



News release

July 10, 2014

Parex Increases 2P Reserves by 80% to 58 MMboe, RLI to 6.7 years and Forecast 2014 Exit Rate Production to Exceed 27,000 bopd

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT) is pleased to announce the results of its updated reserves assessment as at June 30, 2014, increased production guidance and an operational update. All amounts are stated in US dollars the reporting currency of Parex.

Mid-Year Corporate Reserves Report Highlights:

- Material increase in all reserve categories driven by a balanced capital program and a strategic acquisition:
 - Appraisal drilling: LLA-34:Tigana;
 - Exploration drilling discoveries: LLA-34:Aruco, LLA-40:Begonia, LLA-32:Kananaskis, Calona and Carmentea;
 - Strategic acquisition: Increased working interest in blocks LLA-32 and LLA-34;
- Proved plus probable ("2P") reserves growth of 80 percent in six months, increasing from 32.0 million barrels of oil equivalent ("MMboe") (net company working interest) at December 31, 2013 to 57.6 MMboe (net company working interest) at June 30, 2014;
- Proved plus probable after tax net present value discounted at 10 percent of approximately USD\$1.33 billion (CAD\$1.41 billion at current spot exchange rate) at June 30, 2014 compared to USD\$832 million at December 31, 2013;
- Gross undeveloped drilling locations increased to 47, 78 and 99 wells in the proved ("1P"), proved plus probable ("2P") and proved plus probable plus possible ("3P") cases;
- 2P reserve life index ("RLI") increases from 5.1 years to 6.7 years; and
- Underpinned by strong reserves growth, Parex expects Q4 2014 exit rate production to exceed approximately 27,000 barrels of oil per day ("bopd"), as compared to the Q2 2014 production exit rate of approximately 23,500 bopd.

2014 Mid-Year Reserves Report

Following a successful drilling program during the first half of 2014 and the strategic acquisition, Parex engaged GLJ Petroleum Consultants Ltd. ("GLJ") to prepare an independent reserve evaluation of the corporation's reserves.

The following tables summarize information contained in the independent reserves report prepared by GLJ effective June 30, 2014 ("GLJ Report") with comparatives to the year ended December 31, 2013. The GLJ Report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Consistent with the

Company's reporting currency, all amounts are in United States dollars unless otherwise noted.

Discussion of Reserves

Parex' crude oil reserves are located in Colombia's Llanos Basin. Reserve additions as evaluated by GLJ were primarily generated from a successful 2014 oil exploration and appraisal program and the strategic acquisition. The GLJ Report did not evaluate and excludes potential natural gas and natural gas liquids associated from Block LLA-32.

Reserves Volumes

Reserves Category ⁽¹⁾	December	December	June 30,	Increase
	31, 2012 (Mbbbl) ⁽²⁾⁽³⁾	31, 2013 (Mboe) ⁽²⁾⁽⁴⁾	2014 (Mboe) ⁽²⁾	over Dec 31, 2013
Proved (1P)	10,063	17,368	31,908	84%
Proved plus Probable (2P)	16,100	32,021	57,596	80%
Proved plus Probable plus Possible (3P)	23,131	49,949	90,637	81%

(1) Reserves are greater than 98.5% light and medium crude oil. The GLJ Report includes 1,596 MMcf of 1P and 4,496 MMcf of 2P gas reserves for the La Casona field. The December 31, 2013 GLJ Report included 1,282 MMcf of 1P and 3,581 MMcf of 2P gas reserves. All reserves are presented as Parex working interest before royalties.

(2) Mbbbl is defined as thousand barrels of oil. Mboe is defined as thousand barrels of oil equivalent.

(3) The reserves data at December 31, 2012 are based on an evaluation by GLJ and prepared in accordance with the COGE Handbook and NI 51-101.

(4) The reserves data at December 31, 2013 are based on an evaluation by GLJ and prepared in accordance with the COGE Handbook and NI 51-101.

Five Year Crude Oil Price Forecast – GLJ Report (June 30, 2014)

	2014	2015	2016	2017	2018
ICE Brent (USD\$/bbl)	\$110.59	\$107.50	\$105.00	\$102.50	\$102.50

Reserves Net Present Value After Tax Summary in USD⁽¹⁾

Reserves Category	December	June 30, 2014	Increase over
	31, 2013 (\$000s) ⁽⁴⁾	(Mboe) ⁽²⁾⁽³⁾	Dec 31, 2013
Proved	\$502,822	\$812,376	62%
Proved plus Probable	\$832,378	\$1,326,335	59%
Proved plus Probable plus Possible	\$1,213,913	\$1,938,626	60%

(1) Net present values are stated in USD and are discounted at 10 percent. For reference CAD spot rate was 1.064 on July 9, 2014.

(2) Includes future development capital (FDC) of \$269 million for 1P and \$423 million for 2P; at Dec 31, 2013 FDC was \$147 million for 1P and \$232 million for 2P.

(3) The forecast prices used in the calculation of the present value of future net revenue are based on the GLJ June 30, 2014 price forecast.

(4) The reserves data at December 31, 2013 are based on an evaluation by GLJ and prepared in accordance with the COGE Handbook and NI 51-101.

Reserve Life Index ("RLI")

Dec. 31, 2013⁽¹⁾ June 30, 2014⁽²⁾

Proved Plus Probable (2P)	5.1 years	6.7 years
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(1) Calculated using average fourth quarter (Q4) production of 17,287 bopd annualized.

(2) Calculated using estimated second quarter (Q2) exit rate production of 23,500 bopd annualized.

