**Form 51-101 F1**

**Pacific Rubiales Energy Corp.**

**Statement of Reserves Data**

**And Other Oil and Gas Information**

**As of December 31, 2012**

## Table of Contents

## Glossary of Terms

| | |
|---|---|
| **Reserves** | Estimated reserves of natural gas, natural gas liquids and crude oil. |
| **Working interest** | Those lands in which the Company receives its acreage share of net production revenues. |
| **Gross reserves** | Estimated reserves before royalties based on working interest. |
| **Net reserves** | Estimated reserves after royalties based on working interest. |
| **Future net revenue** | Working interest revenues after royalties, development costs, production costs and well abandonment costs, but before administrative, overhead and other such indirect costs. Future net revenue may be presented either before or after tax. |
| **Proved reserves** | Reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. |
| **Probable reserves** | Reserves that are less certain than proved reserves at being recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserve. |
| **Developed reserves** | Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production. |
| **Producing reserves** | Reserves that are expected to be recovered from completion intervals opens at the time of estimate. The category of reserve may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonably certainty. |
| **Non-prod. reserves** | Reserves that either has not been on production, or has previously been on production, but is shut-in, and the date of resumption of production is unknown. |
| **Stb/stock tank bbl** | A 42-US gallon barrel of crude oil at standard conditions of 1 atmosphere and 60 $^{o}$F. |
| **M** | Thousand (1,000). |
| **MM** | Million (1,000,000) |

| | |
|---|---|
| **Mbbl** | 1,000 bbl of oil and/or natural gas liquids. |
| **MMBtu** | A unit of heat energy equal to one million British thermal units. |
| **Mcf** | 1,000 cubic feet of natural gas. |
| **Bcf** | One billion (1,000,000,000) cubic feet of natural gas. |
| **bbl** or **barrel** | A 42-US gallon barrel of crude oil or natural gas liquids. |
| **Undeveloped reserves** | Reserves that are expected to be recovered from known accumulation where a significant expenditure is required to render them capable of production (e.g. in comparison to the costs of drilling a well). Such reserve must fully meet the requirements of the reserve classification to which they are assigned (proved or probable). |

**Form 51-101 F1**
**Statement of Reserves Data and Other Oil and Gas Information for Pacific Rubiales Energy Corp.**

## Part 1 Date of Statement

### Item 1.1 Relevant Dates

1. Date of Statement: March 13, 2013
2. Effective Date: December 31, 2012
3. Preparation Date: March 11, 2013

The following information is related to the Company's reserves, future net revenue and discounted value of future net cash flow of associated and non-associated (A&NA) gas , light & medium (L&M) oil, and heavy oil. RPS Energy Canada Ltd. ("**RPS**"), independent qualified evaluators of Calgary, Alberta; Petrotech Engineering Ltd. ("**Petrotech**"), independent qualified evaluators of Burnaby, British Columbia and Netherland, Sewell and Associates Inc. ("**NSAI**"), independent qualified evaluators of Dallas, Texas estimated these reserves effective December 31, 2012. The Company used these reserves in the preparation of the Financial Statements for the fiscal year ended December 31, 2012.

All of the Company's oil and gas reserves are onshore, Colombia and offshore, Peru.

The reserves on the properties described herein are estimates only. Actual reserves on the properties may be greater or less than those calculated.

The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves. There is no assurance that forecast prices and costs assumed in the RPS, Petrotech and NSAI evaluations will be attained, and variances could be material. Assumptions and qualifications relating to costs and other matters are summarized in the notes to the following tables.

The following tables provide the reserves data and the breakdown of future net revenue by commodities and reserve category using forecast prices and costs, based on the Company's working interest portion before royalties (gross) and/or after royalties (net) (see "**Glossary of Terms**").

The pricing used in tables that reflect forecast price evaluations is in Items 3.1 and 3.2. All cash flow data is in U.S. dollars.

In certain instances, numbers may not total due to computer-generated rounding. In such cases, differences are not material and amounts presented are as shown in the following RPS, Petrotech and NSAI reserves reports:

1. RPS prepared the following reserves reports: (i) the report dated February 18, 2013, effective December 31, 2012, entitled "Reserves Certification Report for the Rubiales field, Colombia"; and (ii) the report dated February 18, 2013, effective December 31, 2012, entitled "Reserves Certification Report for the Quifa Field, South West Region, Colombia" (the "**RPS Report**").

2. Petrotech prepared the report dated February, 28, 2013, effective December 31, 2012, entitled "Evaluation of the Proved & Probable Reserves of Pacific Rubiales Energy Corp. in 16 Blocks in Colombia and 1 Block Offshore, Peru for Year-Ending 2012" (the "**Petrotech Report**").

3. NSAI prepared the report dated March, 2013, effective December 31, 2012, entitled "Estimates of proved and probable reserves and future revenue, as of December 31, 2012, to the Pacific Stratus Energy S.A. (Pacific) interest in certain oil properties located in Albacora and Corvina Fields, offshore Peru" (the "**NSAI Report**").

## Part 2 Disclosure of Reserves Data

### Item 2.1 Reserves Data (Forecast Prices and Costs)

### Item 2.1.1 Breakdown of Reserves

Onshore Colombia

| | L&M Crude Oil | | Heavy Oil | | Natural Gas Liquids | | Natural Gas | |
|---|---|---|---|---|---|---|---|---|
| Reserve Category | Gross (MMbbl) | Net (MMbbl) | Gross (MMbbl) | Net (MMbbl) | Gross (MMbbl) | Net (MMbbl) | Gross (Bcf) | Net (Bcf) |
| Proved Producing | 14.25 | 12.48 | 81.19 | 66.42 | 0.22 | 0.20 | 444.1 | 413.1 |
| Proved Non-Prod. | 3.64 | 3.20 | 11.29 | 9.04 | 0.00 | 0.00 | 9.3 | 8.7 |
| Proved Undeveloped | 12.21 | 10.57 | 150.53 | 125.00 | 5.13 | 4.80 | 63.8 | 59.8 |
| **Total Proved** | **30.09** | **26.26** | **243.01** | **200.45** | **5.35** | **5.00** | **517.3** | **481.6** |
| Total Probable | 9.33 | 8.59 | 131.32 | 105.22 | 6.41 | 6.00 | 79.5 | 74.4 |
| **Proved + Probable** | **39.42** | **34.85** | **374.33** | **305.67** | **11.76** | **11.01** | **596.8** | **556.0** |

Offshore Peru

| | L&M Crude Oil | | Natural Gas | |
|---|---|---|---|---|
| Reserve Category | Gross (MMbbl) | Net (MMbbl) | Gross (Bcf) | Net (Bcf) |
| Proved Producing | 1.60 | 1.50 | 0.0 | 0.0 |
| Proved Non-Prod. | 0.43 | 0.40 | 0.0 | 0.0 |
| Proved Undeveloped | 13.70 | 12.81 | 29.1 | 27.6 |
| **Total Proved** | **15.73** | **14.71** | **29.1** | **27.6** |
| Total Probable | 27.44 | 25.19 | 127.6 | 120.6 |
| **Proved + Probable** | **43.17** | **39.90** | **156.7** | **148.2** |

Natural gas is a combination of the associated and non-associated gas.

### Item 2.1.2 Net Present Value of Future Net Revenue

Onshore Colombia

| | Before Tax NPV @ | | | | |
|---|---|---|---|---|---|
| | 0% | 5% | 10% | 15% | 20% |
| Reserve Category | (MM$) | (MM$) | (MM$) | (MM$) | (MM$) |
| Proved Producing | 6,454.8 | 5,265.7 | 4,560.6 | 4,095.4 | 3,760.9 |
| Proved Non-Prod. | 560.5 | 499.2 | 453.5 | 417.6 | 388.1 |
| Proved Undeveloped | 4,817.7 | 3,795.8 | 3,069.6 | 2,523.7 | 2,106.2 |
| **Total Proved** | **11,832.9** | **9,560.7** | **8,083.7** | **7,036.7** | **6,255.2** |
| Total Probable | 4,876.3 | 2,953.7 | 1,868.5 | 1,215.4 | 802.2 |
| **Proved + Probable** | **16,709.2** | **12,514.3** | **9,952.2** | **8,252.2** | **7,057.4** |

| Reserve Category | After Tax NPV @ 0% (MM$) | 5% (MM$) | 10% (MM$) | 15% (MM$) | 20% (MM$) |
|---|---|---|---|---|---|
| Proved Producing | 5,058.2 | 3,992.9 | 3,392.9 | 3,012.4 | 2,746.6 |
| Proved Non-Prod. | 387.7 | 344.0 | 311.7 | 286.4 | 265.7 |
| Proved Undeveloped | 3,686.2 | 2,920.9 | 2,365.2 | 1,950.2 | 1,631.9 |
| **Total Proved** | **9,132.2** | **7,257.7** | **6,069.8** | **5,249.1** | **4,644.2** |
| Total Probable | 3,893.5 | 2,322.0 | 1,432.6 | 899.6 | 565.1 |
| **Proved + Probable** | **13,025.6** | **9,579.7** | **7,502.4** | **6,148.7** | **5,209.3** |

Offshore Peru

| Reserve Category | Before Tax NPV @ 0% (MM$) | 5% (MM$) | 10% (MM$) | 15% (MM$) | 20% (MM$) |
|---|---|---|---|---|---|
| Proved Producing | 116.2 | 104.1 | 94.4 | 86.6 | 80.1 |
| Proved Non-Prod. | 35.4 | 29.6 | 25.3 | 22.0 | 19.4 |
| Proved Undeveloped | 972.0 | 801.2 | 670.9 | 569.1 | 488.0 |
| **Total Proved** | **1,123.6** | **934.9** | **790.7** | **677.7** | **587.5** |
| Total Probable | 2,455.7 | 1,753.7 | 1,303.5 | 999.2 | 785.0 |
| **Proved + Probable** | **3,579.3** | **2,688.5** | **2,094.2** | **1,676.9** | **1,372.5** |

| Reserve Category | After Tax NPV @ 0% (MM$) | 5% (MM$) | 10% (MM$) | 15% (MM$) | 20% (MM$) |
|---|---|---|---|---|---|
| Proved Producing | 90.6 | 81.2 | 73.7 | 67.5 | 62.5 |
| Proved Non-Prod. | 27.6 | 23.1 | 19.7 | 17.2 | 15.1 |
| Proved Undeveloped | 758.5 | 622.5 | 519.5 | 439.5 | 375.9 |
| **Total Proved** | **876.8** | **726.7** | **612.9** | **524.2** | **453.6** |
| Total Probable | 1,968.7 | 1,392.8 | 1,028.4 | 784.5 | 614.0 |
| **Proved + Probable** | **2,845.5** | **2,119.5** | **1,641.3** | **1,308.7** | **1,067.6** |

**Item 2.1.3 (a) (b) Additional Information Concerning Future Net Revenue**

Onshore Colombia

| Reserves Category | Revenue (MM$) | Oil Royalties (Mbbl)[(1)] | Oil & Gas Royalties (MM$) | Operating Costs (MM$) | Development Costs (MM$) | Abandon Costs (MM$) | Future Net Revenue Before Income Tax (MM$) | Future Income Tax Expenses (MM$) | Future Net Revenue After Income Tax (MM$) |
|---|---|---|---|---|---|---|---|---|---|
| Total Proved | 30,693 | 12 | 2,731 | 13,592 | 2,395 | 140 | 11,837 | 2,712 | 9,125 |
| Total Proved + Probable | 44,050 | 36 | 2,991 | 19,099 | 5,005 | 246 | 16,713 | 3,694 | 13,018 |

Note:

(1) Oil royalties are paid in kind with the exception of the Rubiales and Quifa SW Fields where RPS has converted the amount of the oil royalties payable into dollars.

