

PACIFIC RUBIALES ENERGY CORP.

NEWS RELEASE

PACIFIC RUBIALES SIGNS MEMORANDUM OF UNDERSTANDING WITH PEMEX TO JOINTLY EXPLORE OIL & GAS BUSINESS OPPORTUNITIES IN MEXICO

TORONTO, CANADA, Friday October 17, 2014 – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (BOVESPA: PREB) announced today that it has entered into a three year Memorandum of Understanding and Cooperation (the “**MOU**”) with Mexico’s state oil company, Petróleos Mexicanos and its subsidiary entities (“**Pemex**”) establishing the basis for discussions and analysis of potential oil and gas cooperation in Mexico, including exploration, deep-water projects, revitalization of mature fields, heavy and extra-heavy oil onshore and offshore fields, high water production fields and other upstream activities.

The MOU establishes a cooperative framework in order to exchange technical knowledge, information, experiences and practices, as well as any other mutually identified areas of interest. These may include upstream, midstream, human capital, and environmental and safety, knowledge and opportunities.

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

“We are very pleased to be one of the first foreign independent oil and gas producers to sign an agreement with Pemex and look forward to working together to develop a sustainable energy sector in Mexico. This partnership combines the strengths and advantages of both companies to identify and pursue collaboration opportunities offered by the recent opening up of the Mexican oil and gas sector to foreign investment.

“We expect Mexico will be a significant driver of future growth for Pacific Rubiales and are committed to further advancing our plans in the country as we continue to build the leading Independent Latin American focused E&P Company.”

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 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, Belize 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, 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. 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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