

# PACIFIC RUBIALES ENERGY CORP.

## NEWS RELEASE

### PACIFIC RUBIALES PROVIDES FIRST QUARTER 2014 OPERATIONAL UPDATE

**Toronto, Canada, Wednesday April 23, 2014** – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) today provided an operational update for its first quarter 2014 operating results, which includes estimates of production and sales volumes, price realizations, and operating netbacks, summarized as follows:

	<b>1Q 2014 (Estimated)</b>	4Q 2013 (Actual)	3Q 2013 (Actual)	2Q 2013 (Actual)	1Q 2013 (Actual)
Net Oil Production (Mbbbl/d)	<b>137 - 138</b>	123	117	117	117
Net Natural Gas Production (Mboe/d)	<b>10 - 11</b>	11	11	11	11
<b>Total Net Production (Mboe/d)</b>	<b>147 - 149</b>	134	128	128	128
Sales Volumes (Mboe/d)	<b>151 - 153</b>	143.9	123.7	127.4	143.7
Oil Price Realization (\$/bbl)	<b>\$98 - \$100</b>	\$95.54	\$103.00	\$95.84	\$102.06
Natural Gas Price Realization (\$/boe)	<b>\$31 - \$33</b>	\$32.69	\$36.35	\$39.78	\$40.26
Combined price realization (\$/boe)	<b>\$92 - \$94</b>	\$90.66	\$97.29	\$90.91	\$97.14
Oil Operating Netback (\$/bbl)	<b>\$62 - \$64</b>	\$62.31	\$65.73	\$63.31	\$63.34
Combined Operating Netback (\$/boe)	<b>\$59 - \$61</b>	\$59.43	\$62.52	\$60.54	\$60.88

Note: All values in this release are in U.S.\$ unless otherwise stated.

#### First Quarter 2014 Results

Total net production for the quarter is expected to be in the range of 147 to 149 Mboe/d, an increase of approximately 16% from the same period a year ago. Total production was impacted by lower volumes produced in the Rubiales Field as a result of two factors:

- 1) Restrictions in surface water disposal due to the ongoing drought in Colombia; and
- 2) Lower than expected capital expenditures on water treatment facilities pending ongoing negotiations with Ecopetrol S.A. (“**Ecopetrol**”) related to the division of capital investment in advance of the 2016 contract expiry.

The lower production at the Rubiales Field was offset by the contribution of volumes from the acquired Petrominerales Ltd. assets which produced in line with production reported in the fourth quarter 2013 (approximately 24 to 25 Mbbbl/d net). The Company expects its total production to increase throughout

the year and is on track to achieve its 2014 guidance of average net production of approximately 148 to 162 Mboe/d, an increase of between 15 to 25% over 2013 production levels.

The Company reports its sales volumes made up of produced volumes, plus purchased diluent volumes (mixed with its heavy oil production to form a sales blend), plus oil for trading (“OFT”) volumes, plus/minus sales inventory adjustments. Sales volumes can vary significantly from quarter to quarter as a consequence of fluctuating diluent and OFT volumes, and significant swings in oil inventories which are related to the timing of export cargo liftings.

Sales volumes in the first quarter are expected to be in the range of 151 to 153 Mboe/d and do not include approximately 450 Mbbl (5 Mbbl/d) of oil from prior period accumulated PAP volumes. As previously announced, these volumes relate to the agreement the Company reached with Ecopetrol to begin delivery ‘in kind’ of prior period PAP volumes associated with the Quifa SW arbitration decision announced last year. As of the end of the first quarter 2014, the Company has delivered in full all of the outstanding PAP volumes to Ecopetrol.

The OFT volumes in the first quarter are expected to be in the range of 10 to 11 Mbbl/d (3.4 Mbbl/d in the fourth quarter 2013). The OFT business is opportunistic in nature and therefore volumes can vary significantly from quarter to quarter. Diluent volumes in the first quarter are expected to be similar to the prior quarter (2.3 Mbbl/d in the fourth quarter 2013).

The Company expects oil price realization in the first quarter to be in the range of \$98 to \$100/bbl, approximately 3% higher than the prior quarter reflecting the increase of WTI from \$96.42/bbl in the fourth quarter 2013 to \$97.90/bbl in the first quarter 2014. Most of the Company's oil production in Colombia and Peru is exported at prices linked to international oil prices. Combined realized prices are expected to be in the range of \$92 and \$94/boe.

Due to factors outside of the Company’s control, total operating costs increased during the quarter driven by the following:

- 1) Production costs – increased by approximately \$1.50 to \$2.50/bbl reflecting lower oil volumes produced at the Rubiales Field.
- 2) Transportation costs – increased by approximately \$2.00 to \$2.50/bbl as a result of the use of additional trucking and alternate pipeline transportation costs following terrorist attacks on the Bicentenario pipeline.
- 3) Bicentenario pipeline tariffs paid during force majeure – the terrorist attacks on the Bicentenario pipeline resulted in the loss of approximately 47 Mbbl/d of the Company’s pipeline transportation capacity beginning in mid February. The tariffs paid during force majeure are expected to cost an additional \$2.00 to \$2.50/bbl.

The increase in operating costs was mitigated by the 3% increase in realized prices and as a result the Company’s combined operating netbacks for the quarter remained in-line with the prior quarter, with margins exceeding 60%. Additionally, the Company did not experience any disruption in production despite the pipeline attacks, highlighting the flexibility of its business model and multiple alternative transportation options available.

The Company calculates its operating netback for both revenues and costs based on total sales volumes, rather than produced volumes. Total operating costs are reported as a combination of: production, transportation, and diluent costs, plus other costs and overlift/underlift costs. The latter two (other costs and overlift/underlift) largely relate to movements in storage and cargo lifting inventory and can consequently significantly impact total costs either positively or negatively, in any given quarter.

*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 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 and 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; 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**

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*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 estimated values disclosed in this news release do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.*

### **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.
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.*

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