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News release **August 14, 2012**

Parex Resources Announces Second Quarter Results Highlighted by New Discoveries and Confirmed Exit Rate Guidance

Calgary, Canada

Parex Resources Inc. ("Parex", the "Company" or "we") (TSX:PXT), a company focused on oil exploration and production in Colombia and Trinidad is pleased to announce financial and operating results for the three months ended June 30, 2012 ("second quarter"), including multiple oil discoveries and 2012 exit rate guidance of 13,000-14,000 bopd. An update of the Company's operations is also provided below.

Copies of the Company's consolidated financial statements and the related management's discussion and analysis ("MD&A") have been filed with Canadian securities regulatory authorities and will be made available under the Company's profile at www.sedar.com and on the Company's website at www.parexresources.com. All amounts herein are in United States dollars unless otherwise stated.

Operational and Financial Highlights:

- Achieved quarterly oil production of 10,389 barrels of oil per day ("bopd"), a six-fold increase over the same period last year;
- Realized quarterly Colombian oil sales of 11,556 bopd with an average sales price of $107.54 per barrel, generating an operating netback of $73.28 per barrel ("bbl"). The Company markets its oil production with a Brent reference price, realizing an approximate $14 per bbl premium to WTI on average for the Company's second quarter oil sales;
- Generated second quarter funds flow from operations of $61.4 million ($0.57 per share basic) and adjusted net income of $11.7 million ($0.11 per share basic);
- Closed a Colombian corporate acquisition ("the Acquisition") which assets primarily consist of interests in four exploration blocks located in the Llanos Basin, one block located in the Middle Magdalena Basin and 2.3 mmbbl of probable reserves for net cash consideration of $71.8 million and the assumption of a working capital deficiency at closing of $13.3 million;
- Closed the acquisition of an additional 33.8 percent interest in the Trinidad Moruga Block with an effective date of January 12, 2012 for total consideration of approximately $15 million including closing adjustments;
- Applied the Company's working capital to fund both acquisitions and capital expenditures, resulting in a working capital deficit of $0.6 million;
- Signed a $200 million credit facility (the "Facility") with a syndicate of banks led by The Bank of Nova Scotia and including Export Development Canada and HSBC Bank Canada. This is a reserve base facility with a current borrowing base set at $50 million and was undrawn at June 30, 2012;

- Participated in 14 wells (9.8 net) in Colombia and one well (0.8 net) in Trinidad during the second quarter, leading to six oil discoveries, four wells to be tested, one water disposal well and four dry holes[1];
- Subsequent to the second quarter of 2012, we experienced continued drilling success at Kitaro-2, Las Maracas-3 and Celeus-1;
- Increased the number of oil fields currently producing to nine with the addition of four new fields at Kitaro, Maniceño, Malawi, and Max[2]; and
- Average third quarter production to date is approximately 10,500 bopd, including Celeus-1 and Max-1 being on production in August. Las Maracas-4, Tua-1, Kitaro-1 and Kitaro-2 are expected to be on production during September 2012.

2012 Guidance Update

For the second half of 2012, Parex currently plans a self-funding capital investment program of approximately $80-$90 million and a 2012 exit rate of 13,000-14,000 bopd. The expected increase in daily production from the current rate to low end of the exit rate guidance is primarily comprised of tested wells being brought on-stream, appraisal drilling, and production decline rates on new discoveries being in-line with expectations. The high end of the exit rate guidance includes the previous factors noted above plus anticipated further exploration success.

Capital Expenditure Activity

Following Parex' Colombia acquisition on April 12, 2012, the Company's capital activity was comprised of up to (gross) eight drilling rigs and three service rigs in Colombia and Trinidad. The high level of drilling activity in Colombia was primarily driven due to the requirement on the Acquisition blocks (LLA-17, LLA-32 & LLA-34) to fulfill work commitments prior to the expiry of the initial exploration phase. After the satisfaction of certain exploration drilling commitments and reviewing the encouraging exploration results, Parex expects that for the remainder of 2012, it will fund a Colombian capital activity based on (gross) three drilling rigs and one to two service rigs (approximately 60 percent working interest). In Trinidad, the Company's capital program will be based on one service rig (83.8 percent working interest) and the commencement of a 2D seismic program (50 percent working interest).

