

TORONTO, May 21, 2015 /CNW/ - [Pacific Rubiales Energy Corp.](#) (TSX: PRE) (BVC: PREC) announced today that it has commenced consent solicitations in connection with the Arrangement Agreement (as defined below) with respect to proposed amendments to the indentures governing its senior notes listed below (collectively the "Notes"), upon the terms and subject to the conditions set forth in the Consent Solicitation Statement, dated May 21, 2015 (the "Statement"):

Series of Notes	CUSIP (144A)	CUSIP (Reg S)	Outstanding Principal Amount
5.375% Notes due 2019	69480UAH0	C71058AD0	U.S.\$1,300,000,000
7.25% Notes due 2021	69480UAC1	C71058AB4	U.S.\$690,594,000
5.125% Notes due 2023	69480UAF4	C71058AC2	U.S.\$1,000,000,000
5.625% Notes due 2025	69480UAK3	C71058AF5	U.S.\$1,113,651,000

The Company is soliciting consents from holders of record of each series of Notes as of 5:00 p.m. (New York City time) on May 20, 2015 (the "Record Date") to certain proposed amendments (the "Proposed Amendments") to each of the indentures governing the Notes (the "Indentures"). Subject to the terms and conditions set forth in the Statement, the Company will pay holders who validly deliver (and do not validly revoke) their consents prior to 5:00 p.m. (New York City time) on June 4, 2015, unless extended or earlier terminated by the Company in accordance with the Statement (the "Expiration Date"), a cash payment equal to U.S.\$5.00 per U.S.\$1,000 aggregate principal amount of Notes consented (the "Consent Fee"). The Consent Fee will only be payable upon, among other things, the receipt of the Requisite Consents (as defined below) and the Acquisition Closing (as defined below).

The Company is seeking the Proposed Amendments in connection with the previously announced arrangement agreement (the "Arrangement Agreement"), dated May 20, 2015, among the Company, [ALFA, S.A.B. de C.V.](#) ("ALFA"), and Harbour Energy Ltd. and Harbour Energy L.P. (together, "Harbour Energy"), pursuant to which 1035815 B.C. Ltd., a new company formed by ALFA and Harbour Energy (the "Purchaser"), will acquire all of the issued and outstanding common shares ("Common Shares") in the capital of the Company by way of a Plan of Arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). Pursuant to the Arrangement Agreement, each Common Share not already owned by ALFA or held by the Company in treasury will be purchased by the Purchaser for cash consideration of C\$6.50 per share. The Company is soliciting the consents to the Proposed Amendments because the effectiveness of the Proposed Amendments to each of the Indentures is one of the conditions precedent to the closing of the Arrangement (the "Acquisition Closing").

The Company is proposing to amend the definition of "Change of Control" in each Indenture in order to include a qualification that the Arrangement shall not constitute a Change of Control under the applicable Indenture. The Indentures currently require the Company, following a Change of Control Triggering Event (as defined in each Indenture), to make a Change of Control Offer (as defined in each Indenture) to repurchase all or any part of each holder's Notes at a cash purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, on the applicable Notes repurchased, to the date of such repurchase. While the Company currently does not expect the Arrangement to cause a Change of Control Triggering Event and thereby require the Company to make a Change of Control Offer, the Company is seeking consents from the holders to amend the definition of Change of Control to provide certainty that the Company will be able to consummate the Arrangement without being required to make such an offer. The Company is also proposing to amend the definition of "Bankruptcy Law" in each Indenture to ensure that an Event of Default (as defined in each Indenture) will not result, and seeking a waiver to any Event of Default that may occur or arise, under Section 5.1(vii) of each Indenture solely from the Arrangement and the transactions contemplated by the Arrangement Agreement.

The Company is proposing to amend the definition of "Consolidated Total Indebtedness" in each Indenture in order to provide that such amount shall during the three-year period after the Acquisition Closing be reduced by an amount equal to cash and cash equivalents, determined in accordance with IFRS. Furthermore, the Company is proposing to increase the permitted leverage ratio (Consolidated Debt to Consolidated Adjusted EBITDA Ratio) as a condition to the incurrence of indebtedness from 3.5:1.0 to 4.5:1.0 during the three-year period after the Acquisition Closing. The Company is seeking these amendments to give the Company flexibility to incur additional debt to ensure the financial stability of the Company in the transition period following the Acquisition Closing.

The consent solicitations are subject to customary conditions, including, among other things, the receipt of valid and unrevoked consents with respect to not less than fifty percent (50%) in aggregate principal amount of each series of Notes (the "Requisite Consents") prior to the Expiration Date. Delivered consents may be validly revoked prior to the earlier of: (i) the Expiration Date; and (ii) with respect to consents for a particular series of Notes, the time the Requisite Consents are obtained for such series of Notes. For each series of Notes, the Proposed Amendments will be effected by a supplement to the applicable Indenture, which will be executed promptly after the Expiration Date, as described in more detail in the Statement. However, the Proposed Amendments with respect to each series of Notes will not become operative until immediately prior to the Acquisition Closing. The closing of the consent solicitations and payment of the Consent Fee are conditioned upon the Acquisition Closing.

The consummation of each consent solicitation is conditioned on the consummation of the other consent solicitations. In the event that the Requisite Consents are not obtained with respect to a series of Notes and the applicable consent solicitation is terminated, no indenture supplements related to the Proposed Amendments will be executed and the Proposed Amendments will not become operative with respect to any series of Notes.

The consent solicitations are being made solely on the terms and subject to the conditions set forth in the Statement and the accompanying consent form. The Company may, in its sole discretion, terminate, extend or amend the consent solicitations at any time as described in the Statement.

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 the Proposed Amendments). This offer to exchange is expected to commence after the expiration of the consent solicitations. Holders that wish to participate in both the consent solicitations and the expected exchange offer must participate in each offer separately, on an individual basis. Completion of the exchange offer is not a condition to the Acquisition Closing.

The Company has retained Citigroup Global Markets, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Lead Managers, and Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, as Co-Managers, to act as solicitation agents in connection with the consent solicitations. Questions may be directed to Citigroup Global Markets, Inc. at (800) 558-3745 (toll free) or (212) 723-6106 (collect) or to Merrill Lynch, Pierce, Fenner & Smith Incorporated at (888) 292-0070 (toll free) or (646) 855-8988 (collect).

Global Bondholder Services Corporation has been appointed as the information and tabulation agent for the consent solicitations. Questions and requests for additional documents may be directed to Global Bondholder Services Corporation at (866) 807-2200 (toll free) or (212) 430-3774 (bankers and brokers).

This announcement is for information purposes only and is neither an offer to sell nor a solicitation of an offer to buy any security. The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, and they may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. This announcement is not a solicitation of consents with respect to the Proposed Amendments or any Notes. The consent solicitations are not being made in any jurisdiction in which the making of the consent solicitations or the acceptance of the consents would not be in compliance with the laws of such jurisdiction.

#### 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.

#### Advisories

#### Cautionary Note Concerning Forward-Looking Statements

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. Many factors could cause such estimates and assumptions to vary or differ materially from those expressed or implied by the forward-looking statements. Readers should not place undue reliance on any of these forward-looking statements.

#### 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.

SOURCE [Pacific Rubiales Energy Corp.](#)

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