Offshore Peru

| Reserves Category | Revenue (MM$) | Oil & Gas Royalties (MM$) | Operating Costs (MM$) | Development Costs (MM$) | Abandon Costs (MM$) | Future Net Revenue Before Income Tax (MM$) | Future Income Tax Expenses (MM$) | Future Net Revenue After Income Tax (MM$) |
|---|---|---|---|---|---|---|---|---|
| Proved | 1,662 | 105 | 152 | 275 | 6 | 1,124 | 247 | 877 |
| Proved + Probable | 4,921 | 392 | 441 | 498 | 11 | 3,579 | 734 | 2,846 |

**Item 2.1.3 (c) Unit Value of Net Present Value of Future Net Revenue based on Forecast Prices and Costs**

Unit value of the net present value of future net revenue based on working interest, forecast prices and costs before deduction of income tax and at a discount rate of 10%

Onshore Colombia

| | L&M Oil $/bbl | Heavy Oil $/bbl | Natural Gas $/Mcf |
|---|---|---|---|
| Proved | 29.89 | 30.38 | 2.61 |
| Proved + Probable | 27.17 | 24.89 | 2.60 |

Offshore Peru

| | L&M Oil $/bbl | Natural Gas $/Mcf |
|---|---|---|
| Proved | 54.93 | -0.63 |
| Proved + Probable | 51.59 | 0.24 |

## Part 3 Pricing Assumptions

### Item 3.2 Forecast Prices Used in Estimates

### Item 3.2.1(a)

RPS – Forecast Oil Prices for the Rubiales and Quifa SW Fields

**Summary of Pricing and Inflation Rate Assumptions**
**Forecast Prices and Costs**
**as of December 31, 2012**

| Year | Oil Benchmarks | | Reference Colombia Inflation Rate | Reference USA Inflation Rate | Infrastructure Inflation Rate | Operating Cost Inflation Rate | Drilling Inflation Rate |
|---|---|---|---|---|---|---|---|
| | RPS WTI Forecast | Net Selling Price After Tariff and blending uplift to price | | | | | |
| | US$/bbl | US$/bbl | %/annum | %/annum | %/annum | %/annum | %/annum |
| 2013 | 92.34 | 86.44 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2014 | 90.14 | 85.40 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2015 | 90.20 | 85.46 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2016 | 92.01 | 87.27 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2017 | 93.85 | 89.11 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2018 | 95.72 | 90.98 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2019 | 97.64 | 92.90 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2020 | 99.59 | 94.85 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2021 | 101.58 | 96.84 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| 2022 | 103.61 | 98.87 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

Petrotech – Forecast Oil and Gas Prices

The December 31, 2012 oil price for West Texas Intermediate (WTI) closed at $91.82 per barrel, Brent at $111.11 per barrel and the Vasconia oil price was at $101.47 per barrel (from Platts Latin American Posted Prices). The natural gas (Henry Hub) closed at $3.351 per MMBtu on December 31, 2012. All future commodity prices of crude oil, natural gas and heating oil prices were taken from NYMEX (www.cmegroup.com) on the last day of trading in 2012. The historical prices for oil and natural gas were taken from Sproule and Associates Inc. (no historical heating oil prices available). The following summarizes the NYMEX futures and the forecast oil prices of each block:

## Forecast Crude Oil Prices

| | WTI | Brent | Vasconia | Castilla | South Blend | Rubiales | La Creciente Cond. | Abanico | Guaduas | Buganviles | Careto | Arauco |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl |
| 2007 | 72.27 | 72.57 | | | | | | | | | | |
| 2008 | 99.59 | 97.06 | | | | | | | | | | |
| 2009 | 61.63 | 61.53 | | | | | | | | | | |
| 2010 | 79.43 | 79.48 | 77.40 | | | | | | | | | |
| 2011 | 95.00 | 111.22 | 106.94 | 100.08 | | | | | | | | |
| 2012 | 94.15 | 111.44 | 106.49 | 102.18 | 110.80 | | | | | | | |
| 12-31-12 | 91.82 | 111.11 | 106.56 | 101.81 | | | | | | | | |
| 2013 | 93.19 | 107.53 | 102.78 | 98.60 | 106.92 | 99.43 | 92.97 | 92.05 | 99.70 | 110.47 | 92.39 | 97.43 |
| 2014 | 92.36 | 102.50 | 97.97 | 93.98 | 101.91 | 94.78 | 88.62 | 87.74 | 95.03 | 105.30 | 88.07 | 92.87 |
| 2015 | 90.26 | 98.52 | 94.17 | 90.34 | 97.96 | 91.10 | 85.18 | 84.34 | 91.35 | 101.21 | 84.65 | 89.27 |
| 2016 | 88.29 | 95.15 | 90.95 | 87.25 | 94.61 | 87.99 | 82.27 | 81.46 | 88.23 | 97.75 | 81.76 | 86.22 |
| 2017 | 86.88 | 93.05 | 88.95 | 85.32 | 92.52 | 86.05 | 80.46 | 79.66 | 86.28 | 95.60 | 79.95 | 84.32 |
| 2018 | 86.02 | 89.76 | 85.80 | 82.30 | 89.25 | 83.00 | 77.61 | 76.84 | 83.22 | 92.21 | 77.12 | 81.33 |

| | Copa | Petirrojo | Cernicalo | Yopo | Arrendajo | Mecaya | Yamu | Cravoveijo | Cachicamo | LLA 19 Mirador | LLA 19 Gachetá |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl | $/bbl |
| 2007 | | | | | | | | | | | |
| 2008 | | | | | | | | | | | |
| 2009 | | | | | | | | | | | |
| 2010 | | | | | | | | | | | |
| 2011 | | | | | | | | | | | |
| 2012 | | | | | | | | | | | |
| 2013 | 95.65 | 97.99 | 94.79 | 90.84 | 99.65 | 104.78 | 108.55 | 101.21 | 99.91 | 100.85 | 104.00 |
| 2014 | 91.17 | 93.40 | 90.36 | 86.59 | 94.99 | 99.87 | 103.47 | 96.47 | 95.23 | 96.13 | 99.14 |
| 2015 | 87.64 | 89.78 | 86.85 | 83.23 | 91.30 | 96.00 | 99.46 | 92.73 | 91.54 | 92.40 | 95.29 |
| 2016 | 84.64 | 86.71 | 83.89 | 80.38 | 88.18 | 92.72 | 96.06 | 89.56 | 88.41 | 89.25 | 92.03 |
| 2017 | 82.77 | 84.80 | 82.03 | 78.61 | 86.24 | 90.67 | 93.94 | 87.58 | 86.46 | 87.28 | 90.00 |
| 2018 | 79.84 | 81.80 | 79.13 | 75.83 | 83.18 | 87.46 | 90.62 | 84.48 | 83.40 | 84.19 | 86.82 |

Note: All oil from Quifa Norte, Cajua, CPE 6 and Sabanero is priced at the Rubiales Blend.

The above forecast oil prices are based on a Vasconia posted price and the adjusted to the percentage of West Texas Intermediate on the NYMEX futures to 2018. There is also adjustment to the quality of the oil based on API gravity and salinity of the sales oil. In 2019, all oil prices are then escalated at 2% per year thereafter.

## Forecast Natural Gas Prices

| | Heating Oil | % change | La Creciente | Guaduas | Abanico | Carbonera | Cerrito | Guama | Peru |
|---|---|---|---|---|---|---|---|---|---|
| Year | $/Gal | | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf |
| 2007 | 6.86 | | | | | | | | |
| 2008 | 9.04 | | | | | | | | |
| 2009 | 4.01 | | | | | | | | |
| 2010 | 4.39 | | | | | | | | |
| 2011 | 4.04 | | | | | | | | |
| 2012 | | | | | | | | | |
| 12-31-12 | 3.35 | | | | | | | | |
| 2013 | 3.01 | | 7.55 | 5.19 | 6.04 | 4.50 | 4.18 | 6.04 | 2.00 |
| 2014 | 2.92 | 0.97 | 7.33 | 5.04 | 5.86 | 4.37 | 4.06 | 5.86 | 2.49 |
| 2015 | 2.82 | 0.97 | 7.08 | 4.87 | 5.67 | 4.22 | 3.92 | 5.67 | 2.73 |
| 2016 | 2.75 | 0.97 | 6.90 | 4.74 | 5.52 | 4.11 | 3.82 | 5.52 | 2.93 |
| 2017 | 2.80 | 1.02 | 7.04 | 4.84 | 5.63 | 4.19 | 3.90 | 5.63 | 3.03 |
| 2018 | 2.86 | 1.02 | 7.18 | 4.93 | 5.74 | 4.28 | 3.97 | 5.74 | 3.09 |

Note: La Creciente – based on weighted average of firm and interruptible sales contracts volumes, escalated at NYMEX futures for heating oil, and based on regulated market price multiplied by adjustment of the sales gas contract.

NSAI – Forecast Oil Prices – for Z-1 Block in Offshore Peru

| YEAR | McDaniel & Associates Consultants Ltd. | GLJ Petroleum Consultants Ltd. | Sproule International | Average Price per bbl | NSAI Price per bbl |
|---|---|---|---|---|---|
| 2013 | $107.50 | $105.00 | $110.07 | $107.52 | $104.17 |
| 2014 | $102.50 | $102.50 | $102.16 | $102.39 | $99.03 |
| 2015 | $101.40 | $102.50 | $98.06 | $100.65 | $97.30 |
| 2016 | $100.80 | $102.50 | $104.33 | $102.54 | $99.19 |
| 2017 | $100.10 | $100.00 | $106.65 | $102.25 | $98.89 |
| 2018 | $102.20 | $100.00 | $108.25 | $103.48 | $100.13 |
| 2019 | $104.20 | $101.35 | $109.87 | $105.14 | $101.79 |
| 2020 | $106.30 | $103.38 | $111.52 | $107.07 | $103.71 |
| 2021 | $108.30 | $105.45 | $113.20 | $108.98 | $105.63 |
| 2022 | $110.60 | $107.55 | $114.89 | $111.01 | $107.66 |
| 2023 | $112.70 | $109.70 | $116.62 | $113.01 | $109.65 |
| 2024 | $115.00 | $111.90 | $118.37 | $115.09 | $111.73 |
| 2025 | $117.30 | $114.13 | $120.14 | $117.19 | $113.84 |
| 2026 | $119.60 | $116.42 | $121.94 | $119.32 | $115.96 |
| 2027 | $122.10 | $118.74 | $123.77 | $121.54 | $118.18 |

**Item 3.2.1(b)**

The following table summarizes the weighted average historical product prices for important fields for the year-ending December 31, 2012:

Weighted Average Historical Prices – Year-Ending December 31, 2012, $/bbl

| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Onshore Colombia: | | | | |
| La Creciente* | 7.32 | 7.46 | 7.41 | 7.81 |
| Guaduas | 101.84 | 101.84 | 112.60 | 112.60 |
| Cubiro | 111.95 | 95.36 | 87.23 | 97.76 |
| Abanico | 71.34 | 71.34 | 101.84 | 101.84 |
| Rubiales | 111.55 | 102.23 | 104.26 | 100.53 |
| Quifa SW | 106.37 | 98.72 | 97.31 | 92.29 |
| Z-1 Block, Offshore Peru | 110.63 | 112.78 | 101.42 | 107.59 |

*Price at $ per MMBtu

**Item 3.2.2**

In the Petrotech Report, the Colombian Vasconia 25 $^{o}$API and Castilla 10 $^{o}$API FOB Coveñas crude oil is used as the benchmark reference price for determining oil sales price adjustments from West Texas Intermediate. The Vasconia 25 $^{o}$API FOB Coveñas crude oil price on December 31, 2012 was $101.47 and the Castilla 10 $^{o}$API crude oil price on December 31, 2012 was 101.81 per barrel as reported by Platts Latin American Wire. The adjusted oil sales prices for December 31, 2012 and forecast oil prices are found in the Forecast Oil Prices table above. The forecast prices are based on the escalation of NYMEX WTI futures up to 2018 at which time the escalation is assumed to increase at 2% per year.

## Part 4 Reconciliations of Changes in Reserves

### Item 4.1 Reserves Reconciliation

Onshore Colombia

| | Gross L&M Oil | | | Gross Heavy Oil | | |
|---|---|---|---|---|---|---|
| | Proved | Probable | Proved+Prob | Proved | Probable | Proved+Prob |
| | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) |
| Opening Balance (Dec. 31, 2011) | 1.8 | 0.5 | 2.3 | 297.1 | 109.0 | 406.2 |
| Extension & Improved Recovery | 3.7 | -3.9 | -0.1 | 0.2 | -0.6 | -0.4 |
| Technical Revisions[(1)(2)] | 0.0 | 0.0 | 0.0 | -15.8 | 23.0 | 7.2 |
| Discoveries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisitions | 26.1 | 12.6 | 38.7 | 0.0 | 0.0 | 0.0 |
| Dispositions | 0.0 | 0.0 | 0.0 | -0.1 | -0.1 | -0.2 |
| Economic Factors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Production | -1.5 | 0.0 | -1.5 | -38.5 | 0.0 | -38.5 |
| **Closing Balance (Dec. 31, 2012)** | 30.1 | 9.3 | 39.4 | 243.0 | 131.3 | 374.3 |

Note:

(1) In the Rubiales field, proved reserves were revised downward due to minor changes in production decline performance of the oil producers over the past year as compared to previous years.

