



News Release

August 4, 2015

**Parex Announces 2015 Second Quarter Results Highlighted by
Production Growth, Increased Cash Flow and Balance Sheet Strength**

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil exploration and production, announces its unaudited financial and operating results for the three months ("Second Quarter" or "Q2") ended June 30, 2015. **All amounts herein are in United States dollars ("USD") unless otherwise stated.** A conference call to discuss Q2 results will be held on August 5, 2015 beginning at 9:30 am MT.

Q2 2015 Financial and Operational Highlights

- Oil production averaged 27,025 barrels of oil per day ("bopd") compared to annual production guidance of 26,500 bopd, a year-over-year increase of 36 percent and an increase from the prior period production of 26,729 bopd;
- Generated funds flow from operations of \$50.2 million (\$0.35 (CAD\$0.43)¹ per share basic) as compared to \$0.24 per share for the prior period;
- Participated in drilling 3 wells (net 3.0)². Capital expenditures for the quarter were \$37.2 million compared to \$95.1 million in the comparative 2014 period. As a result Parex added to future development and appraisal drilling inventory with the 2015 oil discovery at Rumba and potential at Chachalaca;
- Realized Brent referenced sales price of \$56.31 per barrel ("bbl"), an operating netback of \$29.66/bbl and a cash netback of \$20.58/bbl during the period;
- Reduced combined operating and transportation unit costs by 22% (\$6.08/bbl) to \$21.74/bbl compared to the comparative period in 2014;
- Closed a CAD\$136.8 million gross (CAD\$131.3 million net) bought deal equity financing issuing 14.95 million common shares at a price of CAD\$9.15 per share;
- Eliminated long-term bank debt and generated a working capital surplus of \$90 million at June 30, 2015 compared to net debt of \$29.6 million at March 31, 2015. The Company's syndicated bank credit facility of \$200 million is undrawn; and
- Demonstrated the sustainability of Parex. During the first half of 2015 Brent oil price averaged approximately \$59.35/bbl, while our funds flow from operations has

¹ Q2 average CAD/USD rate of 0.81.

² Rumba-1 (oil discovery); Bazar-1 (abandoned prior to TD); Zorro Rojo-1 (dry & abandoned); Rumba-2 was released on July 4, 2015 and Chachalaca-1 was rig released on July 21, 2015 and both will be included under Q3 2015 drilling.

exceeded capital expenditures by \$19 million, and the Company increased production from Q4 2014 without any development drilling.

Second Quarter Financial Summary

For Q2 2015, sales volumes excluding purchased oil averaged 26,557 bopd (working interest before royalty) and the average realized sales price in Colombia was \$56.31/bbl, generating an operating netback of \$29.66/bbl. Compared to the 2014 average, transportation and operating expenses have decreased by \$6.82/bbl. Parex anticipates continuing to realize cash costs improvement during 2015 over 2014 levels due to lower levels of industry activity and the depreciation of the Colombian Peso against the United States dollar.

Funds flow from operations in Q2 was \$50.2 million (\$0.35 per share basic compared to \$33.0 million (\$0.24 per share basic) in the previous quarter.

In the first 6 months of 2015 Parex has generated \$83.2 million of funds flow from operations against total capital expenditures of \$64.2 million, organically improving its balance sheet by over \$19 million. Parex anticipates it will continue to increase quarter-over-quarter oil production through ongoing optimization of existing wells, facilities de-bottlenecking and exploration drilling.

	Three Months ended June 30		Three Months
	2015	2014	ended March 31,
			2015
Operational			
Average daily production			
Oil (bbl/d)	27,025	19,876	26,729
Average daily sales			
Produced Oil (bbl/d)	26,557	18,502	26,909
Oil Inventory – end of period (barrels)	232,536	195,440	214,406
Operating netback (\$/bbl)			
Reference Price - Brent	63.50	109.70	55.13
Oil revenue	56.31	104.53	49.42
Royalties	(4.91)	(15.06)	(4.29)
Net revenue	51.40	89.47	45.13
Production expense	(7.50)	(11.41)	(8.01)
Transportation expense	(14.24)	(16.41)	(15.46)
Operating netback	29.66	61.65	21.66
Financial (\$000s except per share amounts)			
Oil and natural gas revenue	155,717	182,996	134,307
Net income (loss)	1,814	11,408	(15,544)
Per share – basic	0.01	0.10	(0.12)
Adjusted Net income (loss) ⁽¹⁾	1,814	26,612	(15,544)
Per share – basic	0.01	0.24	(0.12)
Funds flow from operations	50,237	77,799	32,958

Per share – basic	0.35	0.70	0.24
Acquisitions	-	191,065	-
Capital expenditures	37,234	95,101	26,963
Total assets	1,051,150	1,226,983	1,010,116
Working capital surplus	89,754	31,189	9,878
Convertible debentures ⁽²⁾	-	68,375	-
Long-term debt ⁽³⁾	-	56,000	39,500
Outstanding shares (end of period) (000s)			
Basic	150,108	125,197	134,779
Weighted average basic	144,145	111,163	134,740
Diluted ⁽⁴⁾	158,706	121,733	142,196

The table above contains Non-GAAP measures. See “Non-GAAP Terms” for further discussion.

