



News Release

March 10, 2015

Parex Resources Announces 2014 Fourth Quarter and Full Year 2014 Results

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil exploration and production, is pleased to announce financial and operating results for the three months ("Fourth Quarter" or "Q4") ended December 31, 2014. All amounts herein are in United States dollars ("USD") unless otherwise stated. Please note that a conference call to discuss Q4 results and 2015 Guidance is on Wednesday, March 11, 2015 beginning at 9:30 am MT.

2014 Financial and Operational Highlights

- Achieved annual average oil production in 2014 of 22,526 barrels per day, an increase of 42 percent over 2013;
- Released an updated independently evaluated reserves assessment prepared by GLJ Petroleum Consultants Ltd. with proved plus probable reserves growth of 114 percent over 2013, increasing to 68.4 million barrels of oil equivalent (97% crude oil) at December 31, 2014 from 32.0 million barrels of oil equivalent (net company working interest) at December 31, 2013;
- Proved plus probable after tax net present value discounted at 10 percent of approximately USD\$1.1 billion (CAD\$1.4 billion at February average exchange rate) at December 31, 2014 compared to USD\$832 million at December 31, 2013;
- Finding, Development and Acquisition costs ("FD&A") for the year were \$18.90/boe for proved reserves and \$13.79/boe for proved plus probable reserves including future development capital;
- Reduced net debt to \$31.7 million at December 31, 2014 compared to \$70.2 million at December 31, 2013;
- Generated full year 2014 funds flow from continuing operations of \$293.9 million (\$2.44 per share basic). Funds flow has increased from the prior year due to production growth from exploration and appraisal success;
- Primarily due to the decrease of world oil prices late in 2014 a net loss of \$108.8 million for the year ended December 31, 2014 was recorded. The net loss was driven by non-cash impairment charges of \$95.6 million (net of deferred tax recoveries). Adjusted net income adjusted for the non-cash impairments, and non-cash convertible debenture redemption effects resulted in adjusted net income of \$10.6 million (\$0.09 per share basic) for the year ended December 31, 2014;

- Acquired Verano Energy Limited (“Verano”) on June 25, 2014 for total net consideration of \$186.2 million, increasing working interest to 70% in Block LLA-32, 63% in Block LLA-17 and 55% in Block LLA-34;
- Converted the Cdn\$85.0 million principal amount of Debentures for an aggregate of 8,339,991 common shares of the Company; and
- The Company participated in drilling 38 gross wells in Colombia resulting in 26 oil wells, 6 disposal wells and 6 dry and abandoned, for a success rate of 81 percent.

Fourth Quarter Financial and Operational Highlights

- Achieved a record quarterly oil production of 26,544 barrels per day, an increase of 54% over the prior year comparative period and 18% greater than the 2014 average oil production;
- Generated funds flow from continuing operations of \$49.8 million (\$0.37 per share basic);
- The Company participated in drilling 6 gross wells in Colombia resulting in 5 oil wells and 1 dry and abandoned, for a success rate of 83 percent¹.

Fourth Quarter and 2014 Financial Summary

For Q4 2014, sales volumes excluding purchased oil averaged 26,098 bopd (working interest before royalty) and the average realized sales price in Colombia was \$60.08 per barrel (“/bbl”), generating an operating netback of \$25.21/bbl before crude oil hedge gains. Compared to the previous quarter, transportation and operating expenses decreased by \$1.89 per bbl. Parex expects to realize continued cash costs improvements during 2015 due to lower levels of industry activity and the depreciation of local currencies.

Although Parex delivers crude oil daily into the transportation system, for a significant portion of volumes the sales price is determined based on the timing of when crude is lifted for export and not the average Brent price during the month. As a consequence, given the volatility of the oil price during the fourth quarter, the differential between Brent reference pricing and the realized sales price was approximately \$17/bbl versus the posted Vasconia differential of \$5.65/bbl, which would be in line with our historical differential. To date in 2015, the Brent crude oil price to our realized sales price differential is in line with our historical differential on a per bbl basis.