(2) In the Cajua field, proved reserves were revised due to lesser pay thicknesses encountered by drilling and fuel consumption.

| | Gross A & NA Gas | | | NGL | | |
|---|---|---|---|---|---|---|
| | Proved | Probable | Proved + Prob | Proved | Probable | Proved + Prob |
| | (Bcf) | (Bcf) | (Bcf) | (MMbbl) | (MMbbl) | (MMbbl) |
| Opening Balance (Dec. 31, 2011) | 481.5 | 2.3 | 483.8 | 0.00 | 0.00 | 0.00 |
| Extension & Improved Recovery | 59.6 | 77.2 | 136.8 | 5.36 | 6.41 | 11.77 |
| Technical Revisions | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Discoveries | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Acquisitions | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Dispositions | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Economic Factors | -0.6 | 0.0 | -0.6 | 0.00 | 0.00 | 0.00 |
| Production | -23.2 | 0.0 | -23.2 | -0.01 | 0.00 | -0.01 |
| **Closing Balance (Dec. 31, 2012)** | 517.3 | 79.5 | 596.8 | 5.35 | 6.41 | 11.76 |

Offshore Peru

| | Company Gross L&M Oil | | |
|---|---|---|---|
| | Total Proved (Mbbl) | Total Probable (Mbbl) | Total Proved + Probable (Mbbl) |
| Opening Balance (Jan. 1, 2012) | 0.0 | 0.0 | 0.0 |
| Extension & Improved | 0.0 | 0.0 | 0.0 |
| Recovery | 0.0 | 0.0 | 0.0 |
| Technical Revisions[(1)] | -755.1 | -1,559.0 | -2,314.1 |
| Discoveries | 0.0 | 0.0 | 0.0 |
| Acquisitions | 17,003.8 | 28,997.9 | 46,001.7 |
| Dispositions | 0.0 | 0.0 | 0.0 |
| Economic Factors | 5.2 | 0.0 | 5.2 |
| Production | -525.8 | 0.0 | -525.8 |
| **Closing Balance (Dec. 31, 2012)** | 15,728.1 | 27,438.9 | 43,167.0 |

Note:

(1) The negative revisions were due to less than expected results from work-overs and due to slightly steeper decline on some proved developed producing wells.

| | Company Gross Natural Gas | | |
|---|---|---|---|
| | Total Proved (Bcf) | Total Probable (Bcf) | Total Proved + Probable (Mbbl) |
| Opening Balance (Jan. 1, 2012) | 0 | 0 | 0 |
| Extension & Improved | 0 | 0 | 0 |
| Recovery | 0 | 0 | 0 |
| Technical Revisions | 0 | 0.0 | 0.0 |
| Discoveries | 0 | 0 | 0 |
| Acquisitions | 29.05 | 127.67 | 156.72 |
| Dispositions | 0 | 0 | 0 |
| Economic Factors | 0 | 0 | 0 |
| Production | 0 | 0 | 0 |
| **Closing Balance (Dec. 31, 2012)** | 29.05 | 127.67 | 156.72 |

## Part 5 Additional Information Relating to Reserves Data

### Item 5.1 Undeveloped Reserves

**Item 5.1.1** The following tables outlines the proved undeveloped reserves attributed to the Company's onshore Colombian properties:

Onshore Colombia

| Onshore Colombia (Forecast Case) - Proved Undeveloped Reserves | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross L&M Oil | | | Gross Heavy Oil | | | Gross A&NA Gas | | |
| | First Attributed | Revisions | Cumulative | First Attributed | Revisions | Cumulative | First Attributed | Revisions | Cumulative |
| Year | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (Bcf) | (Bcf) | (Bcf) |
| 2005 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 2.4 | 0.0 | 2.4 |
| 2006 | 2.7 | -0.1 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | -2.4 | 0.0 |
| 2007 | 0.4 | -1.1 | 2.0 | 49.6 | 0.0 | 49.6 | 147.8 | 0.0 | 147.8 |
| 2008 | 0.5 | -0.4 | 2.1 | 68.7 | -15.2 | 103.1 | 7.1 | -123.1 | 31.8 |
| 2009 | 0.3 | -0.4 | 2.0 | 35.7 | -1.4 | 137.4 | 0.0 | -31.8 | 0.0 |
| 2010 | 0.0 | -1.6 | 0.4 | 9.7 | -23.3 | 123.8 | 3.4 | 0.0 | 3.4 |
| 2011 | 0.0 | -0.2 | 0.3 | 103.3 | -1.1 | 226.0 | 0.0 | 0.2 | 3.6 |
| 2012 | 11.8 | 0.1 | 12.2 | 32.3 | -97.2 | 150.5 | 65.4 | 0.1 | 69.0 |

Offshore Peru

| | Offshore Peru (Forecast Case) – Proved Undeveloped Reserves | | | | | |
|---|---|---|---|---|---|---|
| | Gross L&M Oil | | | Gross A&NA Gas | | |
| | First Attributed | Revisions | Cumulative | First Attributed | Revisions | Cumulative |
| Year | (MMbbl) | (MMbbl) | (MMbbl) | (Bcf) | (Bcf) | (Bcf) |
| 2012 | 13.70 | 0 | 13.70 | 29.1 | 0 | 29.1 |

**Item 5.1.1** The following table outlines the probable undeveloped reserves attributed to the Company's onshore Colombian properties:

Onshore Colombia

| Onshore Colombia (Forecast Case) - Probable Undeveloped Reserves | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross L&M Oil | | | Gross Heavy Oil | | | Gross A&NA Gas | | |
| | First Attributed | Revisions | Cumulative | First Attributed | Revisions | Cumulative | First Attributed | Revisions | Cumulative |
| Year | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (MMbbl) | (Bcf) | (Bcf) | (Bcf) |
| 2005 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2006 | 2.6 | 0.0 | 2.6 | 0.0 | 0.0 | 0.0 | 508.3 | 0.0 | 508.3 |
| 2007 | 0.2 | -1.1 | 1.8 | 58.2 | 0.0 | 58.2 | 9.9 | -372.2 | 146.0 |
| 2008 | 1.2 | 0.0 | 2.9 | 1.3 | -26.3 | 33.2 | 15.9 | -136.1 | 25.8 |
| 2009 | 0.6 | -1.0 | 2.6 | 36.7 | -14.1 | 55.8 | 0.0 | -25.8 | 0.0 |
| 2010 | 0.1 | -1.7 | 1.1 | 24.4 | -42.1 | 38.1 | 1.8 | 0.0 | 1.8 |
| 2011 | 0.0 | -0.1 | 1.0 | 81.5 | 0.7 | 120.4 | 0.0 | 0.2 | 2.0 |
| 2012 | 8.4 | -0.1 | 8.6 | 103.1 | -16.8 | 137.7 | 77.7 | -0.2 | 79.5 |

Offshore Peru

| | Offshore Peru (Forecast Case) - Probable Undeveloped Reserves | | | | | |
|---|---|---|---|---|---|---|
| | Gross L&M Oil | | | Gross A&NA Gas | | |
| | First Attributed | Revisions | Cumulative | First Attributed | Revisions | Cumulative |
| Year | (MMbbl) | (MMbbl) | (MMbbl) | (Bcf) | (Bcf) | (Bcf) |
| 2012 | 27.44 | 0 | 27.44 | 127.6 | 0 | 127.6 |

## Item 5.2 Significant Factors or Uncertainties

### Item 5.2.1

The process of evaluating reserves is inherently complex. It requires significant judgements and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserves estimates contained herein are based on current production forecasts, prices, and economic conditions. These factors and assumptions, among others, include: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data becomes available, reserves estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performances, prices, economic conditions, and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance, and geologic conditions or production. These revisions can be either positive or negative.

For details of important economic factors or significant uncertainties that affect particular components of the reserves data please refer to the headings entitled “Risks and Uncertainties” and “Advisories” in the Company’s Management Discussion and Analysis dated March 13, 2013. See also the heading entitled “Risk Factors” in the Company’s Annual Information Form dated March 13, 2013.

## Item 5.3 Future Development Costs

### Item 5.3.1 (a) (b)

The table below sets out the future development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves using forecast prices and escalated costs:

Onshore Colombia

| Onshore Colombia (Forecast Case) | | |
|---|---|---|
| | Gross Proved | Gross Proved + Probable |
| Year | $MM | $MM |
| 2013 | 823.71 | 966.88 |
| 2014 | 778.08 | 1,011.61 |
| 2015 | 365.38 | 930.50 |
| 2016 | 144.59 | 521.68 |
| 2017 | 75.08 | 441.06 |
| **Total** | **2,186.84** | **3,871.73** |

Offshore Peru

| | Oil Development Costs | | Gas Development Costs | | Total Development Costs | |
|---|---|---|---|---|---|---|
| | Total Proved | Total Proved + Probable | Total Proved | Total Proved + Probable | Total Proved | Total Proved + Probable |
| Year | $MM | $MM | $MM | $MM | $MM | $MM |
| 2013 | 137.00 | 137.00 | 0 | 0 | 137.00 | 137.00 |
| 2014 | 42.12 | 92.56 | 6.29 | 6.29 | 48.41 | 98.85 |
| 2015 | 35.36 | 82.40 | 48.68 | 68.18 | 84.05 | 150.58 |
| 2016 | 6.00 | 58.16 | 0.00 | 40.33 | 6.00 | 98.48 |
| 2017 | 0 | 6.11 | 0 | 0 | 0.00 | 6.11 |
| **Total** | **220.49** | **376.23** | **54.97** | **114.80** | **275.46** | **491.03** |

**Item 5.3.2**

The Company intends to primarily use internal general cash flows to fund future development costs as well as funds raised from the capital markets. There can be no guarantee that funds will be available or that the board of directors of the Company will allocate funding to develop all of the reserves attributed by Petrotech, RPS or NSAI. Failure to develop those reserves would have a negative impact on future cash flow of the Company.

The only cost of funding future development is the interest associated with the Company's debt financing. The interest associated with debt financing is not included in the reserves and future net revenue estimates and would reduce reserves and FNR to some degree depending on the funding source utilized. The Company does not expect that interest or other funding costs could make development uneconomic.

**Item 5.3.3 -** Not applicable.

## Part 6 Other Oil and Gas Information

### Item 6.1 Oil and Gas Properties and Wells

The following is a description of the Company's pipeline assets and infrastructure:

***ODL Pipeline (Onshore Colombia)***: The ODL pipeline is 235 km in length and 24 inches in diameter and runs from the Rubiales Field in the Meta Department to Monterrey in the Casanare Department. It has an additional 29 km extension to the Ocensa Station in Cusiana, so oil may be delivered to both locations (Monterrey and Cusiana). The pipeline ships Rubiales Field production and has a transporting capacity of 340 Mbbl/d. The Company has a 35% interest in this pipeline.

In addition, ODL is pursuing a project involving an extension of the existing pipeline and consisting of a new 85 km and 36 inch diameter pipeline with capacity to transport up to 460,000 bbl/d between Cusiana and Araguaney. This will allow the connection of the ODL Pipeline to the OBC Pipeline. Once this project is in operation, oil production from the Company's blocks in the Llanos Basin will have access to the export terminal of Coveñas through the existing Caño Limón pipeline. Engineering and environmental permits for the extension of the ODL Pipeline started in late 2011.

The blending project in Cusiana is a new project that will allow blending light oil trucked to Cusiana station with heavy oil pumped through the ODL Pipeline. As a consequence, API gravity in the ODL Pipeline will be reduced from 18 to 16 degrees with significant savings in diluent transportation costs. As of the date hereof, the project is under final stage of construction and commissioning and it is expected to start in the second quarter of 2013.

***Guaduas PF1 and PF2 (Onshore Colombia)***: These are two production facilities connected by a 10 inch pipeline 3.8 km in length both located in Guaduas (Cundinamarca Department). PF2 is a receiving and mixing crude oil facility of 40 Mbbl/d capacity. PF1 receives production from PF2 and Guaduas Field and then pumps it to OGD Pipeline.

***OGD Pipeline (Onshore Colombia)***: The OGD Pipeline is located between Guaduas (Cundinamarca Department) and La Dorada (Caldas Department) 39 miles in length and 10 inches in diameter, shipping Guaduas Field production and other light oil production. It has a capacity 40 Mbbl/d and delivers to the OAM Pipeline at La Dorada Station. The Company has a 90.6% interest in the OGD Pipeline.

***OAM Pipeline (Onshore Colombia)***: The OAM Pipeline is located between Tenay Station in Neiva (Huila Department) and Vasconia Station in Puerto Boyacá (Boyaca Department). The OAM Pipeline is 246 miles in length and 20 inches in diameter with a capacity of 110 Mbbl/d, shipping all crude oil production from the Upper Magdalena Fields and received production from the OGD Pipeline at La Dorada Station. The Company has a 1.2% interest and uses it to ship crude oil from La Dorada Station to Vasconia Station.

