PACIFIC RUBIALES ENERGY CORP.

NEWS RELEASE

PACIFIC RUBIALES ANNOUNCES SECOND QUARTER 2014 RESULTS: REPORTS RECORD REVENUE, ADJUSTED EBITDA, CASH FLOW (FUNDS FLOW FROM OPERATIONS), NET EARNINGS FROM OPERATIONS, NET PRODUCTION AND SALES VOLUMES

Toronto, Canada, Thursday August 14, 2014 – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today the release of its consolidated financial results for the quarter ended June 30, 2014, together with its Management Discussion and Analysis ("**MD&A**"). These documents will be posted on the Company's website at www.pacificrubiales.com, SEDAR at www.sedar.com, the SIMEV website at www.superfinanciera.gov.co/web_valores/Simev, and the BOVESPA website at www.bmfbovespa.com.br/. All values in this release and the Company's financial disclosures are in U.S.$, unless otherwise stated.

Operational Highlights:

- Net production for the quarter reached a record 149,118 boe/d, an increase of 17% compared to the same period in 2013 and slightly higher than the prior period.
- Gross production for the quarter was 178,736 boe/d, an increase of 15% compared to the same period in 2013.
- Total field production for the quarter was 320,078 boe/d, an increase of 3% compared to the same period in 2013.
- Sales volumes for the quarter were a record 155,027 boe/d, an increase of 22% compared to the same period in 2013 and a 2% increase from the prior period.
- An increase in total combined operating netback to $62.76/boe for the quarter compared to $60.54/boe in the same period a year ago and $63.80/boe in the prior period, with margins exceeding 66%.

Financial Highlights:

- Cash flow (funds flow from operations) for the quarter was a record $532 million, an increase of 12% compared to the same period in 2013 and the prior period.
- Revenues for the quarter were a record $1.34 billion, an increase of 27% compared to the same period in 2013.
- Adjusted EBITDA for the quarter was a record $722 million, an increase of 19% compared to the same period in 2013, representing a 54% margin on total revenues for the period.
- Net earnings from operations for the quarter were a record $338 million, an increase of 24% compared to the same period in 2013 and an increase of 2% compared to the prior period.
- Net earnings for the quarter were $229 million, an increase of 208% compared to the same period in 2013 and an increase of 92% compared to the prior period.

Additional Highlights:

- Light and medium crude oil average net production made up 33% of the production volumes this quarter, up from 15% during the second quarter of 2013, further highlighting the success of our production diversification strategy beyond the Rubiales field.
- During the quarter, the Company entered into an agreement with the Fondo de Capital Privado Hidrocarburos de Colombia ("**FIHC**") to acquire the remaining 40% economic interest in the

Cubiro block, effective April 1, 2014, for $228 million, plus a $21.93 per bbl of 2P reserves certified at year-end at the Copa E and Copa 6W prospects. The transaction closed on August 12, 2014. An advance of 30% of the purchase price was paid at the time the agreement was signed to FIHC and the remainder was paid upon closing of the transaction.

- On the exploration side, a new light oil discovery was made in the Cubiro block. This well is currently producing 457 bbl/d.
- The STAR pilot project was concluded during the quarter after successfully achieving its operational and technical objectives. The Company and Ecopetrol are evaluating the results and the potential application of STAR in various heavy oil fields in Colombia.

Ronald Pantin, Chief Executive Officer of the Company, commented:

"Despite challenging operating conditions during the quarter, the Company is proud to have achieved a record second quarter with all operational and most of our financial metrics at record levels. Year to date, the Company has generated over $2.63 billion in revenues and $1.43 billion in adjusted EBITDA.

"Net production of over 149 Mboe/d and sales volumes of 155 Mboe/d were a record for the Company and represent 17% and 22% growth, respectively, compared to the same period last year. This was achieved despite continued lower than expected production levels in the Rubiales field. The drought that impacted operations in the first quarter turned to abnormally wet and flood conditions in the second quarter, impacting operations at the Rubiales field. Although these abnormal weather conditions continue to persist, we expect they will improve during the second half of the year.

