in respect of Claims against Pacific Exploration & Production Corporation or its Directors or Officers and is not a call for claims against any of its direct or indirect subsidiaries. Do not file a Proof of Claim unless your claim is against Pacific Exploration & Production Corporation or its Directors or Officers.

PLEASE TAKE NOTICE that a copy of the Order and other public information concerning CCAA Proceedings can be found at the following website: www.pwc.com/ca/pacific. Any creditor (other than Noteholders in respect of Noteholder Claims and Bank Lenders in respect of Bank Claims) who has not received a Claims Package and who believes that he or she has a Claim against Pacific or a Director or Officer (including a former director or officer) under the Order must contact the Monitor in order to obtain a Proof of Claim form.

THE CLAIMS BAR DATE is **5:00 p.m. (Toronto Time) on June 10, 2016**. Proofs of Claim in respect of Pre-filing Claims and Director/Officer Claims (other than Noteholder Claims and Bank Claims) must be completed and filed with the Monitor on or before the Claims Bar Date.

THE RESTRUCTURING PERIOD CLAIMS BAR DATE is **5:00pm (Toronto Time) on the date that is seven (7) Calendar Days after termination or repudiation of the agreement or other event giving rise to the Restructuring Period Claim.** Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the Restructuring Period Claims Bar Date.

HOLDERS OF CLAIMS who do not file a Proof of Claim by the Claims Bar Date (other than Noteholders in respect Noteholder Claims and Bank Lenders in respect of Bank Claims) or the Restructuring Period Claims Bar Date, as applicable, shall not be entitled to vote at any meeting of creditors regarding the plan of compromise and arrangement being proposed by Pacific or to participate in any distribution under such plan, and any Claims such creditor may have against Pacific and/or any of the Directors or Officers (including former directors and officers) of Pacific shall be forever extinguished and barred.

PLEASE TAKE NOTICE that Noteholders who wish to assert Claims for amounts other than the principal of and accrued interest on their Notes must file Proofs of Claim, and that Bank

Lenders who wish to assert Claims for amounts other than the principal of and accrued interest on the Bank Facilities must file Proofs of Claim.

CREDITORS REQUIRING INFORMATION or claim documentation may contact the Monitor at the following address by prepaid registered mail, courier, personal delivery, facsimile transmission, email or telephone:

PricewaterhouseCoopers Inc.,
Monitor of Pacific Exploration & Production Corporation et al.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

Attention: Tammy Muradova

Email: cmt_processing@ca.pwc.com
Canada/US Toll Free: +1 844-855-8568
Colombia Toll Free: 01 800-518-2167
Or US Direct: +1 503-520-4469
Facsimile: +1 416-814-3219

SCHEDULE "B"

INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE FOR UNSECURED CREDITORS OF PACIFIC EXPLORATION & PRODUCTION CORPORATION ("PACIFIC")

CLAIMS PROCEDURE

By Order of the Ontario Superior Court of Justice (Commercial List) dated May 10, 2016 (as such Order may be amended from time to time the "**Claims Procedure Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), Pacific and PricewaterhouseCoopers Inc., in its capacity as Court-appointed Monitor of Pacific (the "**Monitor**"), have been authorized to conduct a claims procedure (the "**Claims Procedure**"). A copy of the Claims Procedure Order and other public information concerning these proceedings can be obtained from the Monitor's website at: www.pwc.com/ca/pacific.

This letter provides general instructions for completing a Proof of Claim form. Capitalized terms not defined herein shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Procedure is intended to identify and determine the amount of any claims against Pacific and the Directors or Officers (including former directors and officers) of Pacific, whether unliquidated, contingent or otherwise, that are to be affected in the plan of compromise and arrangement being pursued by Pacific under the CCAA. This claims procedure is only in respect of Claims against Pacific Exploration & Production Corporation or its Directors or Officers and is not a call for claims against any of its direct or indirect subsidiaries. Do not file a Proof of Claim unless your claim is against Pacific Exploration & Production Corporation or its Directors or Officers. Please review the Claims Procedure Order for the full terms of the Claims Procedure.