***ODC Pipeline (Onshore Colombia)***: The ODC Pipeline is located between Vasconia Station in Puerto Boyacá (Boyaca Department) and the Caribbean Port of Coveñas (Cordoba Department). The ODC Pipeline is 302 miles in length and 24 inches in diameter with a capacity of 210 Mbbl/d, shipping crude oil production from Vasconia Station to Coveñas for international exportation. The Company has a 1.0% interest and uses it to export its production to international market.

***OBC Pipeline (Onshore Colombia)****:* will run from Araguaney, in the Casanare Department of central Colombia, to the Coveñas Export Terminal in the Caribbean. In December 2010, the Company acquired a 32.88% equity interest in the OBC Pipeline.

The OBC Pipeline is planned to be executed in four phases:

Phase 0: Truck off-loading facility in Banadia with a capacity of 40,000 bbl/d
Phase 1: Pipeline Araguaney – Banadia, 120,000 bbl/d
Phase 2-3: Pipeline Banadia – Coveñas, 330,000 bbl/d

Phase 0 was completed in 2011. As of December 2012, phase 1, which comprises a 230 km 42 inch pipeline from Araguaney to Banadía, is under construction; 195 km of the pipeline have already been welded, the pumping station in Araguaney is currently under expansion and two tanks of 600,000 bbl capacity each one are underconstruction in the Coveñas terminal. The construction progress for phase 1 is 60% complete as of December 2012. The OBC Pipeline is expected to start pumping during the second half of 2013.

Phases 2 and 3 are designed to further increase capacity by 330,000 bbl/d. However, we and our partners are currently reassessing the build out milestones and engineering of some aspects of the pipeline project. This reassessment may result in changes to the projected phases and milestones, including the possible addition of a fourth phase.

***OCENSA Pipeline (Onshore Colombia):*** During the last quarter of 2009, the Company signed two agreements with Oleoducto Central S.A. ("**OCENSA**") in order to secure firm transport capacity for its share of the production from the Rubiales field. The agreements provide the Company with: (i) firm capacity to unload up to 10,000 bbl/d of diluent at the Cusiana station during a five year period commencing on April 2010 as well as the use of the OCENSA system from the Cusiana station to the export terminal of Coveñas; and (ii) firm capacity to transport up to 160 MMbbl of oil from Cusiana station to the export terminal of Coveñas during a ten year period commencing in February 2010, with an upper limit of 50,000 bbl/d during 2010, 60,000 bbl/d between January 2011 and January 2017, and 20,000 bbl/d between February 2017 and January 2020.

***La Creciente Gas Pipeline***: On April 26, 2011, the Company partnered with EXMAR N.V., a gas transportation company, to develop a liquefied natural gas project in northern Colombia. This project includes the construction of a 88 km, 18 inch gas pipeline from La Creciente to Tolú, a port on the Caribbean coast of Colombia, for the transportation of

up to 120 MMcf/d from the La Creciente field and a Floating, Liquefying, Regasification and Storage Unit ("FLRSU"). The FLRSU may be connected to a Floating Storage Unit ("FSU") in order to allow FOB exports to standard carriers (145,000 CBM).
.

***Cartagena to Coveñas Pipeline (Onshore Colombia):*** The Company currently holds a 53.44% equity interest in Pacific Infrastructure, which is developing a new crude oil and products terminal and port in Cartagena, as well as a new pipeline that will link Coveñas with Cartagena in the Caribbean region known as "Olecar". The Olecar pipeline will ensure the uninterrupted supply of crude oil for export. The Olecar pipeline project includes: (i) a pumping station at Coveñas with a capacity of 300 Mbbl/d, (ii) a 30" diameter and 130 km pipeline and (iii) a bi-directional connection between Cartagena Refinery and Puerto Bahía.

As of December 2012, initial environmental studies were completed and right of way negotiations were in progress. Receipt of environmental permitting is expected in the second half of 2013.

With this investment, the Company has secured alternative storage and port capacity for both its imports and growing exports.

A table summarizing the Company's important properties is found on the following page.

| Description | Block/Basin | Block/ Area Gross Area (acres) | Block/Area Net Area (acres) | Total Cumulative Production for year ended Dec. 31, 2012 | Contract Type | Contract Expiration | Additional Details |
|---|---|---|---|---|---|---|---|
| Rubiales Field | Piriri, Llanos Basin | 66,432 | 33,216 | 69,521 Mbbl | Ecopetrol Association Contract | July 1, 2016 | |
| Rubiales Field | Rubiales, Llanos Basin | 88,420 | 35,368 | 158,352 Mbbl | Ecopetrol Association Contract | July 1, 2016 | |
| La Creciente Field | La Creciente, Lower Magdalena Valley | 36,824 | 36,824 | 90.91 Bcf of natural gas and 44.85 Mbbl of condensate | ANH E&P Contract | December 31, 2033 | |
| Guaduas Field | Dindal and Rio Seco, Middle Magdalena Valley | 47,698 | 43,206 | 8,710 Mbbl of heavy oil and 22.4 Bcf of natural gas | Ecopetrol Association Contract | February 1, 2021 | Cumulative production of active wells |
| Moriche, Maurtía E | Moriche, Llanos Basin | 4,663 | 1,749 | 126.35 Mbbl of heavy oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | Mirador formation |
| Moriche, Maurtía Norte-2 ST | | | | 1.25 Mbbl | ANH E&P Contract | November 20, 2032 | Mirador formation |
| Moriche, Maurtía Norte-1 | | | | 116.12 Mbbl of heavy oil | | | Mirador formation |
| | | | | 24,19 Mbbl | | | Ubaque formation |
| Abanico Oil Field | Abanico, Upper Magdalena Valley | 62,560 | 15,640 | 8,628 Mbbl of light oil and 3.88 Bcf of natural gas | Ecopetrol Association Contract | July 1, 2024 | Cumulative production for active wells |
| Cerrito Gas Field | Cerrito,Catatumbo Basin | 10,166 | 8,112 | 3.75 Bcf of natural gas | Ecopetrol Association Contract | July 1, 2032 | Cumulative production of Cerrito – 1 & Cerrito –2 wells |
| Cajúa | Quifa, Llanos Basin | 377,419 | 226,451 | 692.6 Mbbl of heavy oil | Ecopetrol Association Contract | May 20, 2034 | In August 2012, the Ambar-Opalo Field was renamed Cajua Field and this field received commerciality approval. |
| Quifa Norte | Quifa, Llanos | | | 1.62 Mbbl of heavy | Ecopetrol | May 21, 2034 | Jaspe Field has tested oil in the Basal |

| Description | Block/Basin | Block/ Area Gross Area (acres) | Block/Area Net Area (acres) | Total Cumulative Production for year ended Dec. 31, 2012 | Contract Type | Contract Expiration | Additional Details |
|---|---|---|---|---|---|---|---|
| (Jaspe) | Basin | | | oil | Association Contract | | Carbonera from February 16 to March 11, 2010 and from May 3 to 24, 2011 |
| Quifa Norte (Azabache) | Quifa ,Llanos Basin | | | 0.05 Mbbl of heavy oil | Ecopetrol Association Contract | May 22, 2034 | In the fourth quarter of 2011, the Azabache 1 well was drilled and tested heavy oil in the Basal Carbonera Formation. |
| Quifa – SW Heavy Oil Field | Quifa Llanos Basin | | | Quifa SW 31,745 Mbbl of heavy oil | Ecopetrol Association Contract | May 20, 2034 | Commercial Area |
| Pedernalito 1X Well | Guama, Lower Magdalena Valley | 183,713 | 183,713 | Pedernalito well has not started production | ANH E&P Contract | N/A | The fracture-simulation treatment was performed in November 2011 resulting in the removal of the skin damage and increased in production rates (see Figure VIII-9) of gas and condensate. The treatment intervals were from 5,868 to 5,872 feet and from 5,902 to 5,906 feet. Productivity has increased from the extended test rate of 860 Mcf of gas per day to 1,600 Mcf of gas per day and from a wellhead flowing pressure of 440 psig to 1,366 ps. In addition, the condensate rate went from 12 barrels per MMcf of gas to 30 barrels per MMcf of gas |
| Visure 1X Well | Buganviles, Upper Magdalena Valley | 77,754 | 15,454 | Visure 1X well has not started production | Ecopetrol Association Contract | N/A | The well is currently suspended pending evaluation of the results of the production test and using different production methods to economically produce the heavy oil encountered. The well should be able to produce at a high rate with artificial-lift method. If a successful stimulation method works, adjustment to the recovery factor will be made. |

| Description | Block/Basin | Block/ Area Gross Area (acres) | Block/Area Net Area (acres) | Total Cumulative Production for year ended Dec. 31, 2012 | Contract Type | Contract Expiration | Additional Details |
|---|---|---|---|---|---|---|---|
| Delta-1 Well | Buganviles, Upper Magdalena Valley | | | 35.16 Mbbl of light oil | Ecopetrol Association Contract | November 17, 2028 | For 2012, the operating costs have been reduced and proved producing reserve is assigned. |
| Samarkanda Oil Field | Chipalo, Upper Magdalena Valley | 31,837 | 31,837 | 19.3 Mbbl of heavy oil from Samarkanda-1 | Ecopetrol Association Contract | February 27, 2026 | Currently the production from Samarkanda-1 well is uneconomic. |
| Lisa-1 Well | Guasimo, Upper Magdalena Valley | 855 | 855 | 5.99 Mbbl of light oil | ANH E&P Contract | November 11, 2023 | Cumulative production to April, 2012 |
| Arce Field | Las Quinchas _ Medium Magdalena Valley | 61,463 | 30,731 | 7.04 Mbbl of heavy oil | Ecopetrol Association Contract | July 11, 2024 | |
| Acacia Field | | | | 32.94 Mbbl of heavy oil | | | |
| Baul Field | | | | 14.38 Mbbl of heavy oil | | | |
| Sabanero[(1)] | Sabanero, Llanos Basin | 107,244 | 53,622 | 466.05 Mbbl of heavy oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | In the Sabanero Block, a number of wells (Sabanero Stratigraphic 1A, 2, 3 and 4, Sabanero 1, 2, 2 HZ1 and 4 HZ 1, Sabanero SE 1 and SE 2) have been drilled and have identified heavy oil in the Basal Carbonera sandstone formation with similar characteristics with the Rubiales and Quifa SW Fields in 2011. In 2012, additional wells have been drilled. |
| Careto Oil Field | | | | 1,933 Mbbl of light oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | |
| Arauco Oil Field | | | | 1,334 Mbbl of light oil | | | |
| Yopo Oil Field | | | | 326.85 Mbbl of light oil | | | |
| Petirrrojo Oil Field | | | | 554.71 Mbbl of light oil | | | |

| Description | Block/Basin | Block/ Area Gross Area (acres) | Block/Area Net Area (acres) | Total Cumulative Production for year ended Dec. 31, 2012 | Contract Type | Contract Expiration | Additional Details |
|---|---|---|---|---|---|---|---|
| Petirrojo Sur Oil Field | Cubiro- Llanos Basin | 27,012 | 16,342 | 13.27 Mbbl of light oil | ANH E&P Contract | | |
| Barranquero Oil Field | | | | 108.47 Mbbl of light oil | | | |
| Cernícalo Oil Field | | | | 73.31 Mbbl of light oil | | | |
| Tijereto Sur Oil Field | | | | 17.25 Mbbl of light oil | | | |
| Copa Oil Field | | | | 1,105 Mbbl of light oil | | | |
| Copa B Oil Field | | | | 228.24 Mbbl of light oil | | | |
| Copa A Sur Oil Field | | | | 206.75 Mbbl of light oil | | | |
| Azor Oil Field | Arrendajo, Llanos Basin | 78,100 | 52,718 | 259.15 Mbbl of light oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | |
| Carupana Oil Field | Yamú- Llanos Basin | 11,243 | 1,124 | 1,785 Mbbl of light oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | |
| Yamu Oil Field | | | | 198.66 Mbbl of light oil | | | |
| Carrizales Oil Field | Cravoviejo, Llanos Basin | 69,088 | 69,088 | 4,616 Mbbl of light oil | | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | |
| Bastidas Norte & Sur Oil Field | | | | 2,320 Mbbl of light oil | ANH E&P Contract | | |
| Matemarrano Oil Field | | | | 903.8 Mbbl of light oil | | | |
| Saimiri Oil Field | | | | 126.47 Mbbl of light oil | | | |
| Zopilote Oil Field | | | | 1,820 Mbbl of light oil | | | |

| Description | Block/Basin | Block/ Area Gross Area (acres) | Block/Area Net Area (acres) | Total Cumulative Production for year ended Dec. 31, 2012 | Contract Type | Contract Expiration | Additional Details |
|---|---|---|---|---|---|---|---|
| Abedus Oil Field | | | | 7.47 Mbbl of light oil | | | |
| Heredia Oil Field | | | | 53.23 Mbbl of light oil | | | |
| Andarríos & Guacharaca Oil Field | Cachicamo, Llanos Basin | 87,647 | 87,647 | 272.37 Mbbl of light oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | |
| Ciriguelo Oil Field | | | | 580.91 Mbbl of light oil | | | |
| Hoatzin & Hoatzin Norte Oil Field | | | | 1,244 Mbbl of light oil | | | |
| Greta Oto Oil Field | | | | 66.79 Mbbl of light oil | | | |
| Tormento Oil Field | Llanos-19; Llanos Basin | 100,560 | 100,560 | 24.3 Mbbl of light oil | ANH E&P Contract | Exploitation up to 24 years, extendable up to the economic limit of the commercial field | |