Funds flow from operations in the Fourth Quarter of 2014 was \$49.8 million (\$0.37 per share diluted) compared to \$88.7 million (\$0.69 per share diluted) in the previous quarter as the decrease in Brent oil prices offset the increase in quarterly production. Monetizing a Brent oil price put option increased the funds flow netback by \$2.33 per bbl.

For the year 2014, funds flow from operations of \$293.9 million funded capital expenditure of \$296.9 million, excluding corporate acquisition costs. To capitalize on the improved construction access during the Llanos Basin dry season, the Company executed a Q4 capital expenditure program of \$83.6 million which included \$58.9

¹ Oil Wells: Akira-8, Akira-11, Tua-8, Tua-9, Tilo-1; D&A: Zampona-1

million for drilling and completions. As oil prices declined through the end of 2014, Parex completed its operated and non-operated drilling program, concluding with the exploration well Tilo-1 in December 2014. Although the Company has been active in constructing civil works for future drilling during Q4 2014 and the start of 2015, Parex expects to spud only one exploration well during the first quarter of 2015.

Net debt, defined as total debt less working capital surplus, was \$31.7 million at period end, compared to a net debt of \$70.2 million in 2013. The Company currently has a credit facility borrowing base of \$175 million. Based on the December 31, 2014 reserves report, the syndicate of lenders has approved a borrowing base increase to \$200 million which is currently being documented.

	Three Months ended			Year ended December 31,		
	Dec. 31,	Dec. 31,	Sep. 30,	2014	2013	2012
	2014	2013	2014	2014	2013	2012
Operational						
Average daily production						
Oil (bbl/d)	26,544	17,287	25,175	22,526	15,854	11,407
Average daily sales of produced oil						
Oil (bbl/d)	26,098	17,365	24,490	22,058	15,767	11,800
Oil Inventory – end of period (barrels)	252,031	137,000	249,355	252,031	137,000	98,800
Operating netback (\$/bbl)						
Reference Price - Brent	77.07	109.21	103.46	99.56	108.64	111.63
Oil revenue (excluding hedging) ⁽¹⁾	60.08	101.64	94.40	87.60	104.20	109.18
Royalties	(6.64)	(11.73)	(10.89)	(11.23)	(13.46)	(8.31)
Net revenue	53.44	89.91	83.51	76.37	90.74	100.87
Production expense	(10.95)	(9.94)	(12.32)	(11.15)	(9.95)	(8.40)
Transportation expense	(17.28)	(19.19)	(17.80)	(17.41)	(18.09)	(19.06)
Operating netback	25.21	60.78	53.39	47.81	62.70	73.41
Financial (\$000s except per share amounts)						
Oil and natural gas revenue						
	160,584	166,959	228,648	752,022	636,577	523,514
Net income						
	(146,612)	21,869	16,768	(108,773)	12,672	39,922
Per share – basic	(1.09)	0.20	0.13	(0.90)	0.12	0.37
Adjusted Net income⁽²⁾						
	(50,996)	23,201	16,768	10,550	11,786	32,628
Per share – basic	(0.38)	0.21	0.13	0.09	0.11	0.30
Funds flow from continuing operations						
	49,759	76,304	89,006	293,853	271,670	241,569
Per share – basic	0.37	0.70	0.70	2.44	2.51	2.23
Acquisitions						
	-	-	-	191,065	12,489	71,774
Capital expenditure						
	83,571	58,817	56,799	296,876	233,872	267,688
Total assets						
	1,034,415	854,808	1,266,610	1,034,415	854,808	821,201
Working capital (deficit) surplus	3,261	24,005	45,321	3,261	24,005	(12,640)
Convertible debentures ⁽³⁾	-	66,060	-	-	66,060	65,557
Long-term debt ⁽⁴⁾	35,000	8,530	42,305	35,000	8,530	9,100
Outstanding shares (end of period) (000s)						
Basic	134,690	108,712	134,253	134,690	108,712	108,476
Weighted average basic	134,503	108,460	126,410	120,379	108,421	108,403

Diluted ⁽⁵⁾	142,091	118,276	141,344	142,091	118,276	113,320
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The table above contains Non-GAAP measures. See "Non-GAAP Terms" for further discussion.

