

PACIFIC RUBIALES ENERGY CORP.

NEWS RELEASE

ALFA AND HARBOUR ENERGY TO ACQUIRE PACIFIC RUBIALES FOR C\$6.50 PER COMMON SHARE IN ALL-CASH TRANSACTION

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Toronto, Canada, Wednesday May 20, 2015 – Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) (“**Pacific Rubiales**” or the “**Company**”) is pleased to announce that it has entered into a definitive agreement (the “**Arrangement Agreement**”) with ALFA, S.A.B. de C.V. (BMV: ALFA A)(BMAD: XALFA) (“**ALFA**”), and Harbour Energy Ltd. and Harbour Energy, L.P. (together, “**Harbour Energy**”), pursuant to which a newly-formed company (the “**Purchaser**”) jointly owned by ALFA and Harbour Energy will acquire all of the outstanding common shares (“**Common Shares**”) of Pacific Rubiales by way of a court-approved Plan of Arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”). Pursuant to the Arrangement, each Common Share of Pacific Rubiales not already owned by ALFA (or held by the Company in treasury) will be acquired by the Purchaser for cash consideration of C\$6.50 per share.

Transaction Highlights:

- The purchase price represents a 39% premium to the closing price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) on May 4, 2015, the day prior to the announcement by the Company that it had entered into exclusive discussions with ALFA and Harbour Energy in respect of a possible transaction and an 81% premium to the 30-day volume weighted average price of the Common Shares on the TSX as at such date.
- The transaction has received the unanimous approval of the board of directors of the Company (the “**Board**”), acting on the advice of a committee of independent directors (the “**Independent Committee**”).
- The transaction delivers significant and immediate value to Company shareholders.
- The transaction is expected to close in the third quarter of 2015, subject to satisfaction of certain conditions.

Board Approval and Recommendation

The Board, after careful consideration of the proposed Arrangement and acting upon the unanimous recommendation of the Independent Committee, has unanimously approved the Arrangement and the entering into of the Arrangement Agreement. The Board recommends that shareholders of the Company (“**Shareholders**”) vote in favour of the Arrangement at the upcoming special meeting of Shareholders described below (the “**Meeting**”). In addition, all of the directors and officers of Pacific Rubiales have advised the Company that they intend to vote all Common Shares beneficially owned by them in favour of the Arrangement.

The Company's financial advisor, BofA Merrill Lynch ("**BofA Merrill Lynch**"), has provided its opinion to the Board that, as of the date hereof, and subject to the analyses, assumptions, limitations and qualifications thereof, the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to Shareholders (other than ALFA and its affiliates), and such opinion was considered by the Board and the Independent Committee in making its determinations.

Since ALFA owns 59,897,800 Common Shares (representing approximately 18.95% of the Common Shares), the proposed transaction constitutes a "business combination" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**"). For the purposes of evaluating the proposed transaction and making recommendations to the Board, the Board formed the Independent Committee consisting of Mr. Miguel Rodriguez (Chair and Lead Independent Director), Mr. Dennis Mills, Mr. Hernan Martinez and Mr. Francisco Solé.

GMP Securities L.P. ("**GMP**") was retained by the Independent Committee to provide, under the supervision of the Independent Committee, an independent formal valuation prepared in accordance with MI 61-101 and has concluded that, based upon and subject to the assumptions, limitations and qualifications contained in its written valuation, as at May 20, 2015, the fair market value of the Common Shares is in the range of C\$3.13 to C\$7.00 per share. A copy of such formal valuation will be included in the Proxy Circular. GMP has also provided the Independent Committee and the Board with a fairness opinion that the consideration to be received by the Shareholders (other than ALFA and its affiliates) pursuant to the Arrangement is fair, from a financial point of view to such Shareholders.

The Independent Committee also retained UBS Securities Canada Inc. ("**UBS**") as an independent financial advisor. UBS provided its opinion to the Independent Committee to the effect that, as of the date hereof, the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to Shareholders (other than ALFA and its affiliates).

