



News release

June 25, 2014

### **Parex Announces Closing of Verano Acquisition**

**Calgary, Canada** - Parex Resources Inc. ("Parex") (TSX: PXT) and Verano Energy Limited ("Verano") are pleased to announce that they have closed the previously announced plan of arrangement (the "Arrangement") pursuant to which Parex acquired all of the issued and outstanding common shares of Verano (the "Verano Shares") for consideration of CAD\$0.42 in cash and 0.0763 of a common share of Parex ("Parex Share") for each Verano Share.

The aggregate consideration paid by Parex pursuant to the Arrangement was CAD\$81 million in cash and the issuance of approximately 14.7 million Parex Shares. Parex has also assumed approximately CAD\$43 million of Verano working capital surplus including no bank debt. The aggregate consideration is inclusive of exercised options by Verano employees and directors. Parex is funding the cash portion of the Arrangement through existing undrawn credit facilities. As of March 31, 2014, Parex had drawn USD\$4 million on an existing USD\$125 million credit facility and a working capital surplus of USD\$37 million.

Registered holders of Verano Shares who have not already done so should submit their certificates representing Verano Shares to Valiant Trust Company, the depositary pursuant to the Arrangement, together with a duly completed letter of transmittal following the instructions set out in such letter of transmittal in order to receive the consideration that they are entitled to pursuant to the Arrangement. For questions with respect to completion of the letter of transmittal please contact Valiant Trust Company by telephone at 1-866-313-1872 or by e-mail at [inquiries@valianttrust.com](mailto:inquiries@valianttrust.com). **A copy of the letter of transmittal is available on Verano's website at [www.veranoenergy.com](http://www.veranoenergy.com). A copy will also be made available on Parex' website at [www.parexresources.com](http://www.parexresources.com) in due course.**

As previously disclosed in Verano's management information circular dated May 28, 2014 (the "Circular"), a Verano Shareholder wishing to file a tax election under section 85 of the Income Tax Act (Canada) should consult its tax advisor. Information concerning this filing will be provided shortly on Parex' website under the "Investors" section. The deadline for submission of the tax election form to Parex is August 25, 2014.

Parex expects Q2 2014 production to average approximately 19,500 bopd. Following the closing of the Arrangement, Parex will begin recording the Verano production and Parex' total production is expected to increase by an additional 4,000 bopd to a total of approximately 23,500 bopd.

As previously announced, in mid-July 2014 Parex expects to provide an independent reserves evaluation with an effective date of June 30, 2014 and revised 2014 guidance, both of which will incorporate 2014 year to date exploration and production activities and the Verano properties. After completing the Arrangement there are approximately 125.2 million Parex Shares outstanding.

**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.**

### **For more information please contact:**

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#### **Advisory on Forward Looking Statements**

Certain information 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 "will", "expect", "intend", "anticipate" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. These statements are only predictions and actual events or results may differ materially. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause 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, anticipated Q2 2014 average production; expected increase to production and total production following completion of the Arrangement; the provision of an updated independent reserves evaluation and revised 2014 guidance and the anticipated timing thereof. These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the failure of Parex to provide an updated independent reserves evaluation and revised 2014 guidance on the timing anticipated; failure to achieve anticipated Q2 2014 average production; 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; partner approval of capital work programs and other matters requiring approval; imprecision in reserve and resource estimates; the production and growth potential of Parex' assets; obtaining required approvals of regulatory authorities in Colombia; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; volatility in market prices for oil and natural gas; 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 and natural gas industry; ability to access sufficient capital from internal and external sources; risk that Parex will not be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; risks related to the lawsuit brought in Texas against Parex and certain foreign subsidiaries; failure of counterparties to perform under the terms of their contracts; and other factors, many of which are beyond the control of Parex. Readers are cautioned that the foregoing list of factors is not exhaustive.

With respect to the forward-looking statements contained in this document, Parex has made assumptions regarding, but not limited to: the ability of Parex to provide an updated independent reserves evaluation and revised 2014 guidance on the timing anticipated; 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; royalty rates, future operating costs, uninterrupted access to areas of Parex' operations and infrastructure; recoverability of reserves and future production rates; the status of

litigation; timing of drilling and completion of wells; that Parex will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Parex' conduct and results of operations will be consistent with its expectations; that Parex will have the ability to develop its oil and gas properties in the manner currently contemplated; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of Parex' reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that Parex will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

Although the forward-looking statements contained in this press release are based upon assumptions which management believes to be reasonable, Parex cannot assure investors that actual results will be consistent with these forward-looking statements. 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.