"The Company's financial performance in the quarter was also strong, with revenues, adjusted EBITDA, funds flow (cash flow), and earnings from operations, all at record levels. Our combined netback in the quarter was $62.76/boe versus $60.54/boe in the same period last year and $63.80/boe in the prior quarter, with a robust margin of over 66% on realized price. This was achieved despite the additional transportation costs associated with the disruption of the Bicentenario Pipeline which persisted throughout most of the quarter. The Company continues to effectively transport its production through alternate transportation means, avoiding any disruption to production, and illustrating the flexibility and strength of our business model.

"We continue to advance the diversification of our production beyond the Rubiales field through a combination of strategic acquisitions and organic growth. Our net light oil production in the current quarter has grown to approximately 50 Mbbl/d and 26 fold from three years ago. We expect continued growth in light oil production from our exploration and development assets in Colombia and Peru.

"A key objective in 2014 is the development of our two new heavy oil fields at the CPE-6 and Rio Ariari blocks, along Colombia's heavy oil belt, south and west of the Company's producing Rubiales and Quifa fields. As previously indicated, these blocks will be developed rapidly in phases over the next four to five years, similar to the development of the Rubiales and Quifa fields. Production ramp-up at the CPE-6 and Rio Ariari blocks are dependent on facilities to handle large water and oil volumes. Abnormally wet weather conditions in the second quarter, and to a lesser extent, security issues at the Rio Ariari block, have shifted the first phase of the facilities construction by approximately two to three months. However, we are still expecting production at these blocks to ramp up during the second half of the year following the construction of the water handling facilities.

"The Company continues to progress its enhanced oil recovery technology (STAR) designed to significantly increase recovery factors in Colombia's unique heavy oil fields. Under primary flow techniques, we and other producers are leaving 85% or more of a massive oil resource behind in the ground. Increasing the recovery and extending field life of heavy oil through advancing technology is clearly a large potential value creator for Colombia. The Company's patented STAR technology has been successfully demonstrated in a relatively small pilot test area in the Quifa SW field, achieving an estimated doubling of the recovery factor, as certified by three independent engineering firms. We have presented a plan to Ecopetrol S.A., our partner in the Quifa SW and Rubiales fields, to expand STAR to a commercial scale. Those plans are currently being examined by a joint technical committee.

"Our plans for Mexico continue to advance. We have now secured an office in the country and are very encouraged by what we see for both exploration and development opportunities. The Company has a particular skill and knowledge set that can be applied to Mexico's heavy oil exploitation, which will be to the benefit of both Pacific Rubiales and the country, as we continue building the leading E&P Company focused in Latin America."

Financial Results

Financial Summary			
	2014		2013
	Q2	Q1	Q2
Oil & Gas Sales Revenues ($ millions)	**1,344.6**	1,283.4	1,055.6
Adjusted EBITDA ($ millions)[1, 4]	**721.6**	708.2	604.4
Adjusted EBITDA Margin (Adjusted EBITDA/Revenues)	**54%**	55%	57%
Adjusted EBITDA per share[1, 4]	**2.30**	2.23	1.87
Cash Flow (Funds Flow from Operations) ($ millions)[1]	**531.6**	473.6	475.0
Cash Flow (Funds Flow from Operations) per share[1]	**1.70**	1.49	1.47
Net Earnings from Operations ($ millions)[1]	**337.5**	330.8	271.5
Net Earnings from Operations per share[1]	**1.08**	1.04	0.84
Net Earnings ($ millions) [2]	**228.5**	119.2	74.3
Net Earnings per share	**0.73**	0.38	0.23
Net Production (boe/d)	**149,118**	148,827	127,555
Sales Volumes (boe/d)	**155,027**	151,847	127,398
(COP$ / US$) Exchange Rate[3]	**1,881.19**	1,965.32	1,929.00
Average Shares Outstanding – basic (millions)	**313.6**	317.8	323.0

[1]The terms adjusted EBITDA, cash flow (funds flow from operations) and adjusted net earnings from operations are non-IFRS measures. Please see advisories and reconciliations in the MD&A.
[2]Net earnings attributable to equity holders of the parent.
[3]COP/USD exchange rate fluctuations can have a significant impact on the Company's accounting net earnings, in the form of unrealized foreign currency translation on the Company's financial assets and liabilities and deferred tax balances that are denominated in COP.
[4]The Company uses the non-IFRS measure adjusted EBITDA, whereas in the past we have used the term EBITDA. Our calculation of this measure has not changed from previous quarters, but the terminology has changed, further to guidance provided by the Ontario Securities Commission.