- (1) The Q4 2014 volume weighted average realized sales price differential to Brent at the time of sale was approximately \$5.72/bbl. The remaining \$11.27/bbl Brent differential was primary associated with the timing of oil sales compared to the quarter average pricing. Estimated funds flow impact of \$0.15/share basic.
- (2) Net income has been adjusted for the International Financial Reporting Standards ("IFRS") accounting effects of changes in the derivative financial liability related to the convertible debenture. Management considers adjusted net income a better measure of the Company's financial performance.
- (3) The convertible debentures with a face value of Cdn\$85 million with a conversion price of Cdn\$10.15 per share were fully redeemed on September 25, 2014.
- (4) Borrowing limit of \$175 million as of December 31, 2014. Currently being increased to \$200 million
- (5) Diluted shares as stated include the effects of common shares and in-the-money stock options outstanding at the period-end. The December 31, 2014 closing stock price was Cdn\$7.58 per share.

2014 Year-End Reserves Reconciliation Company Gross

Mboe	Total Proved	Total Proved plus Probable
December 31, 2013	17,368	32,021
Technical Revisions	8,256	7,893
Discoveries & Extensions	17,936	27,895
Acquisition	5,146	8,898
Production	(8,282)	(8,282)
December 31, 2014 ⁽¹⁾	40,424	68,425

(1) Subject to final reconciliation adjustments.

- Proved plus probable ("2P") reserves growth of 114 percent from December 31, 2013, increasing from 32.0 million barrels of oil equivalent ("MMboe") (net company working interest) at December 31, 2013 to 68.4 MMboe (net company working interest) at December 31, 2014;
- Achieved 2P reserve replacement of 540%, with total 2014 reserve additions of 44.7 MMboe (97% oil);
- Proved plus probable after tax net present value discounted at 10 percent of approximately USD\$1.1 billion (CAD\$1.4 billion at February average exchange rate) at December 31, 2014 compared to USD\$832 million at December 31, 2013;
- Gross undeveloped drilling locations of 43, 62 and 86 wells in the proved ("1P"), proved plus probable ("2P") and proved plus probable plus possible ("3P") cases respectively;
- 2P reserve life index ("RLI") increased from 5.1 years to 7.1 years and requires USD\$361 million of future development capital; and
- Underpinned by strong reserves growth and superior capital efficiencies, Parex achieved 2P F&D of \$10.94/boe and 2P FD&A of \$13.79/boe.

Operational Update

Tilo (Non-Operated, Block LLA-34, WI 55%): The exploration well Tilo-1 was successfully drilled in December 2014 and was tested in 2015. The Tilo-1 well was drilled 4.25 km Northeast along the same fault trend from the Tigana Norte-1 well that is located in the northern part of the Tigana field. The well was tested in the Guadalupe formation during the short term test period of 7 days commencing on February 9, 2015 with the use of an Electric Submersible Pump. The well was tested at an average rate

of 736 bfpd over the 7 day period with the final rate recorded during the last 6 hours of the test at 960 bfpd. The final watercut measured on the well was 12% and a total of 4,368 bbl of oil and 971 bbl of water (mainly completion fluids) were recovered during the test. Analysis of bottom hole pressure recorders indicated that the drawdown on the well at the final rate recorded was 35%. Preliminary field API measurements indicate the oil has API of 14.5, similar to the Guadalupe formation in the Tigana field. The field operator's plan is for the well to be placed on a long term test ("LTT") in Q2 2015. Following a successful LTT, the drilling of follow-up appraisal wells will be evaluated to determine if Tilo is an extension to the Tigana field.

YTD Production: The Company 2015 production for the months of January and February has averaged approximately 26,550 bopd, in line with previous guidance.

2015 Guidance

Parex previously announced revised 2015 guidance that maintains growth and preserves our financial strength in the current oil price environment. Assuming Brent oil prices trade within a range of \$50-\$60/bbl we expect to invest \$145 - \$155 million which provides year over year production growth of 18% fully funded by funds flow from operations.

