

# PACIFIC RUBIALES ENERGY CORP.

## *NEWS RELEASE*

### **PACIFIC RUBIALES ANNOUNCES A 45% INCREASE IN CERTIFIED TOTAL PROSPECTIVE RESOURCES AND A 62% INCREASE IN CERTIFIED CONTINGENT RESOURCES, IN AN EVALUATION OF ITS EXPLORATION BLOCKS**

**Toronto, Canada, Tuesday August 19, 2014** – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today the results of an independent resource evaluation for 36 of the Company's 60 exploration blocks in Colombia, Peru, Brazil, Guyana, Guatemala and Papua New Guinea ("PNG"). The 2014 resource evaluation was prepared by Petrotech Engineering Ltd. ("Petrotech") with an effective date of March 31, 2014 (the "**2014 Resource Report**").

The 2014 Resource Report selection of the 36 exploration blocks was based on a minimum criterion of 20 MMbbl of oil or equivalent of Pmean Resources, per block.

The 2014 Resource Report contains estimates of low case, best case, high case and Pmean case for both Contingent and Prospective Resources (see section "Resources" in the Legal Advisories for further information).

The following comparison is done on the best case estimates of the 36 exploration blocks evaluated in 2014 against the best case estimates of the 32 exploration blocks evaluated in 2012 (subject to no minimum criteria).

The 2014 Resource Report shows that the best case estimates of 36 exploration blocks totaling the sum of the gross Prospective Resources ("**total**" prospects plus leads) attributed to the Company have grown 45% to 6.2 Bboe from 4.3 Bboe of the best case in 2012, and the best case estimates of total gross Contingent Resources have grown 62% to 272 MMboe from 168 MMboe of the best case total Contingent Resources estimated in 2012.

José Francisco Arata, President of the Company commented:

"The 2014 certified Resource Report illustrates the Company's continued success in growing and expanding its resource portfolio in Latin America. Access to a large and diversified resource base feeds future reserves growth which in turn provides the future production of a successful E&P Company like Pacific Rubiales."

Highlights on the best case estimates of gross unrisks Prospective Resources and gross Contingent Resources:

- 6,240 MMboe of total Prospective Resources (including 1,392 MMboe in prospects plus 4,848 MMboe in leads), representing an increase of 45% compared to the 2012 evaluation.
  - The total Prospective Resources are contained in 166 opportunities (82 prospects and 84 leads) on 36 evaluated blocks in six countries.
  - The total Prospective Resources are estimated to include 5,805 MMbbl of oil and natural gas liquids (93%), and 2.6 Tcf (435 MMboe) of natural gas (7%).
  - 22% or 1,392 MMboe (63% light and medium oil, 27% heavy oil, 10% natural gas) of the
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total Prospective Resources are in prospects, an increase of 7% from 1,302 MMboe in 2012.

- 78% or 4,848 MMboe (79% light and medium oil, 15% heavy oil, 6% natural gas) of the total Prospective Resources are in leads, a 62% increase from 2,989 MMboe in 2012, largely reflecting new exploration blocks acquired in 2013 and new leads defined on seismic surveys.
- 40% of the total Prospective Resources opportunities are in Peru, 25% in Colombia, 21% in Guyana, 12% in Brazil, 1% in Papua New Guinea and 1% in Guatemala.
- 272 MMboe of total gross Contingent Resources, a 62% increase from 168 MMboe in 2012, mainly due to acquisitions and advancement from Prospective Resources through successful exploration drilling.

### Contingent Resources

The best case estimate of total gross Contingent Resources is 272 MMboe (low case estimate of 35 MMboe, high case estimate of 584 MMboe, and a Pmean case of 256 MMboe). Approximately 61% or 165 MMboe of these resources are in Peru with the bulk in Block Z-1 (estimated to contain 893 Bcf or 159 MMboe of natural gas) and 7 MMbbl (light and medium oil) in Block 126. Additional Contingent Resources are in blocks CPO-17 in Colombia (80 MMbbl of heavy oil), in the Karoon blocks in the Santos basin Brazil (24 MMbbl light and medium oil), with the remainder in the PPL-237 Block in PNG (2.4 MMboe comprised of approximately 13 Bcf of natural gas and 0.3 MMbbl of natural gas liquids). The Company's 2014 Contingent Resources are summarized in the table below:

Total Contingent Resources										
Country	Blocks	Number of Opportunities	100% Resources				Gross Resources (WI before Royalties)			
			Low (MMboe)	Best (MMboe)	High (MMboe)	Mean (MMboe)	Low (MMboe)	Best (MMboe)	High (MMboe)	Mean (MMboe)
Colombia	1	3	80	321	919	335	20	80	230	84
Peru	2	2	6	331	617	290	4	165	320	148
Brazil	5	3	29	68	85	61	10	24	30	21
PNG	1	1	8	21	50	23	1	2	5	2
<b>Total</b>	<b>9</b>	<b>9</b>	<b>124</b>	<b>741</b>	<b>1,670</b>	<b>710</b>	<b>35</b>	<b>272</b>	<b>584</b>	<b>256</b>

Note that the numbers in the above table may not add due to rounding differences.