All notices and inquiries with respect to the Claims Procedure should be directed to the Monitor by prepaid registered mail, courier, personal delivery, facsimile transmission or email at the address below:

PricewaterhouseCoopers Inc.,
Monitor of Pacific Exploration & Production Corporation et al.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

Attention: Tammy Muradova

Email: cmt_processing@ca.pwc.com
Canada/US Toll Free: +1 844-855-8568
Colombia Toll Free: 01 800-518-2167
Or US Direct: +1 503-520-4469
Facsimile: +1 416-814-3219

FOR CREDITORS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim against Pacific or a Director or Officer (including a former director or officer) of Pacific (other than Noteholders in respect of Noteholder Claims and Bank Lenders in respect of Bank Claims), you must complete and file a Proof of Claim form with the Monitor. All Proofs of Claim for Pre-filing Claims (i.e. Claims against Pacific arising prior to April 27, 2016) and all Director/Officer Claims **must be received by the Monitor before 5:00 p.m. (Toronto Time) on June 10, 2016** (the "**Claims Bar Date**"), unless the Court orders that the Proof of Claim be accepted after that date. If you do not file a Proof of Claim in respect of any such Claims by the Claims Bar Date, you shall not be entitled to vote at the meeting of creditors regarding the plan of compromise and arrangement being proposed by Pacific or participate in any distribution under such plan in respect of such Claims and any such Claims shall be forever extinguished and barred.

Noteholders who wish to assert Claims for amounts other than the principal of and accrued interest on their Notes must file Proofs of Claim.

Bank Lenders who wish to assert Claims for amounts other than the principal of and accrued interest on the Bank Facilities must file Proofs of Claim.

All Proofs of Claim for Restructuring Period Claims (i.e. Claims against Pacific arising on or after April 27, 2016) **must be received by the Monitor on the date that is seven (7) Calendar Days after termination, repudiation or repudiation of the agreement or other event giving rise to the Restructuring Period Claim** (the "**Restructuring Period Claims Bar Date**"), unless the Court orders that the Proof of Claim be accepted after that date. If you do not file a Proof of Claim in respect of any such Restructuring Period Claims by the Restructuring Period Claims Bar Date, you shall not be entitled to vote at any meeting of creditors regarding the plan of compromise and arrangement being proposed by Pacific or participate in any distribution under such plan in respect of such Claims and any such Claims you may have against Pacific and/or any of the Directors and Officers (including former directors and officers) of Pacific shall be forever extinguished and barred.

ADDITIONAL FORMS

Additional Proof of Claim forms can be obtained from the Monitor's website at www.pwc.com/ca/pacific or by contacting the Monitor.

DATED this _____ day of _____, 2016.

SCHEDULE "C"

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION AND OTHERS

PROOF OF CLAIM

1. **PARTICULARS OF CREDITOR**

   (a) Full Legal Name of Creditor:

   (b) Full Mailing Address of Creditor:

   _____

   (c) Telephone Number of Creditor:

   (d) Facsimile Number of Creditor:

   (e) E-mail Address of Creditor: _____

   (f) Attention (Contact Person):

2. **PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:**

(a) Have you acquired this Claim by assignment? Yes ☐ No ☐

(if yes, attach documents evidencing assignment)

(b) Full Legal Name of original creditor(s): _____

3. **PROOF OF CLAIM**

THE UNDERSIGNED CERTIFIES AS FOLLOWS:

(a) That I am a Creditor of/hold the position of _____ of the Creditor and have knowledge of all the circumstances connected with the Claim described herein;

(b) That I have knowledge of all the circumstances connected with the Claim described and set out below;

(c) Pacific and/or the Director(s) or Officer(s) of Pacific was and still is indebted to the Creditor as follows:

(i) Pre-filing Claims against Pacific:

$_____

(ii) Restructuring Period Claims against Pacific:

$_____

(iii) Director/Officer Claims against the Directors and/or Officers of Pacific:

$_____

(iv) TOTAL CLAIM:

$_____

Total of (i), (ii) and (iii)

4. **NATURE OF CLAIM AGAINST PACIFIC**

(CHECK AND COMPLETE APPROPRIATE CATEGORY)

☐ Unsecured Claim of $_____

☐ Secured Claim of $ _____

In respect of this debt, I hold security over the assets of Pacific valued at $_____, the particulars of which security and value are attached to this Proof of Claim form.

(If the Claim is secured, provide full particulars of the security, including the date on which the security was given the value for which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security.)

5. **PARTICULARS OF CLAIM:**

The particulars of the undersigned's total Claim (including Pre-filing Claims, Restructuring Period Claims, and Director/Officer Claims) are attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. If a claim is made against any Directors or Officer, specify the applicable Directors or Officers and the legal basis for the Claim against them.)

6. **FILING OF CLAIM**

For Pre-filing Claims, this Proof of Claim must be returned to and received by the Monitor by **5:00 p.m. (Toronto Time) on the Claims Bar Date (June 10, 2016)**.

For Restructuring Period Claims, the Proof of Claim must be returned to and received by the Monitor by **5:00 p.m. (Toronto Time) on the date that is seven (7) Calendar Days after termination, repudiation or repudiation of the agreement or other event giving rise to the Restructuring Period Claim**.