Remainder of 2012 Planned Drilling Activity:

Drilling Type	Block	Working Interest	Field/Well
Appraisal	LLA-34	45%	Max-2
Appraisal	LLA-34	45%	Tua-3
Appraisal	Los Ocarros	50%	Las Maracas-5
Appraisal	Los Ocarros	50%	Las Maracas-6
Exploration	LLA-16	100%	Maragogi-1
Exploration	LLA-16	100%	Kona Sur
Exploration	El Eden	60%	La Casona-1
Exploration	Cabrestero	50%	Akira-1

[1] Second quarter 2012 wells were: Oil discoveries - Cumbre-2, Kitaro-1, Malawi-1, Cumbre-3, Maniceño-1, Tua-1; Untested – Trinidad Moruga Block Green Hermit-1, Agami-1, Celeus-1, Samaria-1 ; Dry holes - Kona-14, Java-2, Morocoto-1, Mapora-1; Water disposal – Cumbre-4.
[2] Existing producing fields: Kona, Sulawesi, Java, Las Maracas, Cumbre.

The summary above does not include anticipated drilling over the year-end on Blocks 29,30,40 and 57 which are planned for dry season operations.

	Three months ended June 30[1],		Three months ended March 31[1],
	2012	2011	**2012**
Operational			
Average daily production			
Oil (bbl/d)	**10,389**	1,619	11,679
Average daily sales			
Oil (bbl/d)	**11,556**	1,125	12,219
Oil inventory – end of period (bbl)	**164,800**	90,000	232,300
Operating netback ($/bbl)			
Oil revenue	**107.54**	104.67	116.9
Royalties	**(8.43)**	(11.67)	(8.65)
Net revenue	**99.11**	93.00	108.25
Production expense	**(6.82)**	(7.97)	(6.94)
Transportation expense	**(19.01)**	(14.06)	(19.52)
Operating netback	**73.28**	70.97	81.79
Financial **($000s except per share amounts)**			
Oil and natural gas revenue	**113,087**	10,719	129,989
Net income	**20,920**	(4,688)	34,776
Per share – basic	**0.19**	(0.06)	0.32
Adjusted net income [2]	**11,654**	(4,688)	34,407
Per share – basic	**0.11**	(0.06)	0.32
Funds flow from operations	**61,357**	334	83,599
Per share – basic	**0.57**	0.00	0.77
Acquisitions[3]	**99,752**	252,993	-
Capital expenditure	**77,555**	23,329	59,395
Total assets	**768,498**	593,699	703,343
Working capital (deficit) surplus[4]	**(555)**	101,422	116,123
Convertible debentures[5]	**(61,940)**	(61,200)	(62,148)
Bank debt [6]	**-**	-	-
Outstanding shares (end of period) (000s)			
Basic	**108,422**	108,215	108,410
Diluted[7]	**112,030**	113,783	112,070

(1) The table above is unaudited and contains non-GAAP measures. See "Non-GAAP Terms" for further discussion.

(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) Acquisitions represent total consideration paid for the two transactions including the assumption of working capital deficiency and exclude transaction costs.
(4) On a fair market value basis the inventory on hand of 164,800 barrels would have a value of approximately $15.3 million or a fair value adjustment of approximately $3.9 million which is in excess of the working capital deficit at June 30, 2012.
(5) Face value of the convertible debenture is Cdn $85 million with a conversion price of Cdn$10.15 per share.
(6) Parex has a credit facility with a borrowing limit of $50 million that was undrawn at June 30, 2012.
(7) Diluted shares include the effects of common shares, in-the-money stock options and potential shares issuable on conversion of in-the-money convertible debentures outstanding as at the period-end. The June 29, 2012 closing stock price was $4.72 per share. Diluted shares outstanding at June 30, 2012 per the MD&A of 125.1 million shares include all potential dilution.

Operations Update

Parex provided a detailed operations update in its July 5, 2012 news release that incorporated exploration and production results to the end of the second quarter. Below is a summary of activities subsequent to the previous operations update. Note that production and test rates are stated in gross amounts.