### Prospective Resources

The majority of the Company's resources are represented by Prospective Resources, contained in 166 opportunities in six countries. The total best case estimate of total gross Prospective Resources (prospects plus leads) is 6,240 MMboe (low case estimate of 1,270 MMboe, high case estimate of 28,896 MMboe, and a Pmean case of 7,114 MMboe). A summary of these estimates (segmented into prospects and leads categories) is provided in the two tables below:

Total Unrisked Prospective Resources - Prospects												
Country	Blocks	Number of Opportunities	100% Resources				Gross Resources (WI before Royalties)				Weighted Geological Chance of Success	Weighted Chance of Development
			Low (MMboe)	Best (MMboe)	High (MMboe)	Mean (MMboe)	Low (MMboe)	Best (MMboe)	High (MMboe)	Mean (MMboe)		
Colombia	12	54	288	1,084	3,966	1,217	198	713	2,624	806	30.6%	93.7%
Peru	4	18	299	1,172	3,978	1,192	145	564	1,910	572	23.3%	98.9%
Brazil	5	5	30	269	1,060	274	11	94	371	96	19.5%	73.9%
Guatemala	1	2	11	75	367	99	2	14	68	18	29.0%	90.0%
PNG	1	3	30	79	202	94	3	8	20	9	25.7%	50.0%
<b>Total</b>	<b>23</b>	<b>82</b>	<b>659</b>	<b>2,680</b>	<b>9,574</b>	<b>2,877</b>	<b>359</b>	<b>1,392</b>	<b>4,994</b>	<b>1,502</b>		

Note that the numbers in the above table may not add due to rounding differences.

Total Unrisked Prospective Resources – Leads											
Country	Blocks	Number of Opportunities	100% Resources				Gross Resources (WI before Royalties)				
			Low (MMboe)	Best (MMboe)	High (MMboe)	Mean (MMboe)	Low (MMboe)	Best (MMboe)	High (MMboe)	Mean (MMboe)	
Colombia	10	29	380	1,495	4,748	1,620	216	841	2,853	947	
Peru	6	35	198	1,989	11,863	2,182	185	1,933	11,651	2,116	
Brazil	3	9	230	1,459	8,703	2,169	109	683	4,031	998	
Guatemala	1	2	1	43	710	69	0	23	390	38	
PNG	1	2	76	468	1,530	447	8	47	153	45	
Guyana	2	7	612	2,051	7,493	2,280	394	1,320	4,824	1,468	
<b>Total</b>	<b>23</b>	<b>84</b>	<b>1,498</b>	<b>7,504</b>	<b>35,046</b>	<b>8,767</b>	<b>911</b>	<b>4,848</b>	<b>23,902</b>	<b>5,612</b>	

Note that the numbers in the above table may not add due to rounding differences. Geological chance of success and chance of development for leads are not evaluated until they can be upgraded to prospects.

## Colombia

In Colombia, the 2014 Resource Report covers the Company's working interest in 16 blocks (approximately 1.8 million net acres), containing 83 exploration opportunities (54 prospects and 29 leads) with a best case estimate of total gross Prospective Resources of 1,554 MMboe (71% heavy oil, 19% light and medium oil, 10% natural gas). Most of the natural gas is from the Company's blocks in the Lower Magdalena Basin, while the Llanos and Putumayo basins hold most of the total estimated oil Prospective Resources.

## Peru

In Peru, the 2014 Resource Report covers the Company's working interest in one offshore and seven onshore blocks (approximately 3.9 million net acres), containing 53 exploration opportunities (18 prospects and 35 leads) with estimated best case total gross Prospective Resources of 2,497 MMboe (99% light and medium oil, 1% natural gas). Of this total resource, 79% is associated with the seven onshore blocks in the Marañon and Ucayali basins, and 21% is in the offshore Z1 Block in the Tumbes Basin.