We have budgeted a maintenance capital investment of \$70-\$75 million targeted at development and facility enhancement projects, which is expected to result in average production volumes of 26,500 bopd, which is flat with Q4 2014 average production volumes. Further, Parex will invest \$75-\$80 million on drilling up to 8 exploration wells in 2015. These wells represent contractual drilling commitments. With exploration drilling success we could invest additional capital on exploration facilities and forecast incremental production of 1,000-2,000 bopd on a full year basis.

Previously Parex stated that the 2015 capital budget would be fully funded from funds flow from operations. Since this guidance was released in January 2015, Parex has negotiated reductions in our Colombian service cost structure and has also realized cost reductions through the further depreciation of the Colombian peso. These cost reductions should allow Parex the optionality to fund facilities associated with successful exploration wells and follow up appraisal drilling if warranted following potential exploration success. Additionally, if recent increases in Parex' realized sales prices are sustained, the Company is prepared to fund incremental positioning capital and exploration activities.

Q4 & 2015 Guidance Conference Call Information

Parex will host a conference call to discuss Q4 results and 2015 Guidance on Wednesday, March 11, 2015 beginning at 9:30 am MT.

To participate in the call, dial 1-866-696-5910, pass code: 7846614#

The live audio will be carried at: <http://bell.media-server.com/m/p/5kb3qckr>

This news release does not constitute an offer to sell securities, nor is it a solicitation of an offer to buy securities, in any jurisdiction.

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Non-GAAP Terms

This report contains financial terms that are not considered measures under GAAP such as funds flow used in, or from operations, working capital, operating netback per barrel and adjusted net income, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund a portion of its future capital expenditures.

Funds flow from operations is a non-GAAP term that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. Management uses funds from (used in) operations to analyze operating performance and monitor financial leverage, and considers funds from (used in) operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments. Funds flow from operations is reconciled with net (loss) income in the consolidated statements of cash flows.

Reserve Advisory

The recovery and reserve estimates of crude oil reserves provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may eventually prove to be greater than, or less than, the estimates provided herein. All December 31, 2014 reserves presented are based on GLJ's forecast pricing effective January 1, 2015 all December 31, 2013 reserves presented are based on GLJ's forecast pricing effective January 1, 2014 and all December 31, 2012 reserves presented are based on GLJ's forecast pricing effective January 1, 2013.

"Proved" reserves are those 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 are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to the performance characteristics of the Company's oil properties. In addition, statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of Parex' reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

The term "Boe" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversation ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

Advisory on Forward Looking Statements

Certain information regarding Parex set forth in this document contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Parex's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Parex' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to the performance characteristics of the Company's oil properties; supply and demand for oil; financial and business prospects and financial outlook; results of drilling and testing, results of operations; drilling plans; activities to be undertaken in various areas; capital plans in Colombia and exit rate production; plans to acquire and process 3-D seismic; timing of drilling and completion;

and planned capital expenditures and the timing thereof. In addition, statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. The recovery and reserve estimates of Parex' reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada, Colombia and Trinidad & Tobago; industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced, in Canada, Colombia and Trinidad & Tobago; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; obtaining required approvals of regulatory authorities, in Canada, Colombia and Trinidad & Tobago; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs relating to the oil industry; ability to access sufficient capital from internal and external sources; the risks that any estimate of potential net oil pay is not based upon an estimate prepared or audited by an independent reserves evaluator; that there is no certainty that any portion of the hydrocarbon resources will be discovered, or if discovered that it will be commercially viable to produce any portion thereof; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Parex's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Although the forward-looking statements contained in this document are based upon assumptions which Management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, Parex has made assumptions regarding: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; receipt of all required approvals for the Acquisition; royalty rates, future operating costs, and other matters. Management has included the above summary of assumptions and risks related to forward-looking information provided in this document in order to provide shareholders with a more complete perspective on Parex's current and future operations and such information may not be appropriate for other purposes. Parex's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits Parex will derive. These forward-looking statements are made as of the date of this document and Parex disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.