



News release

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Parex Resources Announces December 2012 Production of 13,550 bopd and 2013 Guidance Highlighted by 25% Year-Year Production Growth

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 and announces its 2013 guidance. All amounts below are in United States dollars unless otherwise stated.

Operations Update

2012 was a successful year for Parex. In 2012 the Company participated in drilling 33 gross wells in Colombia and 2 in Trinidad, resulting in 25 oil wells, 6 disposal wells and 4 dry and abandoned, for a success rate of 87 percent. Furthermore, the Company began 2012 with interests in 6 blocks in Colombia and production primarily from the Kona field, and exited 2012 with interests in 14 blocks in Colombia and a diversified production base of ten fields.

December 2012 average production was 13,550 barrels of oil per day ("bopd") and fourth quarter of 2012 average production was approximately 12,800 bopd. Production growth in December was primarily a result of additional volumes being added at the Las Maracas and Tua fields. A summary of recent operational activity is provided below:

- Las Maracas-6 was brought on-stream at 1,850 bopd in December 2012. The Las Maracas-7 well was drilled as a southern delineation well and encountered potential pay in both the Mirador and Gacheta formations and is currently awaiting testing. The drilling rig will move over and drill a dedicated water disposal well off of the same pad as the Las Maracas 7 well. We expect the Las Maracas field (Parex operated; 50 percent working interest) to produce at a rate of approximately 8,000 bopd (gross) until the oil treatment plant is commissioned in the second quarter of 2013;
- The Tua field on Block LLA-34 is now producing approximately 3,600 bopd (1,620 net) with the addition of Tua-2 producing from the Guadalupe Formation in December, 2012. The completion of the Guadalupe Formation is the first long term test of this zone in the Tua field and the Tua-2 well has been producing at a rate of approximately 1,800 bopd gross with a water-cut of less than 1 percent. Also on Block LLA-34, a drilling rig is mobilizing to the Max-2 development location;
- Kona-Sur and Kona-16 wells were drilled from the new Kona South pad. Kona-Sur was drilled as a southern delineation well for the Gacheta Formation to a target depth of 13,200 feet and was cased and is currently awaiting testing. Kona-16 was drilled as a delineation well for both the Mirador and C7

and was drilled to a total depth of 12,000 feet and is currently awaiting testing. Parex is mobilizing the drilling rig from the Kona field to drill additional exploration prospects in LLA-16 during the current dry season;

- Adalia Norte-1 is the first well to be drilled on Block LLA-30 and is expected to be spud the week of January 7, 2013;
- On Block LLA-32 a surface location is being prepared for the Bandola-1 well (targeting both the Mirador and Gacheta formations adjacent to the Maniceno field) to permit drilling operations to commence in January 2013; and
- In Trinidad a 2-D seismic program has commenced on the Central Range Block ("CRB"), with immediate focus on firming up prospects on the east of the block that can be drilled off existing roads.

Parex 2013 Guidance Summary

Building on our 2012 operational and exploration success, Parex plans a self funding 2013 capital investment program of approximately \$210 million balanced between exploration and development in Colombia and Trinidad. The Company is forecasting a 2013 average production range of approximately 14,000-14,500 bopd as compared to the 2012 average production of approximately 11,400 bopd and the 2011 average production of 5,345 bopd.

Key highlights:

- Balanced capital portfolio of 18 development and appraisal wells and 14 exploration wells;
- High Colombia operating netback production provides for a self-funding capital program and year over year production growth of 25 percent;
- Diversified exploration portfolio across nine Colombia Llanos Basin blocks; and
- Focused program to fulfill exploration commitments and test onshore Trinidad prospects.

A summary of the 2013 capital plans is provided below:

	<u># Wells Planned</u>		<u>Capex (Net \$ million)</u>			
	Gross	Net	Wells	Facilities	Seismic	Total
Colombia						
Dev/Appraisal	17	10	\$65	\$30	-	\$95
Exploration	13	10	\$75	\$5	\$10	\$90
Total	30	20	\$140	\$35	\$10	\$185
Trinidad						
Dev/Appraisal	1	0.8	\$3	-	-	\$3
Exploration	1	0.5	\$10	-	\$12	\$22
Total	2	1.3	\$13	-	\$12	\$25
Parex Total	32	21.3	\$153	\$35	\$22	\$210

Parex' 2012 exploration success has provided a number of lower risk development opportunities and the 2013 capital program is approximately balanced between

development and exploration. We expect that activity on Las Maracas, LLA-16, Max and Tua will anchor the 2013 development program. Further, the Company anticipates it can generate production growth on a year over year basis solely with development capital investment. The Company's 2013 production target range assumes some exploration success.

