

# PACIFIC RUBIALES ENERGY CORP.

## *NEWS RELEASE*

### PACIFIC RUBIALES ANNOUNCES EXCHANGE OFFER FOR ITS OUTSTANDING 7.25% SENIOR NOTES DUE 2021

#### NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

**TORONTO, CANADA, Friday September 19, 2014** – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today that it has commenced an offer to exchange its outstanding 7.25% senior notes due 2021 (CUSIP Nos.: 69480U AC1 (Rule 144A) / C71058 AB4 (Reg. S)) (the “**Existing Notes**”) held by Eligible Holders (as defined below) for newly issued U.S. dollar-denominated senior unsecured notes (the “**New Notes**”) due 2025 (the “**Exchange Offer**”) at a coupon rate of 5.625%. The purpose of the Exchange Offer is to improve the maturity profile of the Company's existing debt by extending the maturity of a portion of its outstanding debt from 2021, the maturity of the Existing Notes, until 2025, the maturity of the New Notes, while reducing interest expense.

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

“With this exchange offer, Pacific Rubiales looks to improve its financial position by reducing interest rates, securing more favorable credit terms and extending the term to maturity of its long-term debt. This is part of our corporate debt liability management strategy and highlights the increasing financial strength of the Company.”

The Exchange Offer will expire at 11:59 p.m. (New York time) on October 17, 2014, unless extended (such time and date, as the same may be extended, the “**Expiration Date**”). Eligible Holders who validly tender Existing Notes for exchange by 5:00 p.m. (New York time) on October 2, 2014, unless extended (such time and date, as the same may be extended, the “**Early Participation Date**”), will receive the Total Exchange Price (as described below). Eligible Holders who validly tender Existing Notes for exchange after the Early Participation Date, but on or prior to the Expiration Date, will receive the Exchange Price (as described below). Existing Notes tendered in the Exchange Offer may be withdrawn at any time prior to 5:00 p.m. (New York time) on October 2, 2014, unless extended by the Company (such time and date, as the same may be extended, the “**Withdrawal Deadline**”). Eligible Holders may withdraw tendered Existing Notes at any time prior to the Withdrawal Deadline, but Eligible Holders may not withdraw their tendered Existing Notes on or after the Withdrawal Deadline except as required by applicable law.

Eligible Holders that tender their Existing Notes on or prior to the Early Participation Date will receive, in exchange for each US\$1,000 of principal amount of Existing Notes being exchanged, an aggregate principal amount of New Notes equal to US\$1,131.25, which includes an early participation payment of US\$30.00 (the “**Total Exchange Price**”). Eligible Holders who validly tender their Existing Notes after the Early Participation Date but prior to the Expiration Date will not be eligible to receive the early participation payment, but will be eligible to receive only the “Exchange Price” of US\$1,101.25 in principal amount of New Notes for each US\$1,000 in principal amount of Existing Notes validly tendered

and accepted. Cash in lieu of any fractional portion rounded down of a New Note will be paid on the applicable exchange date based on the Total Exchange Price or the Exchange Price, as the case may be.

All Eligible Holders whose Existing Notes are validly tendered and accepted for exchange will also receive a cash payment equal to the accrued and unpaid interest on their Existing Notes accepted for exchange from the last applicable interest payment date up to, but excluding, the applicable exchange date, less the accrued and unpaid interest on the New Notes from September 19, 2014 to the applicable exchange date.

Notwithstanding any other provision of the Exchange Offer, the Company's obligation to accept for exchange any Existing Notes validly tendered is subject to the satisfaction of certain general conditions described in the Offering Memorandum dated September 19, 2014 relating to the Exchange Offer (the “**Exchange Offer Memorandum**”).

The New Notes will be direct, unsecured, subordinated obligations and will rank pari passu without preference among themselves. The New Notes will 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 New Notes will mature on January 19, 2025. The terms and conditions of the Exchange Offer are set forth in an Exchange Offer Memorandum. The Company may amend, extend or terminate the Exchange Offer, subject to certain conditions described in the Exchange Offer Memorandum.

The Exchange Offer is being solicited only from holders of Existing Notes: (a) who are “qualified institutional buyers,” or “QIBs,” as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”); and (b) outside the United States who are persons other than “U.S. persons”, as defined in Regulation S under the Securities Act, and who are eligible to participate in the Exchange Offer pursuant to the securities laws of the jurisdiction in which they are located. Holders of Existing Notes who are eligible to participate in the Exchange Offer pursuant to at least one of the foregoing conditions are referred to herein as “**Eligible Holders**”.

**None of the Exchange Offer or the New Notes have been registered, and will not be registered, under the Securities Act, or under the securities laws of any other jurisdiction. The New Notes may not be offered within the United States or to, or for the account or benefit of, U.S. persons, except to Eligible Holders in compliance with Section 4(a)(2) or Regulation S of the Securities Act, as applicable. Only Eligible Holders who have completed and returned an eligibility letter are authorized to receive or review the Exchange Offer Memorandum or to participate in the Exchange Offer. In Canada, only accredited investors (as defined under applicable securities laws) will be able to participate in the Exchange Offer, or in the offering of the New Notes. None of the Exchange Offer or the New Notes will be offered to undetermined Colombian residents or to more than a 100 determined Colombian residents.**

Global Bondholder Services Corporation has been appointed as the information and exchange agent for the Exchange Offer. Holders may contact the information and exchange agent toll free at (866) 807-2200.

*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 previously 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, Belize and Papua New Guinea.*

*The Company's 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, Belize 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](http://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.*

## **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.*

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