## Item 6.1.2 Gross and net oil and gas wells:

| Onshore Colombia | Producing Wells | | | | Non-Producing Wells | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Oil Wells | | Gas Wells | | Oil Wells | | Gas Wells | | Injection Wells | |
| **Description** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** |
| Rubiales Heavy Oil | 458.0 | 197.2 | - | - | 187.0 | 79.0 | | | 46.0 | 18.4 |
| Quifa Block | 182.0 | 109.2 | - | - | 34.0 | 19.8 | | | 18.0 | 10.8 |
| La Creciente Natural Gas Field | | | 6.0 | 6.0 | | | | | | |
| Guaduas Oil Field | 6.0 | 5.4 | | | 5.0 | 4.5 | | | 2.0 | 1.8 |
| Moriche Block | 2.0 | 1.3 | | | 1.0 | 1.0 | | | | |
| Abanico Oil Field | 24.0 | 6.3 | 1.0 | 0.3 | 7.0 | 1.8 | | | 3.0 | 0.8 |
| Acacia Este Heavy Oil Field | | | | | 4.0 | 1.5 | | | | |
| Arce Oil Field | | | | | 4.0 | 4.0 | | | | |
| Baul Oil Filed | | | | | 1.0 | 0.5 | | | | |
| Buganviles Block | 1.0 | 0.5 | | | 1.0 | 0.20 | | | | |
| Chipalo Block | | | | | 1.0 | 1.0 | | | | |
| Cerrito Block | | | 2.0 | 1.8 | | | | | | |
| Guásimo block | | | | | 1.0 | 1.0 | | | | |
| Guama Block | | | | | | | 2.0 | 2.0 | | |
| Sabanero | 12.0 | 6.0 | | | 1.0 | 0.5 | | | 2.0 | 1.0 |
| Azor Oil Field | 3.0 | 0.9 | | | | | | | | |
| Careto Oil Field | 6.0 | 3.6 | | | 2.0 | 1.2 | | | 1.0 | 0.6 |
| Arauco Oil Field | 4.0 | 2.4 | | | | | | | | |
| Yopo Oil Field | 4.0 | 2.8 | | | | | | | | |
| Petirrrojo Oil Field | 3.0 | 1.8 | | | | | | | | |
| Petirrojo Sur Oil Field | 1.0 | 0.6 | | | | | | | | |
| Barranquero Oil Field | | | | | 1.0 | 0.7 | | | | |
| Cernícalo Oil Field | 1.0 | 0.7 | | | | | | | | |
| Tijereto Sur Oil Field | 1.0 | 0.7 | | | | | | | | |
| Copa Oil Field | 5.0 | 2.9 | | | | | | | | |
| Copa B Oil Field | 4.0 | 2.3 | | | | | | | | |
| Copa A Sur Oil Field | 2.0 | 1.1 | | | | | | | | |
| Cravoviejo Block | 34 | 34 | | | 7.0 | 7.0 | | | 5.0 | 5.0 |
| Cachicamo Block | 11.0 | 11.0 | | | 3.0 | 3.0 | | | 1.0 | 1.0 |
| Pajaro Pinto | | | | | 1.0 | 1.0 | | | | |
| Llanos-19 Block | 1.0 | 1.0 | | | | | | | | |
| Block Z-1 | 12.0 | 5.88 | | | 5.0 | 2.45 | | | | |
| **TOTAL** | **777.0** | **397.58** | **9.0** | **8.1** | **266.0** | **130.2** | **2.0** | **2.0** | **78** | **39.4** |

## Item 6.2 Properties with No Attributed Reserves

The following table summarizes the Company's unproved properties:

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| Arauca, Llanos Basin | 428.3 | 407.4 | ANH – Exploration & Production Contract | Exploration Period: Six (6) years.<br><br>Exploitation period: 24 Years, extendable up to the economic limit of the commercial field for successive periods of 10 years<br><br>Dec-29-2039 | Phase 2 (24 months): Drilling of two (2) exploratory wells (US$9,000,000)<br><br>Phase expires: Dec-29-2013 | Phase 3 (12 months): One (1) exploratory well US$4,500,000<br><br>Phase 4: One (1) exploratory well US$4,500,000 |
| Arrendajo, Llanos Basin[(1)] | 78,102.6 | 52,718 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field (by fulfilling some conditions)<br><br>Dec-15-2035 | Phase I (SEP- Subsequent Exploration Period) Drilling one (1) exploratory well US$750,000 | Presented Evaluation Plan for Azor 1 to the ANH<br><br>Phase II (SEP- Subsequent Exploration Period) |
| CPE-1, Llanos Basin | 2,446,252.0 | 2,446,252.0 | ANH – Technical Evaluation Agreement | March 23-2013 | Unique phase<br><br>Phase expires: March -23-2013 | Option to apply for ANH Exploration & Production Contract |
| CPE-6, Llanos Basin | 593.0 | 296.5 | ANH – Exploration & Production Contract | Oct-5-2041 | Phase 1 (36 months): (i) one (1) exploratory well A3 and (ii) 480 km 2D seismic or 300 $km^2$ 3D seismic<br><br>Phase expires: Oct-5-2014 | Phase 2 (36 months): Two (2) exploratory wells or Drilling (1) Exploratory well and relinquishment 50% of contract area (US$6.400.000) |
| CPO-1, Llanos Basin | 152,652 | 76,326 | ANH – Exploration & Production Contract | Exploration Period: Six (6) years Exploitation period: 24 Years, extendable up to the economic limit of the | Phase 1 (36 months): 200 km of 2D seismic (US$5,000,000) One (1) exploratory well (US$3,500,000) and G&G Studies | Phase 2 (36 months): Three (3) exploratory wells (US$10,500,000) and G&G Studies (US$100,000) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| | | | | commercial field<br><br>June-23-2039 | (US$100,000)<br><br>Phase expires: April-18-2013 | |
| CPO-12, Llanos Basin | 708,765.0 | 283,506.0 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>June-23-2039 | Phase 1 (36 months): (i) 370.98 km of 2D seismic, (ii) 300 km of 3D seismic, (iii) three (3) exploratory wells A3 and 48 km of 2D seismic.<br><br>Phase 1 expires: March-24-2013 | Phase 2 (36 months): (i) three (3) exploratory wells A3 or its equivalent in seismic (US$10,500,000) and (ii) G&G Studies (US$200,000) |
| CPO-14, Llanos Basin | 517,656.2 | 323,535.1 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>April 27, 2042 | Phase 1 (36 months): Acquisition 850 km of 2D seismic US$21.250.000 three exploratory wells (US$10,500,000) G&G Studies (US$100,000)<br><br>ANH granted new starting date (April 27, 2012.)<br>Phase expires : April 27-2015 | Phase 2 (36 months): Three (3) exploratory wells (US$10,500,000) and G&G Studies (US$200,000) |
| CPO-17 | 519,663 | 129,916 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>December 17, 2039 | Phase 2- Drilling 2 exploratory well (US$ 12.000.000)<br><br>Phase expires : December 17-2015 | |
| LLA-7 Llanos Basin | 152,674 | 152,674 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>May 18, 2041 | Phase 1 (36 Months): Drilling 1 exploratory well (US$ 3.000.000) Acquisition 404 Km of 2D seismic (AD) (US$ 10.100.000)<br><br>Phase expires: May-18-2014 | Phase 2 (36 Months): Drilling 2 exploratory wells - A3 or Drilling 1 Exploratory well - A3 and relinquishment 50 % of area (US$6.000.000) |
| LL-55 Llanos Basin | 101,466 | 101,466 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to | Phase 1 (36 Months): Drilling 1 exploratory well (US$ 3.000.000) Acquisition 404 Km of 2D seismic (AD) | Phase 2 (36 Months): Drilling 2 exploratory wells - A3 or Drilling 1 Exploratory well - |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| | | | | the economic limit of the commercial field<br><br>Mayo 18, 2041 | (US$ 10.100.000)<br><br>Phase expires: May-18-2014 | A3 and relinquishment 50 % of area (US$6.000.000) |
| MUISCA | 573,285 | 286,642 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>Dec 29, 2038 | Phase 4 (12 Months): Drilling 1 exploratory well (US$ 3.000.000)<br><br>Phase expires: Dec -29-2013 | |
| Tacacho, Caguan-Putumayo | 598.0 | 297,449 | ANH – Exploration & Production Contract | Exploration Period. Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field.<br><br>April -16-2041 | Phase 1 (24 Months): Acquisition, processing and interpretation 480 km of 2D seismic (US$8,160,000)<br><br>Phase expires: April 16-2013 | Phase 2 (24 months): Two (2) exploratory wells (US$11,000,000)<br><br>Phase 3 (24 months): Two (2) exploratory wells (US$11,000,000) |
| Terecay, Caguan, Putumayo | 586.6 | 586.6 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>April 19-2041 | Phase 1 (24 Months): Acquisition, processing and interpretation 476 km of 2D seismic (US$8,092,000)<br><br>Phase expires: April 19-2013 | Phase 2 (24 months): Two (2) exploratory wells (US$11,000,000)<br><br>Phase 3 (24 months): Two (2) exploratory wells (US$11,000,000) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| CAG-5 Caguan, Putumayo | 919,321 | 459,661 | ANH - Special TEA | December 14-2015 | Aerogeophysical of High density with gridd 5Km (US$ 525.1)<br>Acquisition, processing and interpretation of two orthogonal 2D seismic lines (125,09 Km ) (US$5.629.050)<br>Acquisition, Processing and interpretation 1002 Km of 2D seismic (AD)<br>(US$ 45.100.000)<br>5 Stratigraphic wells (US$30.000.000)<br>Phase expires: December 14-2015 | Option to apply for ANH Exploration & Production Contract |
| CAG-6 Caguan, Putumayo | 119,048 | 71,429 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>December 14-2042 | Phase 1- Drilling one exploratory well A3 (US$6.000.000)<br>Acquisition 335 Km of 2D seismic (AD)(US$15.100.000)<br><br>Phase expires: December 14-2015 | Phase 2- Drilling 2 exploratory wells - A3 or Drilling 1 Exploratory well - A3 and relinquishment 50 % of area<br>(US$ 12.000.000) |
| PUT-9 Caguan, Putumayo | 121.452 | 72.871 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>December 14-2042 | Phase 1 - Drilling one exploratory well A3 (US$ 6.000.000)<br>Acquisition 202 Km of 2D seismic (AD)(US$ 9.100.000)<br><br>Phase expires: June 14-2015 | Phase 2 - Drilling 2 exploratory wells - A3 or Drilling 1 Exploratory well - A3 and relinquishment 50 % of area<br>(US$12.000.000) |
| Topoyaco, Upper Magdalena Valley | 64,357.0 | 32,178.5 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phases 4 -5 Unified: (24 months): two (2) exploratory wells (US$15,000,000)<br><br>Phase expires: Suspended. | Phase 6 (12 months): One (1) exploratory well (US$8,800,000) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| Portofino-Caguan Putumayo | 258,676 | 103,470 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>February 25, 2040 | 1-2 Unified (24 Months): Acquisition, processing and interpretation 220 km of 2D seismic, G&G studies drilling 1 exploratory well or acquisition, processing and interpretation 3D seismic (78 Km of 2D seismic and 45 $Km^2$ of 3D seismic) | Phase 3- (12 Months): One (1) exploration well |
| CR-1, Cesar-Rancheria Basin | 307,384.3 | 184,431 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>June-23-2041 | Phase 1 (36 Months): 278 km of 2D seismic (include US$6,950,000) and one (1) exploratory well (US$5,000,000)<br><br>Phase expires: August 28-2013 | Phase 2 (36 months): Two (2) exploratory wells (US$10,000,000) and G&G Studies (US$100,000). |
| Guama | 183.7 | 183.7 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>September 8, 2037 | Phase 5 (12 months): One (1) exploratory well (US$2,900,000) and relinquish 15% of contracted area.<br><br>Phase expires: March-8-2013 | Phase 6 (6 months): One (1) exploratory well<br><br>Phase expires: September 8-2013 |
| SSJN3, Sinú-San Jacinto | 634,364.0 | 634,364.0 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 1 (36 Months): Acquisition 500 km of 2D seismic (US$12,500,000), G&G studies (US$100.000) and one (1) exploratory well (US$8,000,000)<br><br>Phase expires: Suspended. | Phase 2 (36 months): Four (4) exploratory wells (include US$32,000,000) and G&G Studies (US$100,000) |
| SSJN7, Sinú-San Jacinto | 668,919.3 | 334,4560 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the | Phase 1 (36 Months): 590 km of 2D seismic (US$16,520,000) and one (1) exploratory well (US$8,000,000) | Phase 2 (36 months): Four (4) exploratory wells (include US$32,000,000) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| | | | | economic limit of the commercial field<br><br>June-23-2041 | G&G Studies (US$80,000)<br><br>Phase expires: May 25, 2014 | and G&G Studies (US$100,000) |
| SSJN-9- Sinu Sanjacinto | 654,335 | 163,584 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>January 27, 2040 | Phase 2- (36 Months ) drilling 4 exploratory wells (US$ 44.000.000)<br><br>Phase expires: January 27, 2016 | |
| TEA COR-15- Cordillera Basin | 294,935 | 147,468 | ANH- Special TEA | June 14, 2014 | Unique Phase 36 Months : Aerogeophysical of high density with gridd 5km (US$ 157,744) Acquisition, processing and interpretation of two orthogonal 2D seismic lines (75.72 km) (US$ 3.028.800) Acquisition, processing and interpretation 125 $km^2$ of 3D seismic (US$ 8 million) | Option to apply for ANH Exploration & Production Contract |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| TEA COR 24-Cordillera Basin | 619,827 | 619,827 | ANH-Special TEA | May 16, 2014 | Unique Phase 36 Months : Aerogeophysical of high density with grid 5km (US$ 337,052) Acquisition, processing and interpretation of 2 orthogonal 2D seismic lines (97.73 km )(US$4.000.000) Acquisition 130 Km of 2D seismic reprocessing 1000 km of 2D seismic (US$ 5.200.000)<br><br>Phase expires: May 16, 2014 | Option to apply for ANH Exploration & Production Contract |
| SANTACRUZ-Catatumbo Basin | 40,058 | 28,241 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>March 8-2038 | Phase 4- Drilling 1 Exploratory well (US$ 6 million)<br><br>Phase expires: April 8, 2013 | Phase 5- Drilling 1 Exploratory well<br><br>Phase 6- Drilling 1 Exploratory well |
| MECAYA – Caguan, Putumayo Basin | 74,127 | 42,993 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years. Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 1-2 Unified Acquisition (20 km) of 2D seismic reprocessing and interpretation 250 km of 2D seismic Re Entry Mecaya-1 (Pending extended well test of Evaluation program ) drilling Mecaya-2 (o 52.2 $km^2$ 3D)<br><br>Phase expires: Suspended up to official legalization of prior consultation with communities. | Phase 2-Acquisition 50 Km of 2D seismic |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| LLA 41- Llanos Basin | 178,566 | 8,928 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>June 14, 2042 | Phase 1- (36 Months) Drilling 1 Exploratory well (US$3 million) Acquisition 100 Km of 2D seismic. (US$ 2 million)<br><br>Phase expires: June 14, 2015 | Phase 2- (36 Months) Drilling 1 Exploratory well (US$3 million) |
| YAMU- Llanos Basin | 11,243 | 1,124 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase I SEP (Subsequent Exploration Period) Drilling 1 Exploratory well<br><br>Phase expires: May 4, 2013 | |
| Llanos 83 | 35.755 | 35.755 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase : 0 -6 Months from December 2012 | Phase 1 - 2D (Seismic, 1 kilometer per each 5 $km^2$ on the area) 1(US$ 785,977) Exploratory well, including geochemical and petrophysical analysis (US$ 11 million) Acquiring 50 km of 3D Seismic (US$2.2 million) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| CATGUAS-Catatumbo Basin | 330,377 | 165,188 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 2-3 Unified Drilling 2 exploratory wells -1 Re entry Acquiring 80 Km of 2D seismic or drilling 3 exploratory wells Acquiring 80 km of 2D seismic | Phase 4- (12 Months) Drilling 1 exploratory well relinquishment 15% of contracted area at the end of phase.<br><br>Phase 5- (12 Months) Drilling 1 exploratory well relinquishment 15% of contracted area at the end of phase. |
| COR 33-Cordillera Basin | 107,316 | 6,439 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>May 18, 2041 | Phase 1- (36 Months) Drilling 1 Exploratory well. (US$ 6 million) Acquisition 20 km of 2D seismic. (US$ 800.000)<br><br>Phase expires: May 18, 2014 | Phase 2 - Drilling 2 exploratory wells or drilling 1 exploratory well and relinquishment 50 % of area (US$12 million or US$ 6 million) |
| VMM-11 Medium Magdalena Valley | 116,826 | 5,841 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 1- (36 Months) Drilling 1 exploratory well (US$3 million) Acquisition of 20 $km^2$ of 3D Seismic (US$ 1.3 million)<br><br>Phase expires: September 15, 2014 | Phase 2- (36 Months) Drilling 2 exploratory wells (US$6 million) or Drilling 1 exploratory well and relinquishment 50 % of area or (US$ 3 million) |
| VMM-35 Medium Magdalena Valley | 17,841 | 1,049 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 1- (36 Months) Drilling 1 exploratory well (US$3 million) Acquisition of 30 km of 2D Seismic (US$ 1.2 million)<br><br>Phase expires: May 18, 2014 | Phase 2- (36 Months) Drilling 2 exploratory wells (US$6 million) or Drilling 1 exploratory well and relinquishment 50 % of area or (US$ 3 million) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| VSM-12 Upper Magdalena Valley | 140,183 | 7,009 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 1- (36 Months) Drilling 1 exploratory well (US$ 3.000.000) Acquisition of 55 km of 2D Seismic (US$ 2.2 million)<br><br>Phase expires: September 15, 2014 | Phase 2- (36 Months) Drilling 2 exploratory wells (US$6 million) or Drilling 1 exploratory well and relinquishment 50 % of area or (US$ 3 million) |
| VSM-13 Upper Magdalena Valley | 145,034 | 8,702 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field | Phase 1- (36 Months) Drilling 1 exploratory well (US$ 3 million) Acquisition of 55 km of 2D Seismic (US$ 2.2 million)<br><br>Phase expires: September 15, 2014 | Phase 2- (36 Months) Drilling 2 exploratory wells (US$6.000.000) or Drilling 1 Exploratory well and relinquishment 50 % of area or (US$ 3.000.000) |
| Pajaro Pinto | 60,080 | 60,080 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>June 22, 2039 | Phase I SEP (Subsequent Exploration Period) Drilling 1 exploratory well (US$ 4 million)<br><br>Phase expires: June 22, 2013 | Phase II SEP (Subsequent Exploration Period) Drilling 1 exploratory well (US$ 4.2 million) |
| La Punta | 18,913 | 681 | Ecopetrol – Contract | | Production Phase | |
| Carbonera | 30,127 | 30,127 | ANH – Exploration & Production Contract | Exploration Period: Duration of six (6) years.<br><br>Exploitation period: 24 years, extendable up to the economic limit of the commercial field<br><br>April, 20-2038 | Phase I SEP (Subsequent Exploration Period) Drilling 1 exploratory well<br><br>Phase expires: April 20, 2014 | |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| La Silla | 12,130 | 7,035 | Ecopetrol – Contract | October 2014 | Production Phase | |
| Rio Magdalena | 36,156 | 20,247 | Ecopetrol - Association | NA | In process to return back to Ecopetrol | NA |
| Peru 135, Maranon Basin | 2,521,440.3 | 2,521,440.3 | Exploration & Production Contract with Perupetro | Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years). | Phase 2 (18 Months): 789 km of 2D seismic<br><br>Phase expires: June 29, 2013 | Phase 3 (24 months): One (1) exploration well $15 million<br><br>Phase 4 (24 months): One (1) exploration well $15 million |
| Peru 137, Maranon Basin | 1,109,339.4 | 1,109,339.4 | Exploration & Production Contract with Perupetro | Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years) | Phase 1 (18 Months): 200 km of 2D seismic @ $6,000,000<br><br>Force Majeure since 24-November-2008 due to problems in accessing block as a result of difficulties with Matsés community. | Phase 2 (18 months): Acquisition 200 km of 2D seismic and drilling one (1) exploration well $17.5 million<br><br>Phase 3 (24 months): One (1) exploration well $17.5 million<br><br>Phase 4 (24 months): One (1) exploration well $17.5 million |
| Peru 138, Ucayali Basin | 1,023,561.0 | 1,023,561.0 | Exploration & Production Contract with Perupetro | Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years) | Phase 2 (18 months): 300 km of 2D seismic @ $9,000,000 and one (1) exploration well – $15,000,000<br><br>Force majeure since January 5, 2012 until Environmental Management Plan is approved | Phase 3 (18 months): One (1) exploration well $15 million<br><br>Phase 4 (18 months): One (1) exploration well $15 million<br><br>Phase 5 (18 months): One (1) exploration well $15 million |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| Peru- 116 Santiago Basin | 1,630,896 | 815,448 | Exploration & Production Contract with Perupetro | Seven (7) years for exploration (Total Exploration time + oil production time = 30 years. In case of gas production, the time is 40 years) | Exploration Phase: 2nd Period; currently in force majeure<br><br>200 Exploratory Units or acquisition, processing and interpretation of 200 kilometers of 2D seismic. | 1. 44 Exploratory Units or reprocessing of 1,200 kilometers of 2D seismic and comprehensive geological study of the area.<br>2. 200 Exploratory Units or acquisition, processing and interpretation of 200 kilometers of 2D seismic.<br>3. 240 Exploratory Units or acquisition, processing and interpretation of 240 kilometers of 2D seismic.<br>4. 100 Exploratory Units or drill one Exploratory well of 1,000 meters depth.<br>5. 100 Exploratory Units or drill one Exploratory well of 1,000 meters depth.<br>6. 400 Exploratory Units or drill one Exploratory well of 3,000 meters depth. |
| Guatemala – A7-98 Amatique | 132,925 | 73,109 | Seismic Option Contract MME | Phase 4- (Year 4) | Phase-Year 4 (12 Months)<br>Reprocessing 500 Km of 2D existing seismic<br><br>Phase expires: July 19, 2013 | Phase 5-Year 5 (12 Months )<br>12.000 km of Aero-gravimetry in the contract Area.<br>Acquisition, processing and interpretation 300 km of 2D seismic<br>G&G Studies<br>Drilling 1 Exploratory well |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| Brazil- S-M-1037 (Contract # BM-S-61) | 42,848 | 14,997 | ANP-E&P | 27 years after commercial discovery | 2nd exploratory period until November 12, 2013<br><br>Minimum Work obligation of S-M-1037 and S-M-1102´s current phase is satisfied by the drilling of the Cassowary/Emu Exploratory Well. | The drilling of the Cassowary/Emu Exploratory Well. |
| Brazil- S-M-1101 (Contract # BM-S-68) | 42,804 | 14,981 | | 27 years after commercial discovery | 2nd exploratory period until November 12, 2013 Minimum Work obligation of S-M-1101 and S-M-1165´s current phase is satisfied by the drilling of the Kangaroo Exploratory Well. | The drilling of the Kangaroo Exploratory Well. |
| Brazil- S-M-1102 (Contract # BM-S-62) | 42,804 | 14,981 | | 27 years after commercial discovery | 2nd exploratory period until November 12, 2013 Minimum Work obligation of S-M-1037 and S-M-1102´s current phase is satisfied by the drilling of the Cassowary/Emu Exploratory Well. | The drilling of the Cassowary/Emu Exploratory Well. |
| Brazil- S-M-1165 (Contract # BM-S-69) | 42,759 | 14,966 | | 27 years after commercial discovery | 2nd exploratory period until November 12, 2013 Minimum Work obligation of S-M-1101 and S-M-1165´s current phase is satisfied by the drilling of the Kangaroo Exploratory Well. | The drilling of the Kangaroo Exploratory Well. |
| Brazil- S-M-1166 (Contract # BM-S-70) | 42,759 | 14,966 | | 27 years after commercial discovery | 2nd exploratory period until November 12, 2013 1 exploratory well (Bilby Well) | 1 exploratory well (Bilby Well) |

| Block/Area | Gross Area (acres) | Net Area (acres) | Contract Type | Contract Expiration | Current Work Commitment (by Phase) | Future Work Commitments (by Phase) |
|---|---|---|---|---|---|---|
| Papua new Guinea (PPL 237 | 715,864 | 71,586 | Petroleum Prospecting license | 28/03/2014 | Years 3 and 4 (to 28/3/2013) - minimum US$10 million to acquire, process and interpret new seismic data focused on maturing drillable prospects. | Year 5 (to 28/3/ 2014) - minimum US$24 million to drill 2 exploration wells and conduct post well studies. |

## Item 6.3 Forward Contracts

The Company has in place a hedging program to cover the risk associated with oil price fluctuations during 2012. The Company regularly enters into risk management contracts to hedge oil price risk. Most of the hedge structure is in the form of what is customarily referred to as a "zero cost collar" or similar strategies that consist of a put option and a call option, establishing a price band for the West Texas Intermediate Light Sweet Crude Oil price, with floor and ceiling prices for an agreed volume. If prices fall below the floor price, the Company is compensated in volume and price for the fall in income. The opposite is true when prices rise above the ceiling price.

