



News release

February 28, 2013

**Parex Resources Announces February Production of 14,500 bopd and Normal Course Issuer Bid**

**Calgary, Canada**

Parex Resources Inc. ("**Parex**" or the "**Company**") (TSX:PXT), a company focused on oil exploration and production in Colombia and Trinidad, provides an operational update.

**Operations Update**

- February 2013 month to date production has averaged approximately 14,500 barrels of oil per day ("bopd") compared to approximate production of 14,000 bopd for January 2013;
- Month over month production growth has been supported by continued Kona recompletions and Las Maracas drilling;
- The Kona field production continues to be between 5,000-6,000 bopd (Parex operated; 100 percent working interest). This rate has been maintained since July 2012;
- The Las Maracas field (Parex operated; 50 percent working interest) is producing at a rate of approximately 9,000 bopd (gross). The oil treatment plant is expected to be commissioned in May 2013;
- A completion rig has been moved onto the La Casona-1 well to finalize the testing of the Une Formation and then test the Gacheta Formation. The Une testing has been completed and the well was flow tested over a 56 hour period at an average rate of 1,700 bopd and 6 MMCFD of gas. The well was produced under natural flowing conditions with a wellhead pressure of 1,900 psi and a total of 3,885 barrels of 35 API oil were recovered during the test. The final measured watercut from the test was 1 percent. Testing of the Gacheta Formation is underway and the Mirador Formation is expected to be tested in a future well. Parex is procuring production facilities for the La Casona field and plans to utilize the produced gas as a fuel source to generate power and reduce operating costs at other operated fields. Production from the La Casona well is expected to commence in early Q3 2013.
- A drilling rig has mobilized from Maragogi Norte-1 to the Caturra-1 prospect on Block LLA-16. The Company expects to commence drilling shortly and drill to a target depth of 12,000 feet;
- On Block LLA-30 the Viviana Este-1 prospect was drilled and cased to a target depth of 5,000 feet during February 2013. Parex expects to evaluate the C5 Formation. The drilling rig has been mobilized to the LLA-30 Adalia Norte-1 exploration prospect and is expected to be drilled to the target depth in eight days;

- The Max-2 development well has been cased and completion and testing activities are evaluating the Mirador and Guadalupe formations. Also on Block LLA-34, Tua-5 was spud on February 17, 2013 and is currently drilling at approximately 8,000 feet. Tua-4 is expected to be the next well;
- On Block LLA-32 the Bandola-1 well has been drilled to the target depth of 11,000 feet. Wireline logs are being run and it is expected that the well will be cased to evaluate the Mirador and Gacheta formations;
- Parex has recently entered into a one month marketing contract to sell approximately five percent of the Company's operated production of light oil at a reference price of Brent less \$14.50-16.50 per barrel compared to our 2013 guidance of Brent less \$20.00 per barrel. The Company believes that recent marketing contracts are an indication of future pricing; and
- Parex' Board of Directors has approved a normal course issuer bid to purchase the Company's common shares, subject to the approval of the Toronto Stock Exchange (the "TSX"). The Company believes that the common shares have been trading in a price range which does not adequately reflect their value in relation to Parex' current operations and its growth prospects.

### First Half of 2013 Drilling Schedule

A summary of the near-term drilling and testing program is provided below:

#	Prospect	Block	Timing / Status
1	La Casona	El Eden	Testing - workover
2	Maragogi Norte	LLA-16	Cased – to be tested
3	Caturra	LLA-16	Mobilizing rig
4	Chiriguaro Este	El Eden	Spud Q2 2013
5	Viviana Este	LLA-30	Cased – to be tested
6	Adalia Norte	LLA-30	Mobilizing rig
7	Adalia	LLA-30	Spud Q1 2013
8	Bandola	LLA-32	Logging
9	Akira-2	Cabrestero	Spud Q2 2013
10	Cumbre Sur	LLA-20	Spud Q2 2013
11	Las Maracas-8	Los Ocarros	Spud Q2 2013
12	Max-2	LLA-34	Testing
13	Tua-5	LLA-34	Drilling
14	Tua-4	LLA-34	Spud Q2 2013

### Normal Course Issuer Bid

Subject to the approval of the TSX and the Company's credit facility bank syndicate, Parex intends to commence a normal course issuer bid (the "Bid") to purchase, from time to time, as it considers advisable, up to 8,817,365 common shares on the open market through the facilities of the TSX. The number of common shares that can be purchased pursuant to the Bid is subject to a daily maximum of 45,840 common shares (which is equal to 25% of the estimated average daily trading volume from September 1, 2012 to February 28, 2013). The price that Parex will pay for any common shares under the Bid will be the prevailing market price on the TSX at the time of such purchase. Common shares acquired under the Bid will be cancelled.

The Bid will terminate one year from the date of acceptance by the TSX of the Form 12 Notice of Intention to Make a Normal Course Issuer Bid to be filed by the Company with the TSX or such earlier time as the Bid is completed or terminated at the option of Parex.

Parex believes that the common shares have been trading in a price range which does not adequately reflect their value in relation to Parex' current operations and its growth prospects, and that, at such times, the purchase of common shares for cancellation will increase the proportionate interest of, and be advantageous to, all remaining shareholders. Furthermore, the purchases by Parex will help mitigate the dilutive effects of Parex issuing, from time-to-time, additional common shares as consideration for asset or corporate acquisitions.

## **Corporate Overview**

Parex, through its direct and indirect subsidiaries, is engaged in oil and natural gas exploration, development and production in South America and the Caribbean region. Parex is conducting exploration activities on its 1,349,000 gross acre holdings primarily in the Llanos Basin of Colombia and 219,000 gross acre holdings onshore Trinidad. Parex is headquartered in Calgary, Canada.

**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. Not for distribution or for dissemination in the United States.**

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## **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; expected timing of commissioning of oil treatment plant on the Las Maracas field; Parex' plans to use produced gas from the La Casona field as a fuel source and the anticipated benefits therefrom; results of drilling and testing; results of operations; expected timing of commencement of production from the La Casona well; the Company's drilling plans, including, but not limited to, for the Caturra-1 prospect and the LLA-30 Adalia Norte-1 exploration prospect; Parex' plans to evaluate the C5 Formation; the Company's beliefs in respect of marketing contracts; activities to be undertaken in various areas; timing of drilling and completion; statements with respect to Parex' plans to commence a Bid, the receipt of TSX approval of the Bid and the anticipated advantages to shareholders of the Bid.

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; 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; the risk that the TSX may not approve the Bid on the terms contemplated or at all; the risk that the anticipated benefits of the Bid may not be achieved; 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 effect 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](http://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; royalty rates; future operating costs; the ability of the Company to obtain TSX approval of the Bid; 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.

Any references in this press release to test production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter. These test results are not necessarily indicative of long-term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

**The TSX has not received and does not accept responsibility for the adequacy or accuracy of this news release.**