Los Ocarros Block (operated 50 percent working interest)

Since April 2012, the Las Maracas-2ST well has produced at a rate of approximately 1,000 bopd of 37° API oil from the Mirador Formation. The Las Maracas-3 well was spud June 28, 2012 and encountered oil pay in the Mirador and Gacheta formations. The Gacheta Formation tested oil and an electro-submersible pump (“ESP”) was installed and is currently producing approximately 2,000 bopd of 30° API oil. Las Maracas-4 was spud on July 30, 2012 and has reached its target depth with prospective oil pay in the Mirador and Gacheta formations. Parex expects to drill two additional appraisal wells prior to year-end to appraise both the Mirador and Gacheta formations at Las Maracas, subject to partner and regulatory approvals.

Cabrestero Block (Operated 50 percent Working Interest)

Kitaro-1 commenced production from the Une Formation on June 28, 2012. Due to a lack of water handling facilities the well was shut-in and is expected to be recompleted in the Mirador Formation and be back on production in September 2012.

On June 28, 2012 Parex spud the Kitaro-2 well and drilled to the Une Formation. Oil pay was encountered in the Guadalupe and Mirador formations. The Guadalupe Formation was swab tested over 11 hours and recovered a total of 262 bbls of 18° API oil. No water other than work-over fluid was produced during the test and the average swabbing rate during the final four hours of testing was 790 bopd. Bottom-hole pressure recorders indicated a bottom-hole drawdown of 10 percent during the test. The Mirador Formation was then tested and was swabbed for 11 hours recovering 127 bbl of 25° API oil. The measured swabbing rate over the final four hours of testing was 600 bopd and no formation water was produced during the test. Bottom-hole pressure recorders at the Mirador Formation indicated a drawdown of 25 percent during the final period in the test. After testing of the well, additional perforations were made in the Mirador Formation to access some higher porosity in the wellbore. The well is currently being equipped for dual completion with an ESP, which will allow Parex to produce either zone selectively without the need for a work-over.

Following the completion of work on Kitaro-2, the Company expects to spud the next exploration well on the block Akira-1, also targeting the Une Formation at a depth of 10,000 feet.

Parex operatorship and working interest are pending regulatory assignment pursuant to the farm-in agreement.

El Eden Block (operated 60 percent working interest)

Construction for the La Casona-1 exploration prospect has commenced and we expect the well to spud in September 2012, with drilling planned to a depth of 16,000 feet.

Block LLA-16 (operated 100 percent working interest)

For the remainder of 2012, Parex expects to drill two exploration wells, Maragogi-1 and Kona Sur (Kona-16). Kona Sur will evaluate the southern extension of the Kona field, which is outside the booked proved plus probable reserve forecast. Other exploration prospects on LLA-16 will be evaluated for drilling as part of the block's second exploration phase.

Block LLA-17 (operated 40 percent working interest)

The Celeus-1 well was tested in the Gacheta and C7 formations. The Gacheta Formation was tested initially by swabbing and then under natural flowing conditions over a period of 24 hours and recovered a total of 403 bbl of 32° API oil and 70 bbl of water. The final flowing rate from the well measured during the final 4 hours of flow was 560 bopd at an average water-cut of 12 percent. The C7 formation was tested after the Gacheta formation initially by swabbing and then under natural flowing conditions over a 22 hour period. A total of 356 bbl of 34° API oil and 57 bbl of formation water was produced with a final measured flowing rate of 563 bopd at an eight percent water-cut. The well is currently on a short-term test producing 150 bopd with a 60 percent water-cut under natural flow from the Gacheta Formation.

Prior to permanent facilities being constructed, the well has been equipped with testing facilities to allow for completion of the short-term test and is currently on production.

Block LLA-32 (non-operated 30 percent working interest)

The Maniceño-1 well commenced production in early July 2012 at a rate of approximately 3,000 bopd of 27° API oil. To date, production has been intermittent due to poor road conditions.

The second well on Block LLA-32, Samaria-1, was spud on May 26, 2012. Testing has been ongoing during the third quarter with prospective oil pay in the Guadalupe Formation.

Block LLA-34 (non-operated 45 percent working interest)

The Max-1 prospect was drilled and cased during the first quarter of 2012 and completed testing during July 2012. The well began producing on August 1, 2012 from the Guadalupe Formation and the current rate is approximately 1,600 bopd of 14.5° API oil with a 2 percent water-cut.