This claims procedure is only in respect of Claims against Pacific Exploration & Production Corporation or its Directors or Officers and is not a call for claims against any of its direct or indirect subsidiaries. Do not file a Proof of Claim unless your claim is against Pacific Exploration & Production Corporation or its Directors or Officers.

In both cases, completed forms must be delivered by prepaid registered mail, courier, personal delivery, facsimile transmission or email at the address below to the Monitor at the following address:

PricewaterhouseCoopers Inc.,
Monitor of Pacific Exploration & Production Corporation et al.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

Attention: Tammy Muradova

Email: cmt_processing@ca.pwc.com
Canada/US Toll Free: +1 844-855-8568
Colombia Toll Free: 01 800-518-2167
Or US Direct: +1 503-520-4469
Facsimile: +1 416-814-3219

Dated at _____ this _____ day of _____, 2016.

SCHEDULE "D"

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION AND OTHERS

NOTICE OF REVISION OR DISALLOWANCE

TO: **[insert name and address of creditor]**

Pacific has reviewed your Proof of Claim dated _____, 2016, and has revised or rejected your Claim in respect of _____ for the following reasons:

Subject to further dispute by you in accordance with the provisions of the Claims Procedure Order, your Claim will be allowed as follows:

Pre-filing Claim per Proof of Claim	Revised/Rejected For Voting/Distribution	Allowed as Revised for Voting/Distribution

Restructuring Period Claim per Proof of Claim	Revised/ Rejected For Voting/Distribution	Allowed as Revised For Voting/Distribution

Director/ Officer Claim per Proof of Claim	Revised/ Rejected For Voting/Distribution	Allowed as Revised For Voting/Distribution

If you intend to dispute this Notice of Revision or Disallowance, you must notify the Monitor of such intent by delivery to the Monitor of a Notice of Dispute of Revision or Disallowance in accordance with the Claims Procedure Order such that it is received by the Monitor by 5:00 p.m. no later than seven (7) Calendar Days after you receive such Notice of Revision or Disallowance at the following address by prepaid registered mail, courier, personal delivery, facsimile transmission, email or telephone:

PricewaterhouseCoopers Inc.,
Monitor of Pacific Exploration & Production Corporation et al.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

Attention: Tammy Muradova

Email: cmt_processing@ca.pwc.com
Canada/US Toll Free: +1 844-855-8568
Colombia Toll Free: 01 800-518-2167
Or US Direct: +1 503-520-4469
Facsimile: +1 416-814-3219

If you do not deliver a Notice of Dispute of Revision or Disallowance in accordance with the Claims Procedure Order, the value of your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance.

DATED at _____ this _____ day of _____, 2016.

SCHEDULE "E"

Court File No. CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION AND OTHERS

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

1. **PARTICULARS OF CREDITOR**

   (a) Full Legal Name of Creditor:

   (b) Full Mailing Address of Creditor:

   _____

   _____

   (c) Telephone Number of Creditor:

   (d) Facsimile Number of Creditor:

   (e) E-mail Address of Creditor:

   (f) Attention (Contact Person): _____

2. **PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:**

(a) Have you acquired this Claim by assignment? Yes ☐ No ☐

(if yes, attach documents evidencing assignment)

(b) Full Legal Name of original creditor(s): _____

3. **DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:**

We hereby disagree with the value of our Claim as set out in the Notice of Revision or Disallowance dated , as set out below:

Type of Claim (i.e. Claim against Applicant or Director/Officer)	**Claim per Notice of Claim**		**Disputed for**		**Claim per Creditor**	
	Voting	Distribution	Voting	Distribution	Voting	Distribution
	$	$	☐	☐	$	$

(Insert particulars of Claim per Notice of Revision or Disallowance, and the value of your Claim as asserted by you).

4. **REASONS FOR DISPUTE:**

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. The particulars provided must support the value of the Claim as stated by you in item 3, above.)

If you intend to dispute the Notice of Revision or Disallowance, you must notify the Monitor of such intent by delivery to the Monitor of a Notice of Dispute of Revision or Disallowance in accordance with the Claims Procedure Order such that it is received by the Monitor by 5:00 p.m. no later than seven (7) Calendar Days after you receive such Notice of Revision or Disallowance at the following address by prepaid registered mail, courier, personal delivery, facsimile transmission, email or telephone:

PricewaterhouseCoopers Inc.,
Monitor of Pacific Exploration & Production Corporation et al.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

Attention: Tammy Muradova

Email: cmt_processing@ca.pwc.com
Canada/US Toll Free: +1 844-855-8568
Colombia Toll Free: 01 800-518-2167
Or US Direct: +1 503-520-4469
Facsimile: +1 416-814-3219

Dated at _____ this _____ day of _____, 2016.

