PACIFIC RUBIALES ENERGY CORP.

NEWS RELEASE

PACIFIC RUBIALES PROVIDES 2015 OUTLOOK & GUIDANCE: $1.5 BILLION E&D CAPEX, GENERATING 5 TO 8% PRODUCTION GROWTH, FULLY FUNDED BY CASH FLOW AT $70/BBL WTI AVERAGE OIL PRICE

Toronto, Canada, Thursday December 4, 2014 – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) is pleased to announce its full year operational outlook and guidance for 2015. All amount values in this release are in U.S.$ and all production numbers are expressed in net after royalty volumes, unless otherwise stated.

Please note that as previously disclosed, a conference call for investors and analysts is scheduled for Thursday December 4, 2014 at 8:00 a.m. (Toronto and Bogotá time), and 11:00 a.m. (Rio de Janeiro time) to discuss full year 2015 outlook and guidance. Analysts and interested investors are invited to participate using the dial-in instructions available at the back of this news release.

2015 Outlook and Guidance - Key Highlights:

- Production of 155 to 160 Mboe/d, an increase of approximately 5 to 8% over expected 2014 production levels.
- A base case average WTI oil price assumption of $70.00/bbl during the year and the 2014 average Brent-WTI benchmark price differential.
- Oil price realization is expected to average to approximately the WTI benchmark price assumption.
- EBITDA of $1.9 to 2.1 billion and Funds Flow (Cash Flow) of $1.45 to $1.55 billion.
- Exploration and development (**"E&D"**) capital expenditures of $1.5 billion, with over 80% directed to development drilling and facilities, and the remainder largely to low risk exploration.
- Development drilling expenditures of $768 million targeting currently producing fields and fields under development, drilling an expected 381 gross (233 net) wells in Colombia and Peru.
- Facilities expenditures of $483 million targeting currently producing fields and fields under development.
- Exploration expenditures of $226 million mainly targeting lower risk appraisal wells, drilling 18 gross (10 net) wells mainly in Colombia, Peru and Brazil.
- The Company has entered into an agreement with Alfa S.A.B. de C.V. ("**ALFA**") to form a new Mexican joint venture company on a 50/50 basis to jointly develop oil and gas projects in Mexico.

- The Company has the flexibility to adjust its capital program to changing oil prices, estimating EBITDA sensitivity of $55 - $60 million for each $1/bbl movement in oil price.

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

"Results during 2014 were mixed, but despite challenging operational conditions, and more recently the global oil price decline, production and financial results are expected to be at the lower end of our 2014 guidance, representing approximately 15% year-over-year growth.

"During the year, production at the Rubiales Field was below plan due to a combination of wet weather conditions and a delay in permits for the start-up of Agrocascada. On the other hand, our light oil production in 2014 exceeded plan expectations and we are now producing approximately 53 Mbbl/d of light and medium oil in Colombia and Peru combined, with approximately 30% of that production delivered through the drill bit, net of declines. Production in the Quifa SW Field in 2014 also exceeded plan expectations.

"Upon receipt of all necessary permits for Agrocascada and the approval of an agreement on a funding split with our partner Ecopetrol, S.A., we expect to raise production in the Rubiales Field back up to higher levels in 2015. In addition at our new heavy oil development in the CPE-6 Block, we expect to commission the first phase facilities before year-end and commence development drilling.

"Full year production for 2015 is expected to be between 155 to 160 Mboe/d, generating EBITDA of approximately $1.9 to $2.1 billion, assuming a WTI oil price average of $70.00/bbl. Funds Flow ("cash flow") is expected to be approximately $1.45 to $1.55 billion, sufficient to fully fund our planned 2015 capital expenditures program. In an environment of lower oil prices, our 2015 capital expenditures program is focused on near-term, high-margin volumes. When setting the Company's 2015 outlook and guidance targets, we have chosen to be both cautious and prudent in an uncertain environment, maintaining flexibility, assuming a lower oil price, and adjusting capital to match internally generated cash flow. Although we believe that lower prices will be relatively short-lived, we will be closely monitoring the external environment and have the flexibility to adjust to lower or higher prices accordingly.

"The Company sells its oil production as either Castilla or Vasconia benchmark blends. In the lower oil price environment, accompanied by a significant narrowing of the Brent-WTI spread, we expect to receive a $2 to $3 discount to WTI for Castilla and a $1 to $2 premium to WTI for Vasconia. With the Bicentenario pipeline in full operation, Vasconia blend is expected to account for more than 60% of the Company's oil sales volumes.

"To develop our 2015 guidance plan, we have ranked all of our potential capital programs measured on the basis of: 1) returns, 2) materiality, and 3) production volume timing. This allows us to allocate capital to the highest return projects. We have also cut discretionary exploration spending by more than 50%, allocating capital to lower-risk short- to medium-term exploration and appraisal projects. The Company's ability to significantly reduce capital expenditures and still achieve 5 to 8% growth, illustrates the strength and flexibility of our diversified portfolio.

"Reducing operating costs will continue to be a priority. We are targeting 2015 cash operating costs (production plus transportation plus diluent costs) of less than $30/boe, mainly driven by the full electrification of the Quifa SW Field, start-up of the Agrocascada water disposal through irrigation project, and other operational efficiencies. We are a low cost producer, considering that over 60% of our oil production is heavy oil. It is important to recognize that our operating costs fully price in access to tidewater, allowing us to capture international prices and access the best markets in the world. We also plan to reduce G&A in line with lower capital expenditures.