Production

Net Production Summary			
	2014		2013
	Q2	Q1	Q2
Oil and Liquids (bbl/d)			
Colombia[1]	**136,215**	135,694	115,170
Peru	**2,541**	2,424	1,434
Total Oil and Liquids (bbl/d)[1]	**138,756**	138,118	116,604
Natural Gas (boe/d)[2]			

Colombia	**10,362**	10,709	10,951
Total Natural Gas (boe/d)	**10,362**	10,709	10,951
Total Equivalent Production (boe/d)	**149,118**	148,827	127,555

[1]Includes the additional 40% interest in the Cubiro block acquired from FIHC effective April 1, 2014 pursuant to a transaction that closed on August 12, 2014, which produced at 3,626 bbl/d.
[2]Colombian standard natural gas conversion ratio of 5.7 Mcf/bbl.
Additional production details are available in the MD&A.

In the second quarter, the Company's net production of 149,118 boe/d increased 17% compared to the same period a year ago, mainly driven by rising production volumes in light oil production. The Company achieved record net production levels despite lower volumes produced in the Rubiales field due to unexpected and extraordinary weather impacts on operations. Production in the Rubiales field is expected to return to planned levels in the second half as weather conditions return to normal.

Light and medium crude oil average net production made up 33% of the production volumes this quarter, up from 15% from the second quarter of 2013. This increase has mainly been driven by the acquisition of strategic light oil production in Colombia and further delivery of a 9% increase in average net production from the Petrominerales Ltd. blocks since their acquisition late last year, as well as an 83% increase in average net production from the PetroMagdalena Energy Corp. acquisition made in 2012. The Company expects its light oil production to increase further in 2014 mainly from ongoing development drilling in the Z-1 block in offshore Peru.

Production and Sales Volumes

Production to Total Sales Reconciliation			
	2014		2013
	Q2	Q1	Q2
Net Production			
Colombia oil (bbl/d)[1]	**136,215**	135,694	115,170
Colombia gas (boe/d)	**10,362**	10,709	10,951
Peru oil (bbl/d)	**2,541**	2,424	1,434
Total Net Production (boe/d)[1]	**149,118**	148,827	127,555
Sales Volumes (boe/d)			
Production Available for Sale (boe/d)	**149,118**	148,827	127,555
Diluent Volumes (bbl/d)	**2,234**	3,211	5,427
Oil for Trading Volumes (bbl/d)	**8,619**	10,586	3,810
PAP Settlement (bbl/d) [2]	**-**	(4,996)	(2,154)
Inventory Movement and Other (boe/d)	**(4,944)**	(5,781)	(7,249)
Total Volumes Sold (boe/d)	**155,027**	151,847	127,398

[1]Includes the additional 40% interest in the Cubiro block acquired from FIHC effective April 1, 2014 pursuant to a transaction that closed on August 12, 2014, which produced at 3,626 bbl/d.
[2]Corresponds to the inventory delivered to Ecopetrol during 2013 and 2014 relating to the final PAP arbitration settlement. As at the end of the first quarter of 2014, the Company had delivered in full all of the outstanding prior period PAP volumes.
Additional production and sales volume details are available in the MD&A.

The Company produces and sells crude oil and natural gas. It also purchases liquids and crude oil from third parties for trading purposes and distillate for diluent mixing with heavy oil production, which are included in the reported "volumes sold". Sales volumes are also impacted by the relative movement in inventories during a reporting period. Both revenues and costs are recognized on the respective volumes sold during the period.

Production available for sale for the quarter increased to 149,118 boe/d from 127,555 boe/d compared to the same period in 2013 (an increase of 17%), due to rising volumes in producing fields. Purchased diluent volumes decreased 59% compared to the same period in 2013, the result of the replacement of purchased diluent by the Company's own light crude oil. Oil for trading ("**OFT**") volumes in the quarter increased to 8,619 bbl/d from 3,810 bbl/d a year ago, while inventory balances for the quarter decreased to a 4,944 boe/d build from a 5,781 boe/d build in the prior period and a 7,249 boe/d build reported in the same period a year ago.