Shareholder Approval

The Arrangement is subject to, among other things, the approval of Shareholders. The Meeting is expected to be held in early July 2015 to consider the Arrangement, with a management information circular (the "**Proxy Circular**") to be mailed to the Shareholders in June 2015 in connection with the Meeting.

To be effective, the Arrangement must be approved by a resolution passed at the Meeting by not less than two-thirds (66 2/3%) of the votes validly cast by Shareholders, present in person or by proxy at the Meeting, and also by a simple majority of the votes validly cast by "minority" Shareholders, present in person or by proxy at the Meeting, being the Shareholders other than ALFA and its affiliates and such other Shareholders as are required to be excluded in determining such "majority of the minority" approval pursuant to MI 61-101.

Arrangement Agreement Terms

The Arrangement Agreement provides for customary non-solicitation covenants, subject to customary "fiduciary out" provisions entitling Pacific Rubiales to consider and accept a superior proposal to acquire not less than all of the outstanding Common Shares of the Company or all or substantially all of the Company's assets on a consolidated basis, subject to the right of the Purchaser to match any superior proposal. If the Arrangement Agreement is terminated by Pacific Rubiales to enter into an agreement with respect to a superior proposal, then each of ALFA and Harbour Energy are entitled to a termination payment of U.S.\$50 million. In addition, if the Arrangement Agreement is terminated in certain

circumstances, and an alternative acquisition proposal has been made or publicly announced prior to such termination and an alternative transaction is agreed to or consummated no later than 180-days following such termination, then each of ALFA and Harbour Energy are entitled to a termination payment of U.S.\$50 million.

Full details of the Arrangement will be included in the Proxy Circular to be mailed to the Shareholders in accordance with applicable securities law. The Proxy Circular will provide Shareholders with important information about the Arrangement and Shareholders are encouraged to read it in its entirety when available. A copy of the Arrangement Agreement will be filed by Pacific Rubiales on SEDAR and will be available under the Company's profile at www.sedar.com.

BofA Merrill Lynch is acting as financial advisor to Pacific Rubiales. GMP and UBS are acting as financial advisors to the Independent Committee. Norton Rose Fulbright Canada LLP is acting as legal advisor to Pacific Rubiales. Osler, Hoskin & Harcourt LLP is acting as legal advisor to the Independent Committee. Wildeboer Dellelce LLP is acting as legal advisor to management of the Company. Kingsdale Shareholder Services is acting as Proxy Solicitation, Information Agent and Depositary to Pacific Rubiales.

Closing and Closing Conditions

Subject to the satisfaction of all of the conditions to closing set out in the Arrangement Agreement, it is anticipated that the Arrangement will close in the third quarter of 2015. The conditions to closing under the Arrangement Agreement include, among other matters, receipt of all required government and regulatory approvals, receipt of required court approvals, receipt of required Shareholder approvals, consummation of the consent solicitation described below, approval of similar amendments to the Company's senior credit facilities, dissent rights not being exercised in respect of more than 5% of the outstanding Common Shares, and the absence of material adverse changes respecting Pacific Rubiales.

As noted above, the Arrangement is conditional upon: (i) the amendment of the existing senior credit facilities of the Company to permit a change of control pursuant to the Arrangement and to amend the debt/EBITDA covenant ratio to a net debt/EBITDA ratio; and (ii) a consent solicitation (the "**Consent Solicitation**") relating to all of the Company's existing senior unsecured notes to (1) permit a change of control pursuant to the Arrangement without the requirement to make a change of control offer, (2) amend the definition of bankruptcy law and to ensure an event of default does not result solely from the Arrangement, (3) amend all debt/EBITDA covenant tests to net debt/EBITDA tests for a period of three years before reverting back debt/EBITDA tests, and (4) increase the limit for such tests to 4.5:1.0 for a period of three years before reverting back to current limit of 3.5:1.0.