The Company had the following oil price risk management contracts as at December 31, 2012:

*As at December 31, 2012*

*Asset*

| Instrument | Term | | Volume (bbl) | Floor/ceiling or strike price ($/bbl) | Benchmark | | Fair value |
|---|---|---|---|---|---|---|---|
| Zero cost collars | January to June 2013 | | 1,200,000 | 80 - 115/118 | WTI | $ | 1,023 |
| | | Total | | | | $ | 1,023 |
| | | Current | | | | | 1,023 |
| | | Total | | | | $ | 1,023 |

*Liabilities*

| Instrument | Term | | Volume (bbl) | Floor/ceiling or strike price ($/bbl) | Benchmark | | Fair value |
|---|---|---|---|---|---|---|---|
| Zero cost collars | January to June 2013 extendible July to December 2013 | | 5,280,000 | 80 / 111-121 | WTI | $ | (3,176) |
| | | Total | | | | $ | (3,176) |
| | | Current | | | | | (3,176) |
| | | Total | | | | $ | (3,176) |

## Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

The following table summarizes the abandonment and reclamation costs (net of salvage) applied to the reserves disclosed in Item 2.1 – Reserves Data (Forecast Prices and Costs):

Onshore Colombia

| Onshore Colombia | Forecast Case | |
|---|---|---|
| | Proved | Proved + Probable |
| Year | $MM | $MM |
| 2013 | 1.38 | 1.38 |
| 2014 | 1.83 | 1.83 |
| 2015 | 2.37 | 2.76 |
| **Total** | **5.58** | **5.97** |
| Discount @ 10% | 4.77 | 5.09 |

Offshore Peru

There are no abandonment costs anticipated in the next five years.

| | Abandonment Oil Wells, M$ | Abandonment Gas Wells, M$ | Abandonment Total, M$ |
|---|---|---|---|
| Total Proved | 3,843.80 | 1,789 | 5,632.8 |
| Total Proved + Probable | 6,825.40 | 4,731 | 11,556.4 |

The following table summarizes the gross and net wells for which the Company expects to incur the abandonment and reclamation costs shown in the table above:

Onshore Colombia

| | Gross Wells | Net Wells |
|---|---|---|
| Total Proved | 513.0 | 319.2 |
| Total Proved + Probable | 924.0 | 591.0 |

Offshore Peru

| | Gross Oil Wells | Net Oil Wells | Gross Gas Wells | Net Gas Wells |
|---|---|---|---|---|
| Total Proved | 33 | 16.17 | 5 | 2.45 |
| Total Proved + Probable | 52 | 25.48 | 11 | 5.39 |

## Item 6.5 Tax Horizon

Through each of its business units, the Company has accrued $454.6 million in income taxes during the taxable year 2012 as follows:

Rubiales Holdings Corp. $443.5 million

| | |
|---|---|
| Pacific Stratus Energy Colombia Corp. | $ 9.0 million |
| PetroMagdalena and Others | $ 2.1 million |
| **Total** | **$454.6 million** |

The income tax expense decreased during 2012 as compared to 2011, which is in line with earnings from operations.

The income tax rate in Canada was lowered to 26.5% for 2012 compared to 28.25% for 2011, and the tax rate in Colombia for 2012 remained at 33%.

The Colombian Congress approved a new tax law in December 2012, effective January 1, 2013. The statutory income tax rate was reduced from 33% down to 25%. In addition, the law introduced an incremental 9% income tax surcharge to substitute the elimination of certain payroll taxes, primarily related to low income salaries. As a result, the newly approved income tax rate was increased to 34% (considering the additional 9%). Company estimates that the raise in the income tax rate will in turn, increase tax burden by between 4 – 6% for 2013. Other changes introduced in the tax law, may not materially impact the Company's tax expense. The new income tax will be applied from January 2013 onwards and the Company expects to pay income tax in Colombia at the statutory tax of 34%.

During September 2012, the Colombian Government (Colciencias) granted the Company a tax incentive for its investments in R&D on the STAR technology. The incentive will provide an additional 75% deduction the expenditures incurred and the possibility to fully depreciate the asset in the first year. The resulting tax benefit on actual expenditures incurred is estimated to be $22.9 million, of which $21.7million have been captured in the current year.

## Item 6.6 Costs Incurred

The following table (Item 6.6.1) outlines the costs incurred to the Company for acquisitions of proved and unproved properties, exploration and development for the fiscal year ending December 31, 2012:

| **Property Acquisition Costs** | | | **Exploration Cost** | **Development Cost** |
|---|---|---|---|---|
| | **Proved** | **Unproved** | | |
| **Block** | ($million) | ($million) | ($million) | ($million) |
| Abanico | | | 0.01 | 2.14 |
| Arauca | | | 1.79 | 0.00 |
| Arrendajo | | | -5.60 | 0.28 |
| Arce | | | 0.00 | 0.00 |
| Buganviles | | | 0.02 | -0.01 |
| Cajua | | | 0.00 | 72.31 |

| | | | | |
|---|---|---|---|---|
| Cerrito | | | 0.00 | 0.04 |
| Cordillera 24 | | | 1.30 | 0.00 |
| CPE-1 | | | 66.75 | 0.00 |
| CPE-6 | | | 10.03 | 0.00 |
| CPO1 (1) | | | 4.06 | 0.00 |
| CPO12 | | | 11.07 | 0.00 |
| CPO14 | | | 1.25 | 0.00 |
| CR1 | | | 7.19 | 0.00 |
| Caguan 5 | | | 0.83 | 0.00 |
| Caguan 6 | | | 0.44 | 0.00 |
| Dindal-Rio Seco | | | 0.05 | 7.38 |
| Guama | | | 21.45 | 0.81 |
| Mauritia | | | 0.00 | 0.00 |
| La Creciente | | | 10.41 | 18.20 |
| Llanos 55 | | | 0.42 | 0.00 |
| Llanos 7 | | | 0.51 | 0.00 |
| Portofino | | | 10.03 | 0.00 |
| Putumayo 9 | | | 0.30 | 0.00 |
| Quifa | | | 28.42 | 364.52 |
| Rubiales Piriri | | | 0.00 | 458.44 |
| SSJN-3 | | | 0.20 | 0.00 |
| SSJN-7 | | | 1.77 | 0.00 |
| Tacacho | | | 1.28 | 0.00 |
| Terecay | | | 0.47 | 0.00 |
| Topoyaco | | | 3.43 | 0.00 |
| Other exploration projects | | | 21.42 | 0.12 |
| Acquisition of interest in Maurel & Prom Colombia B.V. | | | 0.00 | 0.00 |
| Sabanero | | | 140.55 | 0.00 |
| Muisca | | | 20.74 | 0.00 |
| Cordillera 15 | | | 6.69 | 0.00 |
| CPO17 | | | 16.20 | 0.00 |
| SSJN-9 | | | 7.73 | 0.00 |
| Cubiro B | | | 1.53 | 6.96 |
| Peru Lote 135- 137 -138 | | | 37.26 | 0.00 |
| BPZ | | | 0.00 | 10.94 |
| Guatemala N-10-96 | | | 17.56 | 0.00 |

| | | | | |
|---|---|---|---|---|
| Brazil SM1101 Kangaroo 1 BM S-68 | | | 29.20 | 0.00 |
| Brazil SM1102 Emu 1 BM S-62 | | | 13.16 | 0.00 |
| Acquisition of PetroMagdalena Energy Corp. (Colombia)* | | 533.65 | | |
| Acquisition of C&C Energy Ltd. (Colombia) * | | 226.59 | | |
| Block Z-1 (Peru) * | | 266.44 | | |
| Portofino Block (Colombia) | | | 21.40 | |
| PPL 237 Block (Papua New Guinea) | | | 40.08 | |
| Acquisition of Karoon Blocks (Brazil) | | | 40.00 | |
| Other Projects | | | | 116.15 |
| **Total** | | **1,026.68** | **591.40** | **1,058.28** |

(*) The acquisition cost represents the Company's purchase price for the acquisition of PetroMagdalena Energy Corp., C&C Energia Ltd and for the 49% participation interest in Z1 Block in Peru from BPZ.

## Item 6.7 Exploration and Development Activities

The following table (Item 6.7.1) outlines the number of gross and net wells contributed to oil, gas, service and dry holes drilled in the fiscal year ending December 31, 2012:

| | **Exploration Wells** | | | | | | **Development Wells** | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BLOCK** | **Oil Wells** | | **Gas Wells** | | **Dry Holes** | | **Oil Wells** | | **Gas Wells** | | **Dry Holes** | |
| | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** |
| Arrendajo | 1.0 | 0.675 | | | | | | | | | | |
| CPE-1 | | | | | 4.0 | 2.0 | | | | | | |
| CPE-6 E&P | 2.0 | 1.0 | | | | | | | | | | |
| CPO-12 | | | | | 2.0 | 0.8 | | | | | | |
| Cubiro | 2.0 | 1.4 | | | | | 5.0 | 3.11 | | | | |
| Guama | | | 1.0 | 1.0 | | | | | | | | |
| La Creciente | | | | | 1.0 | 1.0 | | | | | | |
| Portofino[(1)] | 1.0 | 0.4 | | | | | | | | | | |
| Quifa North | 19.0 | 11.4 | | | | | | | | | | |
| Cajua | | | | | | | 23.0 | 13.8 | | | 5.0 | 3.0 |
| Quifa North[(1)] | | | | | 1.0 | 0.6 | | | | | | |
| Quifa SW | | | | | | | 51.0 | 30.6 | | | 6.0 | 3.6 |

| | Exploration Wells | | | | | | Development Wells | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BLOCK** | **Oil Wells** | | **Gas Wells** | | **Dry Holes** | | **Oil Wells** | | **Gas Wells** | | **Dry Holes** | |
| | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** |
| Rubiales | | | | | | | 177.0 | 76.8 | | | 2.0 | 0.8 |
| Sabanero[(2)] | 14.0 | 7.0 | | | 1.0 | 0.5 | | | | | | |
| Sabanero[(1)(2)] | 5.0 | 2.5 | | | | | | | | | | |
| SSJN-9[(2)] | | | | | 1.0 | 0.5 | | | | | | |
| **Total** | **44.0** | **24.4** | **1.0** | **1.0** | **10.0** | **5.4** | **256.0** | **124.3** | | | **13.0** | **7.4** |

**Notes:**
(1) Stratigraphic well.
(2) The Company holds an indirect ownership interest of 49.999% in Maurel & Prom Colombia B.V., which is party to the exploration and production contract relating to the Sabanero block.

The Company's most important current and likely exploration and development activities are as follows:

1. The total field production of Pacific Rubiales Energy Corp. (the "**Company**" or "**Pacific Rubiales**") increased during 2012, averaging 246,575 boe/d (97,657 boe/d net after royalties) for an increase of 28,125 boe/d (11,160 boe/d net after royalties), or 13% greater than the production in 2011. This growth in production is primarily the result of the increase in production capacity at the Rubiales and Quifa heavy oil blocks, in tandem with the construction of new facilities at both fields to process crude oil. Production continues to grow, as of the average of first two months of 2013, the Company had reached 305,000 boe/d of gross operated production, equivalent to 128,200 boe/d, net after royalties, representing a 25% increase compared to the average production of 2012. During 2012, the Company drilled 177 producing wells at the Rubiales field 57 producing wells at the Quifa SW field and 30 in Cajua field. This, together with the upgrade of facilities, allowed the Company to increase its gross production capacity to 260,000 boe/d in these areas. The Rubiales field produces heavy oil (~12.5° API) and has field daily production in excess of 208,000 bbl/d, with net production above 69,000 bbl/d. The production is transported through the ODL Pipeline to the Monterrey station and the OCENSA station at Cusiana where the diluted crude oil is transported through the OCENSA Pipeline system to the export terminal port of Coveñas on the Caribbean coast, as part of the Castilla crude stream (18.5° API Colombian commercial grade).