2014 Production Guidance Increased: 2014 Exit Rate to Exceed 27,000 bopd

Supported by the Company's exploration and appraisal drilling to date in 2014 and its recent acquisition, Parex is increasing its 2014 full year production guidance to approximately 22,250 bopd, which is 40% higher than the prior year, and expects the 2014 exit production rate to be greater than 27,000 bopd. Furthermore, we believe that our revised production guidance could be achieved without further exploration success during the remainder of 2014.

Revised 2014 Production Guidance

Three months ended	Q4'13	Q1'14	Q2'14F	Q3'14F	Q4'14F	FY'14F
Average daily production (bopd)	17,287	18,425	19,872	24,500- 25,000	25,500- 26,500	22,100- 22,500
Increase from prior quarter	7%	7%	8%	23%-26%	4%-6%	

2014 production growth is primarily driven by the Akira, Tigana and Tua fields, plus LLA-32 exploration success. The Company forecasts that the increased 2014 production guidance can be achieved with a capital expenditure budget of \$365 million, excluding the corporate acquisition costs, and forecast to be funded entirely from cash flow. The increase in forecast capital expenditures from the original \$280 million budget is primarily driven from working interest increases on blocks LLA-32, LLA-34, and Cerrero block and the El Porton block farm-ins.

Updated 2014 Drilling Program Forecast (Wells Gross Number)

	H1' 14	H2' 14	FY 2014
Development/Appraisal	10	15	25
Exploration	13	7	20
Total 2014 Wells Drilled	23	22	45

Parex expects to drill up to a total of 45 wells in 2014. During the second half of 2014, development and appraisal drilling will be focused on blocks LLA-32, LLA-34 and Cabrestero.

July Operations Update

For the remainder of the year, Parex expects to have 2 operated drilling rigs and 1 non-operated drilling rig in service.

Akira (Operated, Cabrestero Block, WI 100%): The oil treatment plant was commissioned on schedule. During Q3 2014 we expect Akira-7 and Akira-8 to begin producing and we plan to drill Akira-9 and Akira-10 in 2014.

Arlequin (Operated, Cebucan Block, WI 100%): The Arlequin-1 exploration well reached its planned total depth at 15,300 feet and was cased. We plan to test this well during Q3 2014.

Block LLA-32 (Operated, WI 70%): The Kananaskis-1 well is producing from the Mirador Formation at an average gross rate of approximately 5,000 bopd. The Kananaskis-2 well was drilled to appraise the Une Formation where natural gas and natural gas liquids were produced in the Kananaskis-1 test. Kananaskis-2 was cased and will be tested in Q3 2014. Parex expects to drill one additional development well and one appraisal well on the structure. Kananaskis-3 is currently drilling as a Mirador appraisal well.

The Carmentea-1 is currently undergoing testing operations in the Mirador Formation. Carmentea-2 was drilled and will be used for water disposal.

Block LLA-57 (Operated, WI 100%): Parex drilled 2 exploratory wells to fulfill the initial exploration phase block work commitments. Neither well recovered hydrocarbons and both wells will be abandoned.

Katmandu Norte (Operated, Cerrero Block, WI 65%): The Katmandu Norte-1 exploration well reached its planned total depth at 13,530 feet and was cased. We plan to test during Q3 2014 along with the Cebucan Block Arlequin-1 well.

Las Maracas (Operated, Los Ocarros Block, WI 50%): The Las Maracas-15 well was drilled, targeting by-pass oil pay. The well is being cased and will be tested for oil production. Parex is currently preparing drilling operations for Las Maracas-16 which is being drilled as a water disposal well.

Tigana (Non-Operated, Block LLA-34, WI 55%): Tigana-1, Tigana-2, Tigana-3 and Tigana Sur-1 are currently producing approximately 8,500 (gross) bopd in aggregate. We expect Tigana Norte-1, which was drilled approximately 1,300 meters northeast of the Tigana-1 discovery well, to begin production during Q3 2014. Tigana Sur Oeste-1 successfully delineated the Tigana structure along trend approximately 2.4 kilometers from Tigana Sur-1, and this result was included in the GLJ Report for June 30, 2014.

Parex and its partner expect to drill additional Tigana field appraisal wells during 2014 and after constructing additional drilling pads in early 2015, we expect to continue appraising the pool in the north and south directions followed by a multi year development plan.

Tua (Non-Operated, Block LLA-34, WI 55%): Tua-7 and Tua-8 have been approved by partners as the next delineation wells to be drilled in the Tua field during Q3 2014.

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Reserve Advisory

The recovery and reserve estimates of crude oil reserves provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may eventually prove to be greater than, or less than, the estimates provided herein. All June 30, 2014 reserves presented are based on GLJ's forecast pricing effective July 1, 2014, all December 31, 2013 reserves presented are based on GLJ's forecast pricing effective January 1, 2014 and all December 31, 2012 reserves presented are based on GLJ's forecast pricing effective January 1, 2013.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

All evaluations and reviews of future net cash flow are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimated future net cash flow shown below is representative of the fair market value of the Company's properties. There is no assurance that such price and cost assumptions will be attained, and variances could be material. The recovery and reserve estimates of crude oil reserves provided are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided.

The term "Boe" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversation ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion

method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

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, testing and appraisal plans; activities to be undertaken in various areas; capital plans in Colombia and exit rate production; anticipated full year production rate and average daily production; our belief that the Company's revised production guidance could be achieved without further exploration success for the remainder of 2014; plans to acquire and process 3D seismic; timing of drilling and completion; and planned capital expenditures and the timing thereof. In addition, statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the 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; 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 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; 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 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; royalty rates; future operating costs; effects of regulation by governmental agencies; 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.

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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