

# PACIFIC RUBIALES ENERGY CORP.

## *NEWS RELEASE*

### **PACIFIC RUBIALES RELEASES LETTER TO SHAREHOLDERS AND CONFIRMS PROPOSED TRANSACTION IS IN THE BEST INTEREST OF ALL SHAREHOLDERS**

**Toronto, Canada, Monday, June 29 2015** – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) today issued a letter to shareholders outlining the benefits of ALFA, S.A.B. de C.V. (“**ALFA**”) and Harbour Energy, L.P., Harbour Energy Ltd. (“**Harbour Energy**”) and 1035815 B.C. Ltd.’s (the “**Purchaser**”) 81% premium all-cash offer in which the Purchaser would acquire all of the outstanding shares of Pacific Rubiales not already owned by ALFA for cash consideration of C\$6.50 per share.

In the letter, Pacific Rubiales highlights that the C\$6.50 value is at the high end of the valuation range given by an independent valuator and provides immediate all-cash value for shareholders. The proposed transaction offers certainty of value at a time of volatility and is in the best interest of all shareholders.

#### **LETTER TO SHAREHOLDERS**

Dear Fellow Pacific Rubiales Shareholder:

As you know, we have called a **Special Meeting of Shareholders to be held on July 7, 2015** to approve the proposed arrangement that would see ALFA, S.A.B. de C.V. and Harbour Energy Ltd. acquire all of the Common Shares of the Pacific Rubiales not already owned by them, for an all-cash price of C\$6.50 per share.

I wanted to reach out to all of you through this letter since we are at a historic turning point for our Company. Our Board of Directors and our Independent Committee are supportive of this proposal – not only for the significant 81% all-cash premium it provides to all Shareholders, but also because it represents a very important de-risking opportunity for the future of Pacific Rubiales as compared with the only other alternative available to us today: continuing to pursue a “status quo” strategy.

I have always been optimistic about the prospects of Pacific Rubiales, even in these uncertain times, but we must also recognize that in the current oil price environment, absent the Transaction with ALFA and Harbour Energy, the Company will have to devote most of its efforts to continue its cost cutting initiatives, to find ways to increase our efficiencies and to reduce our debt leverage to more manageable levels. This will compromise our growth prospects.

It goes without saying that you can count on Management to continue to perform through these difficult times, but also, you should be aware that the mitigation of the downside risks, even when all possible optimizations are considered, are almost fully dependent on an oil price environment that is difficult to predict in the short to mid-term.

#### **BENEFITS OF THE C\$6.50 OFFER TO ALL SHAREHOLDERS**

Allow me now to restate what we believe are the main benefits of the Transaction that it has been put before you:

- Immediate all-cash value for Shareholders;
- C\$6.50 value is at the high end of the valuation range provided by an independent valuator engaged by the Independent Committee in the interests of Minority Shareholders;
- Three financial advisors concluded the consideration is fair to Shareholders, other than ALFA, from a financial point of view;
- Certainty of value at a time of volatility in the oil markets;
- Fully funded and not conditional on financing;
- Unanimously recommended by the Board of Directors and the Independent Committee; and
- Overwhelmingly supported by our Creditors and Bondholders

## **WHY THE CURRENT OFFER IS BEST FOR ALL SHAREHOLDERS**

After a comprehensive review and analysis, the Board of Directors, after consulting with its financial and legal advisors, has adopted the recommendation of the Independent Committee and has unanimously determined that the Transaction is in the best interests of the Company and that the Transaction is fair, from a financial point of view, to the Shareholders (other than ALFA and its affiliates). Accordingly, the Board of Directors unanimously recommends that the Shareholders vote in favour of the Transaction. As directors and officers of the Company, we are also supporting this Transaction by committing to vote all of our Common Shares in favour of this offer.

The Independent Committee also reviewed and approved the request by ALFA and Harbour Energy that Management remain and contribute their contractual entitlements into the Company as part of the Transaction. Management, in order to enable the Transaction, has committed to remain in the Company and to contribute to the new vehicle their existing entitlements, thereby assuming the implicit and substantial business risks we have explained above, but doing so in order to remove a potential obstacle in the path of the Transaction.

