

# PACIFIC RUBIALES ENERGY CORP.

## *NEWS RELEASE*

### **PACIFIC RUBIALES ANNOUNCES U.S.\$320 MILLION SALE OF INTEREST IN PACIFIC MIDSTREAM TO IFC**

**Toronto, Canada, Wednesday December 17, 2014** – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today that it has executed definitive agreements with the International Financial Corporation (“**IFC**”), a member of the World Bank Group, the IFC Global Infrastructure Fund (“**GIF**” managed by the IFC Asset Management Company LLC) and a consortium of investors, whereby it has agreed to sell approximately 43% of its interest in Pacific Midstream Ltd. (“**Pacific Midstream**”), which holds certain of the Company’s pipeline and power transmission assets, for a total consideration of U.S.\$320 million.

The agreements will provide the Company with U.S.\$240 million in cash, which will be received by year-end. In addition, Pacific Midstream will receive U.S.\$80 million in the first quarter of 2015, plus a commitment for an additional U.S.\$60 million in cash to develop future infrastructure projects.

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

“We are pleased to announce this sale, which will significantly improve our cash position and provide additional flexibility as we enter into an uncertain oil price environment in 2015. The participation by IFC underlines the strategic importance and value of our infrastructure assets in Colombia. We will continue to hold a majority interest in Pacific Midstream and capacity rights in its assets, allowing us to maintain the cost advantages that we currently enjoy with respect to crude oil transportation and low cost electricity in our main oil fields in Colombia.

“Our financial and capital strategy is focused on maintaining a healthy balance sheet and ensuring funding for our future growth, while generating strong returns to our shareholders. In light of the current weaker commodity price environment, we continue to evaluate all of our capital expenditure programs and we have additional flexibility to scale back capital spending, as well as opportunities for further cost savings. We will continue to monetize our midstream assets and plan to sell certain non-core E&P assets, the proceeds from which will be used to reduce debt.”

#### **About Pacific Rubiales:**

*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.*

#### **About IFC:**

*IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in more than 100 countries, IFC uses their capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity. In FY14, IFC provided more than \$22 billion in financing to improve lives in developing countries and tackle the most urgent challenges of development. For more information, visit [www.ifc.org](http://www.ifc.org).*

#### **About IFC Asset Management Company:**

*IFC Asset Management Company LLC, a wholly-owned subsidiary of IFC, invests third-party capital, enabling outside investors to benefit from IFC's expertise in achieving strong equity returns, as well as positive development impact in the countries in which it invests. It manages \$6.3 billion of capital across six investment funds. For more information, visit, [www.ifcamc.org](http://www.ifcamc.org).*

#### **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](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.*

***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