Separately, as described in the Arrangement Agreement, the Company intends to offer holders of the Company's 5.375% Notes due 2019 to exchange these notes for a new series of 7.25% Notes due September 12, 2021, with terms substantially similar to the Company's outstanding series of Notes due December 12, 2021 (as modified by pursuant to the Consent Solicitation). This offer to exchange is expected to commence after the expiration of the Consent Solicitation. The exchange offer is not a condition to the Arrangement.

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.

About ALFA

ALFA is one of the largest and most successful corporate entities in Mexico. Among the companies, ALFA owns the largest independent producer of aluminum engine components for the automotive industry in the world, and one of the world's largest producers of polyester (PTA, PET and fibers). In addition, it leads the Mexican market in petrochemicals such as polypropylene, expandable polystyrene and caprolactam. ALFA is the leading maker of cold cuts in North America and Europe, and of cheese in Mexico, as well as in information technologies and communication services for the business segment in Mexico. ALFA has participated in the hydrocarbon industry in the U.S. since 2006. In 2014, ALFA's consolidated revenue was over \$17 billion, and EBITDA was approximately \$2 billion. ALFA's shares are quoted on the Mexican Stock Exchange and on Latibex, the market for Latin American shares of the Madrid Stock Exchange.

About Harbour Energy

Harbour Energy is an energy investment vehicle formed by EIG Global Energy Partners ("EIG") and the Noble Group ("Noble") to pursue control and near control investments in high-quality upstream and midstream energy assets globally. Harbour Energy is externally managed by EIG. EIG specializes in private investments in energy and energy-related infrastructure on a global basis and had \$14.8 billion under management as of March 31, 2015. During its 33-year history, EIG has invested over \$21.4 billion in the sector through more than 300 projects or companies in 35 countries on six continents. Noble manages a portfolio of global supply chains covering a range of energy and other commodity products from over 140 locations and employing more than 70 nationalities. Noble was ranked number 76 in the 2014 Fortune Global 500.

Important Legal Notice

This announcement 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 announcement 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, ALFA or Harbour Energy nor does it constitute a proxy solicitation.

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.

In respect of the forward-looking statements concerning the completion of the proposed Arrangement and the anticipated timing for completion of the Arrangement, Pacific Rubiales has provided such in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time

required to prepare and mail securityholder meeting materials; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court, securityholder, and other third party approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the transaction; and other expectations and assumptions concerning the Arrangement and the operations and capital expenditure plans of Pacific Rubiales following completion of the Arrangement. The anticipated dates provided may change for a number of reasons, including unforeseen delays in preparing securityholder meeting materials, the inability to secure necessary securityholder, regulatory, court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the transaction. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Risks and uncertainties inherent in the nature of the transaction include the failure of Pacific Rubiales, ALFA and Harbour Energy to obtain necessary securityholder (including as part of the Consent Solicitation), regulatory, court and other third party approvals, including those noted above, or to otherwise satisfy the conditions to the completion of the Arrangement, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of the parties to otherwise satisfy the conditions to or compete the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all. In addition, if the transaction is not completed, and Pacific Rubiales continues as an independent entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of Pacific Rubiales to the completion of Arrangement could have an impact on Pacific Rubiales' current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of Pacific Rubiales. Furthermore, the failure of Pacific Rubiales to comply with the terms of the definitive agreement may result in it being required to pay a fee to ALFA and Harbour Energy, the result of which could have a material adverse effect on Pacific Rubiales' financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties are included in reports on file with applicable securities regulatory authorities.

Advisories

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.

FOR FURTHER INFORMATION:

Frederick Kozak
Corporate Vice President, Investor Relations
+57 (1) 511-7992
+1 (403) 606-3165

Roberto Puente
Sr. Manager, Investor Relations
+57 (1) 511-2298

Richard Oyelowo
Manager, Investor Relations
+1 (416) 362-7735

MEDIA CONTACT:

Peter Volk
Vice President Communications, North America
+1 (416) 362-7735