SCHEDULE "F" - (NOTICE PARTIES)

If to Pacific:

Pacific Exploration and Production Corporation
333 Bay Street, Suite 1100
Toronto, Ontario M5H 2R2
Attention: Peter Volk

Fax: (416) 360-7783
Email: pvolk@pacificcorp.energy

With a copy to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800, P.O. Box 84
Toronto, Ontario M5J 2Z4
Attention: Tony Reyes

Fax: (416) 216-3930
Email: tony.reyes@nortonrosefulbright.com

If to the Monitor:

PricewaterhouseCoopers Inc., Monitor of the Applicants
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2
Attention: Greg Prince and Mica Arlette

Greg Prince

Fax: (416) 814-5752
Email: gregory.n.price@ca.pwc.com

Mica Arlette

Fax: (416) 814-5834
Email: mica.arlette@ca.pwc.com

With a copy to:

Thornton Group Finnigan LLP
Suite 3200, 100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Asim Iqbal

Fax: (416) 304-0595
Email: aiqbal@tgf.ca

If to the Ad Hoc Committee:

Goodmans LLP
Suite 3400
333 Bay Street
Bay Adelaide Centre
Toronto, Ontario M5H 2S7
Attention: Brendan O'Neill

Fax: (416) 979-1234
Email boneill@goodmans.ca

If to Bank of America , N.A. as lender under the BofA Bilateral Facility and/or as Agent under the Revolving Facility:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attention: Damien S. Schaible & Angela Libby

Fax: (212) 701-6113
Email: damian.schaible@davispolk.com
angela.libby@davispolk.com

With a copy to:

Torys LLP
79 Wellington Street West
30th Floor. Box 270, TD South Tower
Toronto, Ontario M5K 1N2
Attention: Scott Bomhof

Fax: (416) 865-7380
Email: sbomhof@torys.com

If to Banco Latinoamericano de Comercio Exterior, S.A. under the Bladex Facility:

Banco Latinoamericano de Comercio Exterior S.A. (BLADEX)
Oficina de Torre V, Business Park
Ave. La Rotonda, Urb. Costa del Este
Apartado 0819--08730

Panama, Republic of Panama

Attention: Camilo Alvarado, Vicepresidente Comercial y Representante
Pierre Dulin, Senior Vice President & General Manager, New York Agency
Jorge Luis Real, Vicepresidente - Riesgo Legal y Cumplimiento

Fax: (507) 269-6333
Email: calvarado@bladex.com
pdulin@bladex.com
jreal@bladex.com

If to HSBC Bank USA, National Association as Agent under the HSBC Facility:

Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004

Attention: Robert J. Gayda

Fax: (212) 480-8421
Email: gayda@sewkis.com

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PACIFIC EXPLORATION & PRODUCTION CORPORATION, PACIFIC E&P HOLDINGS CORP., META PETROLEUM CORP., PACIFIC STRATUS INTERNATIONAL ENERGY LTD., PACIFIC STRATUS ENERGY COLOMBIA CORP., PACIFIC STRATUS ENERGY S.A., PACIFIC OFF SHORE PERU S.R.L., PACIFIC RUBIALES GUATEMALA S.A., PACIFIC GUATEMALA ENERGY CORP., PRE-PSIE COÖPERATIEF U.A., PETROMINERALES COLOMBIA CORP. AND GRUPO C&C ENERGIA (BARBADOS) LTD.

Applicants

Court File No.: CV-16-11363-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

CLAIMS PROCEDURE ORDER
(Returnable May 10, 2016)

NORTON ROSE FULBRIGHT CANADA LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

Tony Reyes LSUC #28218V
Tel: 416.216.4825
tony.reyes@nortonrosefulbright.com

Virginie Gauthier LSUC #41097D
Tel: 416.216.4853
virginie.gauthier@nortonrosefulbright.com

Alexander Schmitt LSUC #63860F
Tel: 416.216.2419
alexander.schmitt@nortonrosefulbright.com

Lawyers for the Applicants

Any questions and requests for assistance may be directed to the Solicitation Agent:

KINGSDALE
Shareholder Services

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kingsdaleshareholder.com

North American Toll Free Phone:

1-877-659-1821

Email: **contactus@kingsdaleshareholder.com**

Facsimile: 416-867-2271
Toll Free Facsimile: 1-866-545-5580
Outside North America, Banks and Brokers Call Collect: 416-867-2272