In making your decision, I urge you to consider the real risk that your Common Shares will experience a significant decline in value if this offer is not successful. Pacific Rubiales will continue to exist, of that I have no doubt, but at low oil prices we will have limited growth options and in all probability we will enter into a phase of production maintenance and debt reduction for the foreseeable future.

At this critical moment in the history of our Company, I want to encourage each of you to read the Management Information Circular dated June 5, 2015, ask any questions you may have and focus on the merits of the Transaction.

The Board of Directors and the Independent Committee have given Shareholders a significant opportunity in these very uncertain times of receiving cash for their shares at very substantial premium to market, and have recommended you vote in favour of the C\$6.50 all-cash offer.

Yours truly,

*“Ronald Pantin”*

**Ronald Pantin**  
**Chief Executive Officer and Director**

**YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF COMMON SHARES YOU OWN.** Registered holders of Common Shares who are unable to attend the Meeting in person are requested to complete the **BLUE** Proxy Form for use at the Meeting or any adjournment or postponement thereof.

To be effective, the **BLUE** Proxy Form must be submitted using one of the following methods:

- delivery by facsimile to 416-595-9593;
- delivery by mail so as to reach or be deposited with the Secretary of the Corporation, c/o TMX Equity Transfer Services, at its offices at 200 University Avenue, Suite 300, Toronto, Ontario, Canada, M5H 4H1; or
- electronically (at [www.voteproxyonline.com](http://www.voteproxyonline.com))

in each case by no later than 9:00 a.m. (Vancouver time) / 12:00 noon (Toronto time) on July 3, 2015, or in the event the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for any reconvened or postponed Meeting. Please see the **BLUE** Proxy Form for more details. Non-registered Shareholders are advised to refer to the Circular and to the Voting Instruction Form provided to them for instructions relevant to them.

The special meeting is scheduled to be held on Tuesday, July 7, 2015 at 9:00 a.m. (PDT) / 12:00 noon (EDT) in the Saturna Room of the Fairmont Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia (the “**Meeting**”).

**The board of directors of the Company has unanimously approved the Arrangement and recommends** Shareholders vote their **BLUE** proxy FOR the arrangement by 9:00 a.m. (Vancouver time)/12:00 noon (Toronto time) on Friday, July 3, 2015. Shareholders with questions about voting their shares should call Kingsdale Shareholder Services at 1-877-659-1821 or 1-416-867-2272 outside of North America or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

### **About Pacific Rubiales**

*Pacific Rubiales is a Canadian public company and a leading explorer and producer of natural gas and crude oil, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in approximately 90 exploration and production blocks in seven countries including Colombia, Peru, Guatemala, Brazil, Guyana, Papua New Guinea and Belize. The Company’s strategy is focused on sustainable growth in production & reserves and cash generation. Pacific Rubiales is committed to conducting business safely, in a socially and environmentally responsible manner.*

*The Company’s common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia under the ticker symbols PRE, and PREC, 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 18, 2015 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. Forward-looking statements in this news release are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. When used herein, words such as "plan", "target", "will", "expect", "anticipate", "estimate", "may", "should", "intend", "believe", and similar expressions, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the parties in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the parties believe are appropriate in the circumstances. Many factors could cause such estimates and assumptions to vary or differ materially from those expressed or implied by the forward-looking statements. Readers should not place undue reliance on any of these forward-looking statements.*

*This news release is being made for information purposes only and is not intended to be, and must not be taken as, the basis for an investment decision or any investment activity. This news release does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Pacific Rubiales. The Company has issued a Management Information Circular dated June 5, 2015 in connection with a special meeting of shareholders of the Company to be held on July 7, 2015. Such Circular and the related meeting materials contain important information regarding the Transaction and such meeting. Such Circular contains, among other things, a complete description of the Transaction, reasons for and benefits of the Transaction, the requirements for the Transaction to become effective, the interests of directors and officers in the Transaction and information related to voting at such meeting. Shareholders are encouraged to carefully review the Circular and related meeting materials in their entirety. These materials are available under the Company's profile on [www.sedar.com](http://www.sedar.com). In addition, a copy of such materials can be obtained upon request by contacting the Company Secretary at 416 362-7735.*

### **Translation**

*This news release was prepared in the English language and subsequently translated into Spanish. 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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