

# PACIFIC RUBIALES ENERGY CORP.

## *NEWS RELEASE*

### **PACIFIC RUBIALES ANNOUNCES EARLY EXCHANGE RESULTS OF ITS 7.25% SENIOR NOTES EXCHANGE OFFER**

**TORONTO, CANADA, Monday October 6, 2014** – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today the results of the early exchange period of the exchange offer that commenced on September 19, 2014 whereby its 7.25% senior notes due 2021 (CUSIP Nos.: 69480U AC1 (Rule 144A) / C71058 AB4 (Reg. S)) (the “**Existing Notes**”) may be exchanged for newly issued U.S. dollar-denominated senior unsecured notes due 2025 (the “**New Notes**”) at a coupon rate of 5.625% (the “**Exchange Offer**”).

As of the end of the early exchange period, which closed on October 2, 2014 at 5:00 p.m. (New York time) (the “**Early Exchange Period**”), U.S.\$316.2 million aggregate principal amount of Existing Notes were validly tendered in exchange for New Notes. This represents approximately 31.24% of the total outstanding Existing Notes. Pacific Rubiales will accept all Existing Notes that were validly tendered and expects that delivery of New Notes and cash with respect to such validly tendered and accepted Existing Notes will occur on the Early Settlement Date, which is expected to be October 6, 2014. Based on the Total Exchange Price below, Pacific Rubiales expects to issue approximately U.S.\$357.7 million aggregate principal amount of New Notes in exchange for such validly tendered and accepted Existing Notes.

The withdrawal date (5:00 p.m. (New York City time) on October 2, 2014) for the Exchange Offer has now passed. In accordance with the terms of the Exchange Offer, tendered Existing Notes may no longer be withdrawn, except in certain limited circumstances where additional withdrawal rights are required by law. The Exchange Offer will expire at 11:59 p.m. (New York City time) on October 17, 2014, unless extended by the Company (the “**Expiration Date**”).

Eligible Holders (as defined below) who tendered their Existing Notes during the Early Exchange Period will receive, in exchange for each U.S.\$1,000 of principal amount of Existing Notes exchanged, an aggregate principal amount of New Notes equal to U.S.\$1,131.25 (the “**Total Exchange Price**”), which includes the early participation payment of U.S.\$30.00. Cash *in lieu* of any fractional portion rounded down of a New Note will be paid on the Early Settlement Date. Eligible Holders will also receive a cash payment equal to the accrued and unpaid interest on such Existing Notes up to, but excluding, the Early Settlement Date, less the amount of interest accrued on the New Notes from September 19, 2014 to the Early Settlement Date.

Eligible Holders who validly tender their Existing Notes after the Early Exchange Period, 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 U.S.\$1,101.25 in principal amount of New Notes for each U.S.\$1,000 in principal amount of Existing Notes validly tendered and accepted.

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 offering memorandum dated September 19, 2014 (the “**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 to holders of Existing Notes 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 are authorized to receive or review the Exchange Offer Memorandum relating to the Exchange Offer 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.**

For a discussion of some of the income tax considerations relating to the Exchange Offer, Eligible Holders are encouraged to review the Exchange Offer Memorandum dated September 19, 2014 relating to the Exchange Offer. Eligible Holders should consult their own tax advisors with respect to the tax consequences attributable to the Exchange Offer.

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 or by e-mail at [info@gbsc-usa.com](mailto:info@gbsc-usa.com).

## **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, Mexico 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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