   The medium and light oil fields of the Company, most of which had been originally acquired with the purchase of Pacific Stratus Energy Colombia Corp. ("**Pacific Stratus**"), Kappa Energy Holdings Ltd. ("**Kappa**") in 2008,

Petromagdalena in 2012 and participation in Block Z-1 in Perú, averaged a field production of 11,074 bbl/d (5,119 bbl/d net) during 2012.

2. Ecopetrol, S.A. (Colombia's stated owned Company) accepted the commerciality for Cajua field, located in Quifa block, during the third quarter 2012, which resulted in an increase in net production in this field.

3. The medium and light oil fields of the Company, most of which had been originally acquired with the purchase of Pacific Stratus, Kappa in 2008, Petromagdalena Energy Corp. in 2012 and participation in Block Z-1 in Perú, averaged a field production of 11,069 bbl/d (5,120 net) during 2012.

4. In 2012, the improved facilities for handling and treating gas in La Creciente allowed for a stable production of approximately 62 MMcf/d.

5. In the northern part of the Quifa Block, the exploratory campaign of a total of 19 appraisal wells confirmed the hydrocarbon potential for this part of the block, and on August 15, 2012, the Executive Committee of the Association Contract approved the commerciality for the Cajua field. The Company certified 116,9 MMbbl of 2P reserves for the Cajua Field for 2012 year-end. In the remaining exploration area of Quifa Block, the Company certified 47,6 MMbbl of 2P reserves.

6. In the CPE-6 E&P Block, two stratigraphic wells were drilled, and the results confirmed reserves certification of 115.3 MMbbl of 2P reserves.

7. In the Sabanero Block, Maurel & Prom Colombia B.V., operator of the block, drilled a total of 21 wells, including 1 exploratory, 5 stratigraphic and 15 appraisal wells. The Chaman-1 exploratory well resulted in a new discovery in the northern part of the Sabanero Block. In the Sabanero prospect, and based on the well results, the Company certified 19.95 MMbbl of 2P reserves.

8. In the CPO-12, two exploration wells, the Espiguero-1X and Escarabajo-1X were drilled as part of the contract exploration commitment. Both wells targeted the Basal sands of the Carbonera Formation, but the petrophysical results did not show commercial hydrocarbon accumulations and the wells were considered dry holes.

9. In Guama Block, exploration well Cotorra-1X reached total depth ("**TD**") at 7,210 feet measured depth ("**MD**") on January 17, 2012 after initiating drilling in December 2011. Short tests and subsequent hydraulic fracturing was successfully carried in four intervals of the Porquero Medio sands target, flowing gas and condensate. The results of the well confirmed certified 2P reserves of 122 Bcf of gas and 10 MMbbl condensate liquids. In the same Block, exploratory well Manamo-1X started drilling on December 14, 2012, and by December 31, 2012 it was drilling ahead at 1,808 feet.

10. In the CPE-1 Block, four stratigraphic wells were drilled in the first semester of 2012 as part of the TEA commitment. After logging and sampling, the four wells were plugged and abandoned.

11. In the La Creciente Block, the Apamate-2 appraisal well, initiated drilling on December 1 2011, reached final depth at 12,300 feet MD on January 7, 2012. After testing water and traces of gas in the Cienaga de Oro target sands, the well was plugged and abandoned.

12. In the SSJN-9 Block, the Santa Fe-1 exploratory was drilled, reaching a TD of 8,290 feet MD. Well logs indicated that the Cienaga de Oro target was water-bearing, so the well was considered dry hole.

13. In the Portofino block, where the Company has a 40% interest, the operator Carrao Energy Sucursal Colombia (Canacol) drilled the Achote-1stratigraphic well. The well did not find the expected Mirador basal sands, so the well was plugged and abandoned. The Operator is planning to drill a second stratigraphic well during the first half of 2013.

14. In the Cubiro Block, the Petirrojo Sur 1 and Petirrojo Sur 2 wells were drilled on a structure to the south of the Petirrojo Field. The result was the finding of new oil accumulations at the Carbonera C7 and Carbonera C7A levels. Both wells were completed and 425 Mbbl of 2P reserves were certified.

15. In the Arrendajo Block, the Azor 1 exploration well discovered oil accumulations in two Carbonera C5 sands. Subsequently, the Azor 2 appraisal well confirmed the extension of the pools to the north. Both wells were completed with initial productions of 850 and 650 bbl/d respectively on natural flow. Based on subsurface and production data, 1,062 Mbbl of 2P reserves were certified for the Azor Field.

16. In Peru, the Company began the acquisition of 789 km of 2D seismic data in Lot 135, in the Marañon Basin, as part of the exploration commitment with Perupetro. At the time of this report, the seismic program is under way. In lots 116 and 138, the Company is in the permit and planning process to drill one exploration well in each lot, as part of the commitment with Perupetro.

17. Offshore Peru, the Company and the operator, BPZ, acquired and processed 1,142.74 $km^2$ of 3D seismic data and started acquisition of other 426 $km^2$ of 3D seismic data, covering approximately 90% of Block Z-1 in the Tumbes basin. With these surveys the Company expects to better delineate the Corvina and Albacora fields and other exploration prospects, including the Piedra Redonda, Delfin and Barracuda structures.

18. Offshore Brazil in the Santos Basin, where the Company acquired a 35% working

interest, operator Karoon Gas Australia Ltd. started drilling the Kangaroo-1 well on December 28, 2012. This well is targeting post salt Cretaceous Santonian and Campanian as well Tertiary Miocene and Eocene reservoirs in the Kangaroo prospect, located in block S-M-1101.

19. In 2012, the Company executed following contractual commitments with the ANH: (i) drilled five (5) exploratory wells [(Guama (1), CPO-12 (2), Sabanero(1)], (ii) drilled one (1) appraisal well (Arrendajo), (iii) drilled four (4) stratigraphic wells (CPE-1), (iv) started the acquisition of 366 $km^2$ of 3D seismic (CPE-6); and (v) acquired 668 km of 2D seismic (CR-1, CPE-1, Portofino and Guatemala), and 426 $km^2$ of 3D seismic (CORD-15 and Muisca).

**Item 6.8 Production Estimates**

Gross production (forecast case) of the Company from January 1, 2013 to December 31, 2013:

Onshore Colombia

| Onshore Colombia | Light & Medium Oil | | Heavy Oil | | A & NA Gas | |
|---|---|---|---|---|---|---|
| Property | Proved Mbbl | Probable Mbbl | Proved Mbbl | Probable Mbbl | Proved Bcf | Probable Bcf |
| La Creciente | 0 | 0 | 0 | 0 | 22 | 0 |
| Abanico | 144 | 16 | 0 | 0 | 0 | 0 |
| Cajua | 0 | 0 | 1,729 | 0 | 0 | 0 |
| Guaduas | 0 | 0 | 243 | 0 | 0 | 0 |
| Buganviles | 0 | 0 | 4 | 0 | 0 | 0 |
| Yamu | 20 | 0 | 0 | 0 | 0 | 0 |
| Cubiro | 1,969 | 188 | 0 | 0 | 0 | 0 |
| Arrendajo | 400 | 0 | 0 | 0 | 0 | 0 |
| Cravoviejo | 2,718 | 2 | 0 | 0 | 0 | 0 |
| Cachicamo | 735 | 1 | 0 | 0 | 0 | 0 |
| LLA 19 | 57 | 0 | 0 | 0 | 0 | 0 |
| Sabanero | 0 | 0 | 994 | 0 | 0 | 0 |
| Quifa SW | 0 | 0 | 11,352 | 0 | 0 | 0 |
| Rubiales | 0 | 0 | 34,735 | 0 | 0 | 0 |
| **Total** | 6,044 | 207 | 49,056 | 0 | 23 | 0 |

Offshore Peru

| | Light & Medium Oil | |
|---|---|---|
| Offshore Peru Property | Proved Mbbl | Probable Mbbl |
| Z-1 Block | 1,377.1 | 216.1 |
| **Total** | 1,377.1 | 216.1 |

**Item 6.9 Production History**

The following table outlines the production from December 31, 2011 to December 31, 2012 for important fields.

The following table (Item 6.9.1) outlines as an average per unit volume (for example, $/bbl or $/Mcf), the Company's prices received, royalties paid, production costs, and resulting netback:

Onshore Colombia

| | 2012 Heavy Oil Unit Values | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | | | | Q2 | | | |
| Onshore Colombia Property | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl |
| Quifa SW | 106.37 | 216 | 22.35 | 84.02 | 98.72 | 199 | 26.41 | 72.31 |
| Rubiales | 111.55 | 1,309 | 37.45 | 74.05 | 102.23 | 1,303 | 37.51 | 64.72 |

| | 2012 Heavy Oil Unit Values | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q3 | | | | Q4 | | | |
| Onshore Colombia Property | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl |
| Quifa SW | 97.31 | 224 | 40.68 | 53.63 | 92.29 | 252 | 47.57 | 44.72 |
| Rubiales | 104.26 | 1,323 | 34.73 | 69.53 | 100.53 | 1,492 | 35.52 | 65.01 |

| | 2012 Light & Medium Oil Unit Values | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | | | | Q2 | | | |
| Onshore Colombia Property | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl |
| Cubiro | 111.95 | 20.98 | 17.55 | 94.40 | 95.36 | 16.89 | 24.82 | 70.54 |

| | 2012 Light & Medium Oil Unit Values | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q3 | | | | Q4 | | | |
| Onshore Colombia Property | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl | Price Received $/bbl | Royalties Paid Mbbl | Opex $/bbl | Net Back $/bbl |
| Cubiro | 87.23 | 19.56 | 24.95 | 62.28 | 97.76 | 25.32 | 25.73 | 72.03 |

| | 2012 Natural Gas Unit Values | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | | | | Q2 | | | |
| Onshore Colombia Property | Price Received $/Mcf | Royalties Paid $/Mcf | Opex $/Mcf | Net Back $/Mcf | Price Received $/Mcf | Royalties Paid $/Mcf | Opex $/Mcf | Net Back $/Mcf |
| La Creciente | 7.34 | 0.57 | 0.32 | 6.46 | 7.46 | 0.45 | 0.92 | 6.09 |

| | 2012 Natural Gas Unit Values | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q3 | | | | Q4 | | | |
| Onshore Colombia | Price Received | Royalties Paid | Opex | Net Back | Price Received | Royalties Paid | Opex | Net Back |
| Property | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf | $/Mcf |
| La Creciente | 7.41 | 0.50 | 0.72 | 6.19 | 7.81 | 0.53 | 0.86 | 6.42 |

Note: Condensate for La Creciente is included in estimates above (1 boe = 5.7 Mcf)

Offshore Peru

| 2012 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Oil Price Received, $/bbl | $110.63 | $112.78 | $101.42 | $107.59 |
| Gross Revenue | $14,542,418.88 | $14,825,038.42 | $13,331,755.60 | $14,142,807.98 |
| Royalty Tax | $7,968.44 | $8,123.30 | $7,305.06 | $7,749.48 |
| Opex Total | $6,241,618.78 | $7,101,969.77 | $6,799,666.53 | $7,805,992.48 |
| Net Back, $/bbl | $30.91 | $28.76 | $24.32 | $23.59 |

The following table (Item 6.9.1) outlines for each important field, and in total, the Company's production volumes for the most recent financial year ending December 31, 2012, for each product type:

| Onshore Colombia | Light & Medium Oil | Heavy Oil | A & NA Gas |
|---|---|---|---|
| Property | Gross Mbbl | Gross Mbbl | Gross Bcf |
| La Creciente | 10.8 | - | 22.1 |
| Abanico Main | 120.0 | - | 0.2 |
| Abanico Norte | 38.1 | - | - |
| Cajua | 433.2 | - | - |
| Guaduas | - | 212.6 | 0.2 |
| Buganviles | - | 15.1 | - |
| Yamu | 33.3 | - | - |
| Cubiro | 1,034.3 | - | - |
| Arrendajo | 299.0 | - | - |
| Sabanero | - | 423.8 | - |
| Quifa SW | - | 1,484.0 | - |
| Rubiales | - | 12,805.0 | - |
| **Total** | **1,968.7** | **14,940.4** | **22.4** |

Offshore Peru

Total production for 2012 was 1,073,069 bbl or 268,267 bbl per quarter. The Company's gross production share for 2012 was 525,803.8 bbl.