Additionally, Parex could increase its 2013 capital program through accessing its existing \$75 million reserve base credit facility or by realizing higher than forecast Brent oil prices. Although the full year capital program is expected to be self-funded through funds flow from operations, the Company expects to access the reserve base credit facility during periods which capital expenditure is more heavily weighted.

Colombia 2013 Capital Program Outlook

During 2013 Parex plans to drill approximately 30 gross wells on nine blocks across its Colombian portfolio as summarized below. The number of wells drilled and the split between exploration and development is expected to vary depending on realized oil prices, timing of regulatory approvals, partner operations, seasonal variability and drilling success.

<u>2013 Colombia Drilling Program</u>			
# of gross wells	Operated	Non-Operated	Total
Development/ Appraisal	11	6	17
Exploration	9	4	13

Trinidad 2013 Capital Program Outlook

In 2013 Parex is planning a Trinidad exploration program that will further evaluate the Moruga Block potential and fulfill the remaining CRB work commitments. The planned 2013 exploration program is summarized below.

2013 Trinidad Drilling Program

# of gross wells	<i>Parex Operated</i>		Total
	Moruga (WI 83.8%)	CRB Deep (WI 50%)	
Development/Appraisal	1	-	1
Exploration	-	1	1

The planned 2013 Trinidad capital program is reduced from that of 2012 as a result of disappointing exploration drilling results and a less competitive fiscal regime in Trinidad as compared to Colombia.

To fulfill the CRB work commitments, the Company is currently acquiring 2D seismic and expects to spud an exploration well during the third quarter of 2013.

2013 Outlook Key Assumptions

Key assumptions underlining the 2013 capital program are:

- Brent oil price of approximately \$105/bbl;
- Operating netback of \$55/bbl, which reflects royalties and crude oil differentials of \$18/bbl, transportation costs of \$20/bbl and operating costs of approximately \$11-\$13/bbl;
- Effective cash tax rate on Colombia cash flow of less than or equal to 20 percent; and
- Timely access to exploration and development locations.

Ramshorn Litigation Update

As announced by Parex on April 12, 2012, Parex and its wholly owned subsidiaries Parex Resources (Bermuda) Ltd. ("Parex Bermuda") and Ramshorn International, Limited ("Ramshorn") have been named as defendants in a lawsuit (the "Lawsuit") filed in the 61st Judicial District Court of Harris County, Texas (the "Texas Court") by a Texas based private company (the "Plaintiff"). The Lawsuit relates to a share purchase agreement entered into by the Plaintiff and a third party seller (the "Seller") (prior to the agreement entered into by Parex and the Seller for the purchase of Ramshorn) respecting the proposed purchase by the Plaintiff of the shares of Ramshorn, which prior agreement the Plaintiff claims was improperly terminated by the Seller. Each of Parex, Parex Bermuda and Ramshorn specially appeared in the Lawsuit to challenge the jurisdiction of the Texas Court and to seek dismissal of the claims against them.

A hearing on the jurisdictional aspects of the case took place on November 19 and 20, 2012 and the decision of the Texas Court on these jurisdictional matters has now been received. The Texas Court found that it does not have jurisdiction over Parex Bermuda and ordered that all of the Plaintiff's claims against Parex Bermuda be dismissed. The Texas Court overruled Parex and Ramshorn's jurisdictional challenges such that the Plaintiff's claims against Parex and Ramshorn have not been dismissed. Parex and Ramshorn intend on filing a Notice of Appeal of the Texas Court's rulings in this regard and will be requesting that all future proceedings in the Lawsuit, including discovery, be stayed pending the outcome of the appeal on these jurisdictional matters. Parex and Ramshorn believe that the Lawsuit and the Plaintiff's claims against it are baseless and without merit and will continue to vigorously defend the Lawsuit, including by way of appealing the Texas Court's recent jurisdictional rulings against Parex and Ramshorn.

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.

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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; 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 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).

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 there from. 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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