“The Company expects a working capital surplus of $300 to $400 million (net of short-term bank debt) during the year allowing us to fully fund the capital program and other cash requirements with internally generated cash flow and cash on hand. During 2014, we eliminated all our short-term corporate debt, extending the maturity of our long-term debt. Our $1.0 billion revolving credit facility is expected to remain untapped during the year, but does provide us with further liquidity if required under special circumstances and environment.

“Our planned monetization of midstream assets will continue. We expect to close the 43% sale of Pacific Midstream assets for approximately $320 million to the International Financial Corporation prior to the end of 2014. The Company has additional levers to raise cash without impacting production including, the remaining 57% of Pacific Midstream, other midstream assets including our 41% interest in Pacific Infrastructure, and divestment of non-core small producing and exploration properties.

“Our ongoing discussions with potential partners have come to fruition and we are pleased to announce a Joint Venture in Mexico. We have entered into to an agreement in principle with ALFA in connection with the formation of a joint venture company in Mexico on a 50/50 basis. The Joint Venture will also allow for: (i) the joint study of, and bidding on, assets in Mexico’s initial oil and gas bid round in 2015 (the “**First Bid Round**”); (ii) the acquisition of services contracts with a view to migrating them to exploration and production contracts; (iii) the development or petroleum and natural gas assets in Mexico; and (iv) the development of any business ancillary to the petroleum business in Mexico, including mid-stream projects.

“We expect the opportunities in Mexico to compete favourably on a returns and materiality basis with the best projects we have in Colombia and Peru. We look forward to providing more details on the Joint Venture company and the projects in our Mexican Joint Venture in the near future.

“In summary, Pacific Rubiales enters 2015 in solid standing. We have reduced our capital expenditures to match expected cash flow in a lower oil price environment and have the flexibility and further discretionary components to adjust to the external environment. We have extended out our corporate debt maturity and have significant levers we can pull to raise additional cash. We will allocate capital to the highest return projects. We are very excited by the opportunities we see in Mexico and expect these to provide an additional engine of growth in coming years, along with our other projects in Colombia and Peru.

“We look forward to an exciting year in 2015 as we continue our strategy of repeatable, profitable growth, building for the long-term benefit of our shareholders, employees and other stakeholders, the leading E&P Company focused in Latin America.”

2015 Capital Expenditure Highlights:

The Company has reduced 2014 E&P capital expenditure expectations to $2.3 billion from the original guidance of $2.5 billion, to compensate for annual production at the lower end of our guidance and lower world oil prices in the second half of the year.

In 2015, estimated E&D capital expenditures are expected to total $1.5 billion, a significant decrease of 35% over estimated 2014 expenditures, reflecting the current lower oil price environment. This capital expenditures program is expected to be funded by internally generated cash flow, under the plan assumptions and consists of the following major capital expenditures:

- $768 million in development drilling, with 57% directed to growing and/or maintaining production levels of heavy oil production in Colombia, and 43% directed to light and medium oil development in Colombia and Peru. In Peru, 11 gross (5 net) development wells will be drilled aimed at increasing production by approximately 2 Mbbl/d.

- $483 million in facilities and infrastructure, in producing fields such as Rubiales and Quifa SW in Colombia, and fields under development in Colombia (CPE-6 and Rio Ariari) and in Peru (Block Z-1). Facilities and infrastructure expenditures will also be directed to the La Creciente Field aimed at increasing natural gas production to feed our export FLNG project start-up.

- $226 million in exploration activities, a significant decrease from exploration expenditures in 2014. Expenditures in 2015 will be directed to the exploration for heavy and light oil in Colombia and light oil in Peru and Brazil. In Colombia, 12 gross (8 net) exploration wells will be drilled including exploration and stratigraphic wells in the CPE-6, Rio Ariari, Quifa and Sabanero blocks. In Peru 5 gross (2 net) exploration wells will be drilled in the offshore Blocks Z-1 and the onshore Block 131.

A summary of the 2015 capital budget plan and major activities is provided in the table below:

Capex Category	# Plan Wells		Capital Expenditure (MM$)			
	Gross	Net	Colombia	Peru	Other	Total
Development	381	233	710	58	-	768
Facilities	n/a	n/a	458	25	-	483
Exploration[1]	18	10	88	100	38	226
Other	**n/a**	**n/a**	**21**	**2**	**0**	**23**
Total (Base Plan)	**399**	**243**	**1,277**	**185**	**38**	**1,500**

[1]Includes seismic and G&G expenditures

2015 Outlook and Guidance Conference Call Details

The Company has scheduled a telephone conference call for investors and analysts on Thursday December 4, 2014 at 8:00 a.m. (Toronto and Bogotá time), and 11:00 a.m. (Rio de Janeiro time) to discuss the Company's 2015 outlook and guidance. 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): 46801088

Conference ID (Spanish Participants):	46840751

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), December 18, 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):	46801088
Encore ID (Spanish Participants):	46840751

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 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, Guyana and Mexico; 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.*

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 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 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
Corporate Vice President, Investor Relations
+1 (647) 295-3700

Frederick Kozak
Vice President, Investor Relations
+1 (403) 606-3165

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

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

MEDIA CONTACT:

Peter Volk
Vice President Communications, North America
+1 (416) 362-7735