

PACIFIC RUBIALES ENERGY CORP.

NEWS RELEASE

PACIFIC RUBIALES ANNOUNCES START-UP OF THE ELECTRICAL POWER TRANSMISSION LINE SUPPLYING LOWER COST ENERGY TO THE RUBIALES AND QUIFA OIL FIELDS

TORONTO, CANADA, Monday January 20, 2014 – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today that it has commenced start-up of its Petroeléctrica Los Llanos (“**PEL**”) electrical power transmission line, which connects the Company operated Rubiales and Quifa oil fields to Colombia’s electrical grid.

This new 230 kilovolts transmission line runs 260 kilometers from the Chivor Substation, in the Boyaca Department, to the Rubiales field and will supply up to 192 megawatts per hour to two booster pumping stations at the ODL Pipeline, as well as substations at the Rubiales and Quifa fields. The PEL line operations have started with power supply to Rubiales and Quifa field and are expected to be fully commissioned by mid-2014 once the substations at the ODL Pipeline are complete. The Company has invested approximately U.S.\$230 million in the construction of PEL, which is 100% owned by the Company and is held by Pacific Midstream Holding Corp. (“**Pacific Midstream**”), a 100% wholly owned entity.

The completion of the line construction was officially dedicated in a ceremony attended by Colombian Government and Company officials on Friday December 6, 2013.

Ronald Pantin, the Company’s Chief Executive Officer, commented:

“This is a very important project for the Company as it is expected to reduce production costs at the Rubiales and Quifa fields by significantly lowering the electrical energy costs for oil production, currently generated by burning more expensive imported diesel fuel and oil field production. Cost savings are estimated at approximately Cdn.\$100 million per year, on full commissioning.

“The Company plans to use PEL to supply the energy required to run its new CPE-6 and other future heavy oil field developments in the southern Llanos basin. Additionally, the project has the important benefit of reducing greenhouse gas emissions by an estimated 180,000 tonnes per year.

“This project illustrates the advantages the Company captures through its extensive investment in infrastructure, and its focus on managing and reducing its operating costs.

“Pacific Midstream, which currently holds the Company's ODL and Bicentenario oil pipeline interests as well as the PEL electrical power transmission line assets, is in the process of partially spinning out a close to 40% interest to a third party. Indicative offers of approximately \$400 million have been received and the Company now expects to complete the sale in the first half of 2014, generating cash while maintaining the cost reduction and energy security benefits of the infrastructure assets.”

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 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 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, 2013 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.

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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