- (1) Net income (loss) 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.
- (2) The convertible debentures with a face value of CAD\$85 million with a conversion price of CAD\$10.15 per share were fully redeemed on September 25, 2014.
- (3) Borrowing limit of \$200 million as of June 30, 2015.
- (4) Diluted shares as stated include the effects of common shares and in-the-money stock options outstanding at the period-end. The June 30, 2015 closing stock price was CAD\$10.47 per share.

Operational Update

Rumba (Operated, Block LLA-26, WI 100%): The Rumba-2 well was drilled as a follow up to the Rumba-1 oil discovery at a location approximately 1 km northeast of Rumba-1. The Rumba-2 well encountered two reservoir intervals within the Mirador formation that are interpreted to be the same zones as encountered in Rumba-1. Rumba-1 commenced long term production on June 20th and has been producing at restricted rates up to 1,700 bopd from the upper Mirador reservoir with current BS&W of approximately 2%. The Rumba-2 well commenced testing on July 25th from the lower Mirador reservoir and the test rate has slowly been increased with the use of an electric submersible pump to the current rate of 1,350 bopd, which represents the current facility restriction. The BS&W from the well is under 1% and a total of 4,600 barrels of 19 API oil has been recovered from the test. After the one week short term test the Rumba-2 well will be placed on long term test with production from both Rumba-1 and Rumba-2 limited by current facility restrictions. After the results from the Bazar-2 well (discussed below), Parex will install an optimal facility for the long term production of the Rumba discovery.

Parex spud the Bazar-2 exploration well on July 28, 2015 to test the Une formation on a separate structural closure with a planned horizontal departure of 2.2 kilometers. A secondary objective will be to test the northern limits of the Rumba pool. Following the mechanical failure in the drilling of Bazar-1, the Company has conducted a thorough technical analysis and developed a revised drilling plan for Bazar-2.

Chachalaca (Non-Operated, Block LLA-34, WI 55%): The Chachalaca-1 exploration well was spud on June 25, 2015. Chachalaca-1 encountered 4 potential zones in the Mirador and Guadalupe formations with electronic log characteristics

suggesting potential for oil production and with good oil and gas shows while drilling. A completion rig is on the well site and testing operations are underway.

Guepardo (Operated, Block LLA-32, WI 70%): The first of a 2-3 well exploration program on Block LLA-32, the Guepardo-1 exploration well was spud on July 27, 2015 and is targeting the Mirador and Guadalupe formations.

2015 Drilling Operations:

A summary of the remaining anticipated 2015 drilling/testing program is provided:

#	Prospect/Well¹	Block	Timing / Status
1	Chachalaca-1	LLA-34	Testing operations underway
2	Rumba-2	LLA-26	Tested 1,250 bopd
3	Bazar-2	LLA-26	July 28, 2015 Spud
4	Rumba-3	LLA-26	Rumba appraisal well
5	Tautaco-1	LLA-10	Q4 Spud
6	Taringa-1	Cebucan	Q4 Spud
7	Capachos-2	Capachos	Q4 civil works – 1 st Capachos farm-in well
8	Guepardo-1	LLA-32	Drilling
9	Carcayu-1	LLA-32	Following Guepardo-1 well
10	Appraisal Well	LLA-32	Q3 Spud (contingent)
11	Jacana-1	LLA-34	Spud July 31 (South of Tigana field)
12	Tilo-2	LLA-34	Q3 Spud
13	Chachalaca-2	LLA-34	Q4 Spud
14	Appraisal Well	LLA-34	Q4 Spud (contingent)
15	Glauca-1	VMM-11	Q4 Spud

Note: Subject to partner and regulatory approvals

Q2 2015 Conference Call

Parex will host a conference call to discuss Q2 results on Wednesday, August 5, 2015 beginning at 9:30 am MT. To participate in the call, dial 1-866-696-5910, pass code: 3594795#

The live audio will be carried at: <http://bell.media-server.com/m/p/xeten52b>

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.

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 and the global price of 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 annual 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 and Colombia; 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 and Colombia; 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 and Colombia; 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.

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