## Brazil

In Brazil, the 2014 Resource Report covers the Company's working interest in eight blocks

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(approximately 146 thousand net acres), containing 14 exploration opportunities (5 prospects and 9 leads) with estimated best case total gross Prospective Resources of 777 MMbbl (all light and medium oil). Approximately 12% is associated with the Company's interests in the Karoon blocks in the offshore Santos Basin, while the remainder are in blocks the Company holds in the offshore Foz do Amazonas and Para Maranhao Basins.

## **Other Countries**

In Guyana, the 2014 Resource Report covers the Company's 64% working interest in two blocks (approximately 1 million net acres), held through its equity interest in CGX Energy Inc. ("CGX"). These blocks contain seven exploration opportunities (all leads) with a best case estimate of total gross Prospective Resources of 1,320 MMboe (84% light and medium oil, 16% natural gas).

In Guatemala, the 2014 Resource Report covers the Company's working interest in one block (approximately 30 thousand net acres), containing four exploration opportunities (two prospects and two leads) with a best case estimate of total gross Prospective Resources of 37 MMbbl of light and medium oil.

In Papua New Guinea, the 2014 Resource Report covers the Company's working interest on one block (approximately 29 thousand net acres), containing five exploration opportunities (three prospects and two leads) with a best case total gross Prospective Resources of 55 MMboe (98% natural gas, 2% natural gas liquids).

*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 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 owned 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 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 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](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.*

### **Boe Conversion**

*The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. For example 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.*

*For all natural gas resources 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 Resources in Peru, boe's have been expressed using the Peruvian conversion standard of 5.626 Mcf: 1 bbl required by Perupetro S.A. The boe in Papua New Guinea and Guyana is converted at 6 Mcf: 1 bbl.*

*Statements related to resources are deemed forward-looking statements as they involve the implied evaluation, based on certain estimates and assumptions that the resources will be discovered (in the case of Prospective Resources) and can be profitably produced in the future. Specifically, forward-looking information contained herein regarding "resources" may include: estimated volumes and value of the Company's oil and gas resources; estimated volumes of Contingent and Prospective Resources and the ability to finance future development; and, the conversion of a portion of Contingent Resources into reserves and Prospective Resources into Contingent Resources.*

### **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.
Bboe	Billion barrel of oil equivalent
Mbbl	Thousand barrels.
Mboe	Thousand barrels of oil equivalent.
MMbbl	Million barrels.
MMboe	Million barrels of oil equivalent.
Mcf	Thousand cubic feet.
WTI	West Texas Intermediate Crude Oil.

## **Resources**

*Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class. Estimates of remaining recoverable resources (unrisked) include Prospective resources that have not been adjusted for risk based on the chance of discovery or the chance of development and Contingent resources that have not been adjusted for risk based on the chance of development. It is not an estimate of volumes that may be recovered. Actual recovery is likely to be less and may be substantially less or zero.*

*Prospective Resources are those quantities of oil and gas estimated to be potentially recoverable from undiscovered accumulations. There is no certainty that the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources. Application of any geological and economic chance factor does not equate Prospective Resources to Contingent Resources or reserves. In addition, the following mutually exclusive Classification of Resources were used:*

- **Low Estimate** - *This is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation. This term reflects a P90 confidence level where there is a 90% chance that a successful discovery will be equal to more than this resources estimate.*
- **Best Estimate** - *This is considered to be the best estimate of the quantity that will actually be recovered from the accumulation. This term is a measure of central tendency of the uncertainty distribution and in this case reflects a 50% confidence level where there is a 50% chance that the successful discovery will be equal to or more than this resources estimate.*
- **High Estimate** - *This is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation. This term reflects a P10 confidence level where there is a 10% chance that the successful discovery will be equal to or more than this resources estimate.*
- **Pmean Estimate** - *This is determined using the arithmetic average of the low, best and high case*

*estimates relating to the reservoir volumes, reservoir properties and recovery factors.*

*Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The estimates herein have not been risked for the chance of development. There is no certainty that the Contingent Resources will be developed and, if they are developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the Contingent Resources.*

*In this press release total volumes of resources have been expressed for high case estimates, low case estimates, best case and Pmean estimates for both Contingent and Prospective Resources. All estimates of Prospective and Contingent Resources are expressed in gross (WI before royalties) volumes as most royalties payable to the Governments of the various countries in the evaluation are sliding scale and it is not possible to estimate net (WI after royalties) volumes without appropriate production forecasts. The total volumes are arithmetic sums of multiple estimates of Contingent and Prospective Resources, as the case may be, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained in this section.*

### ***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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