PACIFIC RUBIALES ENERGY CORP.

NEWS RELEASE

PACIFIC RUBIALES ANNOUNCES SECOND QUARTER DIVIDEND

TORONTO, Tuesday June 3, 2014 - Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today its second quarter 2014 cash dividend of U.S.$0.165 per common share payable on June 27, 2014 to shareholders of record as of June 18, 2014 and to holders of Brazilian Depositary Receipts (the "**BDRs**") of record as of June 13, 2014. The ex-dividend date for shareholders trading on the Toronto Stock Exchange and the La Bolsa de Valores de Colombia (or the Colombia Stock Exchange) as well as for those trading BDRs on the Bolsa de Valores Mercadorias e Futuros (or the Brazilian Stock Exchange) is June 16, 2014.

For shareholders trading on the Colombian Stock Exchange, the Colombia peso equivalency shall be calculated based on the exchange rate as certified by the "Central Bank" on the date of monetization and will be published on the SIMEV website at the proper time.

With respect to the BDRs traded on the Brazilian Stock Exchange, the Depositary Institution in Brazil will execute the exchange agreement as of the date of the payment of the dividend to the holders of BDRs, on or about June 27, 2014, for conversion purposes. Also, the holders of BDRs registered on June 13, 2014 shall be entitled to receive the dividends from the Depositary Institution on or about July 4, 2014.

Subject to approval from the Board of Directors, the Company expects to continue paying a dividend on a quarterly basis at this level, with such decision being determined based on funds from operations, earnings, financial requirements, commodity price levels, legal requirements and other conditions existing in the future. While a formal dividend policy is not in place, the payment of quarterly dividends will continue to be reviewed by the Board of Directors, as needed, from time to time. Future dividends on Pacific Rubiales common shares and, consequently, BDRs, are not guaranteed.

The Company intends to designate all dividends as "eligible dividends" for purposes of the Income Tax Act (Canada) unless a notification of change is otherwise posted on the Company's website at www.pacificrubiales.com and on SEDAR at www.sedar.com. Provided the designation is made, the dividend will be considered an "eligible dividend" for tax purposes. An eligible dividend received by a Canadian resident individual shareholder is entitled to the enhanced dividend tax credit.

TAX CONSIDERATIONS

General

The information in this release is not intended to be an exhaustive discussion of all possible income tax consequences and considerations, but as a general guideline. It is not intended to be legal or tax advice to any particular investor or potential investor. Investors or potential investors should consult their own tax advisors as to their particular tax consequences and reporting obligations.

The following information is provided for general information only. Investors are encouraged to seek advice from a qualified tax advisor in their country of residence to obtain guidance with respect to appropriate tax treatment of their distributions.

For Canadian Residents

For Canadian income tax purposes, the dividend paid to shareholders of Pacific Rubiales will be a taxable dividend. In the case of a shareholder who is an individual resident in Canada, dividends will be subject to the gross-up and credit rules contained in the Income Tax Act (Canada), and, in the case of a shareholder that is a "private corporation" or a "subject corporation" (both as defined in the Income Tax Act (Canada)), a refundable tax will apply to the amount of the dividend. Shareholders should contact their tax advisor or their local office of the Canada Revenue Agency with respect to any questions regarding the taxation of eligible dividends.

For Colombian Residents

Dividends paid to non-residents of Canada should be subject to a 25% Canadian withholding tax on 100% of the gross distribution. However, pursuant to the Canada - Colombia Tax Treaty, the applicable rate of Canadian withholding tax may be reduced to 15% where the recipient is a resident of Colombia. Under Colombian general tax rules dividends will be subject to tax. Generally, a corporation resident in Colombia is subject to tax at 34% of net income and individuals are subject to tax based on a progressive table as applicable. Amounts paid as foreign taxes may be eligible for a foreign tax credit in Colombia. For a more detailed discussion on the logistics and tax implications, shareholders should contact their tax advisor or their local office of the Colombian tax agency (DIAN), with respect to any questions regarding the taxation of these dividends or the application of foreign tax credits. In addition, they should consult the dividend circular that will be made available on the SIMEV.

For U.S. Residents

Subject to various U.S. statutory holding period requirements, distributions made by the Company out of its current or accumulated "earnings and profits" may be considered "qualified dividend income" as defined under U.S. tax law, and thus may be taxed at the reduced tax rates applicable to long term capital gains, provided that the Company has the status of a "qualified foreign corporation" and is not a "passive foreign investment company" for the year ending December 31, 2014 or the year ended December 31, 2013. These reduced rates may not be available to shareholders of the Company other than U.S. resident individuals. In addition, distributions in excess of the Company's current or accumulated "earnings and profits" may reduce the U.S. tax basis of the shareholder's shares of the Company.

Pursuant to the Canada - U.S. Tax Treaty, dividends paid to residents of the United States may be subject to a 15% withholding tax on 100% of the gross distribution. Amounts paid for foreign taxes may be eligible for either a deduction for foreign taxes or a foreign tax credit in the United States; both the deduction and credit for foreign taxes are subject to numerous limitations imposed by U.S. tax law which are not discussed in this summary.

Shareholders should contact their tax advisor or their local office of the Internal Revenue Service with respect to any questions regarding the taxation of such dividend distributions.

For Brazilian Residents

Dividends paid to residents of Brazil will be subject to a 25% Canadian withholding tax on 100% of the gross distribution. In the case of a BDR holder who is an individual resident in Brazil, dividends will be subject to income tax based on a progressive table, as applicable, which rates vary from 0% to 27.5%. In the case of a BDR holder that is a corporation domiciled in Brazil, dividends will subject to income tax at a rate of 34%. Amounts withheld in Canada as taxes may be eligible for a tax credit in Brazil. BDR holders should contact their tax advisor in Brazil with respect to any documents which may be necessary for this tax credit and any questions regarding the taxation of eligible dividends.

For Taxpayers Eligible for a Benefit Under a Tax Treaty

Taxpayers who were eligible for a benefit under a tax treaty prior to the second quarter of 2014 and are seeking a refund for the overpayment of withholding taxes may do so by submitting an NR7-R form to the Canada Revenue Agency. To receive the benefit of a lower withholding tax rate under an applicable tax treaty going forward, the taxpayer must submit the "PRE Treaty Benefit Eligibility Form" to their broker. All taxpayers should contact their tax advisor with respect to any treaty eligibility and the submission of required forms. The Company will be providing further information and access to the relevant forms on its website at www.pacificrubiales.com prior to June 27, 2014.

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 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 news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of *capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Guatemala, Peru, Brazil, Papua New Guinea and 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; 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.*

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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