Total volumes sold, composed of production volumes available for sale, purchased diluent volumes, OFT volumes, the additional production available for sale following the settlement of PAP with Ecopetrol and inventory balance changes. Total volumes sold increased to 155,027 boe/d in the current quarter from 127,398 boe/d compared to the same period a year ago (an increase of 22%).

Operating Netbacks and Sales Volumes

Oil and Gas Production Volumes and Netbacks							
	2014 Q2			2014 Q1			2013 Q2
	Oil	Natural Gas	Combined	Oil	Natural Gas	Combined	Combined
Production Volumes Sold (boe/d)[1]	**136,108**	**10,300**	**146,408**	130,526	10,735	141,261	123,588
Crude Oil and Natural Gas Sales Price ($/boe)	**99.76**	**31.33**	**94.95**	98.44	31.80	93.38	90.91
Production Costs ($/boe)	**16.71**	**3.17**	**15.75**	16.51	4.18	15.57	15.44
Transportation Costs ($/boe)	**14.99**	**0.02**	**13.93**	15.02	0.01	13.88	12.37
Diluent Costs ($/boe)	**2.19**	**-**	**2.03**	2.90	-	2.68	5.78
Sub-Total Costs ($/boe)	**33.89**	**3.19**	**31.71**	34.43	4.19	32.13	33.59
Other Costs ($/boe)	**1.34**	**2.55**	**1.43**	1.24	1.93	1.29	0.04
Overlift/Underlift Costs ($/boe)	**(1.01)**	**(0.15)**	**(0.95)**	(4.21)	0.64	(3.84)	(3.26)
Total Costs ($/boe)	**34.22**	**5.59**	**32.19**	31.46	6.76	29.58	30.37
Operating Netback ($/boe)	**65.54**	**25.74**	**62.76**	66.98	25.04	63.80	60.54

[1]Production volumes sold excludes oil for trading volumes.
Additional cost and netback details are available in the MD&A.

Combined operating netback increased to $62.76/boe in the second quarter of 2014 from $60.54/boe in the same period a year ago and decreased slightly from $63.80/boe in the prior period. Combined operating netback margins were 66% compared to 67% in the same period a year ago and 68% in the prior period.

Since 2013, the Company has undertaken several initiatives to reduce oil operating costs. Diluent cost has decreased by $3.75/boe compared to the same period in 2013, which was achieved through the targeted acquisition of light crude that has been used to replace more expensive diluent purchased from third parties. Production cost remained stable at $15.75/boe compared to $15.44/boe for the second quarter of 2013. Transportation costs increased compared to the second quarter of 2013 as a result of a higher volume of oil being transported via tank truck, attributed to the temporary disruption at the Bicentenario Pipeline. Despite the disruption of more than 40 Mbbl/d of pipeline transportation at the Bicentenario Pipeline, the Company has been able to maintain field production by diverting volumes to other pipelines through short term agreements and by using tank trucks. Transportation costs remained in line compared to the first quarter of 2014.

During the quarter, the Company incurred a net amount of $24.8 million in take-or-pay fees to the Bicentenario Pipeline during the period in which the capacity was not available. The Company is receiving dividends from the pipeline which help to partially mitigate the impact of the disruption. This cost was not included as part of the netback calculation as the pipeline was not operational and the cost is temporary in nature.

Exploration Update

During the second quarter of 2014, nine wells were drilled in Colombia, consisting of two exploration wells, six appraisal wells and one stratigraphic well, resulting in a new discovery in the Cubiro block (Copa field) and further confirmation/delineation of the Canaguey, Rio Ariari and CPE-6 discoveries. Additional details are available in the MD&A.

Second Quarter 2014 Conference call Details

The Company has scheduled a telephone conference call for investors and analysts on Thursday August 14, 2014 at 8:00 a.m. (Bogotá time), 9:00 a.m. (Toronto time) and 10:00 a.m. (Rio de Janeiro time) to discuss the Company's second quarter 2014 results. Participants will include Ronald Pantin, Chief Executive Officer, José Francisco Arata, President, and selected members of senior management.