Tua-1 was spud on May 6, 2012, was drilled to a target depth of approximately 11,000 feet and was rig-released on June 10, 2012. As reported on July 5, 2012, the well tested oil in the Guadalupe (400 bopd 13° API) and Mirador (1,700 bopd 19° API) formations. During the third quarter of 2012, Parex expects Tua-1 to commence production from the Mirador Formation. The appraisal well Tua-2 was spud on July 16, 2012 and has reached its target depth with prospective oil pay in the Mirador and Guadalupe formations.

Parex expects two additional appraisal wells to be drilled on LLA-34 prior to year-end 2012.

Colombia Production

Average production for the second quarter of 2012 was 10,389 bopd and for the third quarter to date production has averaged approximately 10,500 bopd, including production from the Max-1 well which commenced on August 2, 2012. Las Maracas-4, Tua-1, Kitaro-1 and Kitaro-2 are expected to be brought on-stream in September 2012.

Trinidad Update

The Company expects to complete and test the Firecrown-1_ST2 and Green Hermit-1 wells prior to year-end 2012. On August 9, 2012 the Company commenced the Snowcap-1 well long-term production test with a preliminary average production rate of 300 bopd. A Snowcap appraisal well may be drilled in 2012 depending in part upon the review of the production test results from Snowcap-1.

To fulfill the Central Range Deep Block ("CRB") work commitments, Parex and its partner are obligated to drill one well to a depth of 12,000 feet and acquire 168 square kilometres of 3D seismic. Parex has obtained regulatory approval to acquire 340 kilometres of 2D seismic in lieu of the 3D seismic obligation. We expect to begin seismic acquisition activities during the third quarter of 2012 and spud the Deep CRB well in mid-2013.

The Trinidad Ministry of Energy & Energy Affairs had been asked by the CRB partners to swap the seismic work commitment for the drilling of two deep exploration wells in place of the current commitment of one deep well. This request was denied but the seismic requirement was modified as noted above. As a result of the delay in commencing the CRB deep drilling program until mid 2013 pursuant to the requirement to acquire the seismic data, the CRB partners have released the drilling rig which had been contracted to drill the first CRB deep exploration well.

Conference Call Information

Parex will host a conference call to discuss these results on **Wednesday, August 15, 2012 at 9:30 am MDT (11:30 am EDT)**. Members of the news media, analysts and investors wishing to participate can access it by calling 1-866-696-5910, pass code: 1031465#.

The live audio will be carried at:

http://bellwebcasting.ca/audience/index.asp?eventid=92615472

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 1,410,000 acre holdings in Colombia and its 219,000 acre holdings onshore Trinidad. Parex is headquartered in Calgary, Canada.

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Non-GAAP Terms

Funds flow used in, or from operations, working capital, adjusted net income, and operating netback per barrel are from time to time used by the Company, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Funds flow used in, or from operations includes all cash generated from operating activities and is calculated before changes in non-cash working capital. Funds flow used in, or from operations is reconciled with net earnings in the consolidated statements of cash flows. Funds flow per share is calculated by dividing funds flow used in, or from operations by the weighted average number of shares outstanding. Working capital includes current assets less current liabilities but may not include the change in non-cash working capital from one period to the next. Adjusted net income is determined by adding back any losses or deducting any gains associated with the Company's derivative financial liability. Operating netback per barrel equals sales revenue, less royalties, production expense and transportation expense, divided by total equivalent sales volume. 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 growth expenditures.

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, plans for and results of drilling activity, 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 and wells; 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; regulatory assignment of working interest on certain blocks; quarter over quarter growth; timing of drilling and completion; planned capital expenditures, the timing thereof and the source of funding for such capital expenditures; and details of the Company's exploration drilling and testing program. 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 factors described under "Risk Factors" in the Company's annual information form for the year ended December 31, 2011; and other factors, many of which are beyond the Company’s control. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect Parex’ 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 on 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, 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' current and future operations and such information may not be appropriate for other purposes. Parex' 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.

In addition, the well test results are not necessarily indicative of long-term performance or of ultimate recovery.

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.