The live conference call will be conducted in English with simultaneous Spanish translation. A presentation will be posted on the Company's website prior to the call, which can be accessed at www.pacificrubiales.com.

Analysts and interested investors are invited to participate using the dial-in numbers as follows:

Participant Number (International/Local):	(647) 427-7450
Participant Number (Toll free Colombia):	01-800-518-0661
Participant Number (Toll free North America):	(888) 231-8191
Conference ID (English Participants):	66433625
Conference ID (Spanish Participants):	66435943

The conference call will be webcast, which can be accessed through the following link: http://www.pacificrubiales.com.co/investor-relations/webcast.html.

A replay of the conference call will be available until 23:59 pm (Toronto time), August 28, 2014 and can be accessed using the following dial-in numbers:

Encore Toll Free Dial-in Number:	1-855-859-2056
Local Dial-in-Number:	(416)-849-0833
Encore ID (English Participants):	66433625
Encore ID (Spanish Participants):	66435943

Pacific Rubiales, a Canadian company and producer of natural gas and crude oil, owns 100% of Meta Petroleum Corp., which operates the Rubiales, Piriri and Quifa heavy oil fields in the Llanos Basin, and 100% of Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in the *northwestern area of Colombia. Pacific Rubiales has also acquired 100% of Petrominerales Ltd, which owns light and heavy oil assets in Colombia and oil and gas assets in Peru, 100% of PetroMagdalena Energy Corp., which owns light oil assets in Colombia, and 100% of C&C Energia Ltd., which owns light oil assets in the Llanos Basin. In addition, the Company has a diversified portfolio of assets beyond Colombia, which includes producing and exploration assets in Peru, Guatemala, Brazil, Guyana and Papua New Guinea.*

The Companies common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols PRE, PREC, and PREB, respectively.

Advisories

Cautionary Note Concerning Forward-Looking Statements

This press release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Peru, Guatemala, Brazil, Papua New Guinea or Guyana; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; the impact of environmental, aboriginal or other claims and the delays such claims may cause in the expected development plans of the Company and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 13, 2014 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this press release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

Boe Conversion

The term "boe" is used in this news release. 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.

The Company's natural gas reserves are contained in the La Creciente, Guama and other bocks in Colombia as well as in the Piedera Redonda field in block Z-1, Peru. For all natural gas reserves in Colombia, boe's have been expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy, and for all natural gas reserves in Peru, boe's have been expressed using the Peruvian conversion standard of 5.626 Mcf: 1 bbl required by Perupetro S.A. If a conversion standard of 6.0 Mcf: 1 bbl was used for all of the Company's natural gas reserves, this would result in a reduction in the Company's net P1 and 2P reserves of approximately 4.9 and 6.9 Mmboe, respectively.

Definitions

Bcf	Billion cubic feet.
Bcfe	Billion cubic feet of natural gas equivalent.
bbl	Barrel of oil.
bbl/d	Barrel of oil per day.
boe	Barrel of oil equivalent. Boe’s may be misleading, particularly if used in isolation. The Colombian standard is a boe conversion ratio of 5.7 Mcf:1 bbl and is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
boe/d	Barrel of oil equivalent per day.
Mbbl	Thousand barrels.
Mboe	Thousand barrels of oil equivalent.
MMbbl	Million barrels.
MMboe	Million barrels of oil equivalent.
Mcf	Thousand cubic feet.
Million Tons LNG	One million tons of LNG (Liquefied Natural Gas) is equivalent to 48 Bcf or 1.36 billion m3 of natural gas.
Net Production	Company’s working interest production after deduction of royalties.
Total Field Production	100% of total field production before accounting for working interest and royalty deductions.
Gross Production	Company’s working interest production before deduction of royalties.
WTI	West Texas Intermediate Crude Oil.

Translation

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

FOR FURTHER INFORMATION CONTACT:

Christopher (Chris) LeGallais
Sr. Vice President, Investor Relations
+1 (647) 295-3700

Roberto Puente
Sr. Manager, Investor Relations
+57 (1) 511-2298

Kate Stark
Manager, Investor Relations
+1 (416) 362-7735