



News Release

January 8, 2015

**Parex Provides Revised 2015 Guidance:
Maintaining Growth and Balance Sheet Strength**

Calgary, Canada

Parex Resources Inc. ("**Parex**" or the "**Company**") (TSX: PXT), provides a Q4 2014 operational update and a revision to its 2015 base capital budget from \$300 million to \$145-\$155 million to reflect Brent oil prices of \$50-\$60 per barrel. With a revised base capital budget of \$145-\$155 million for 2015 Parex expects to be able to provide year over year annual production growth of 18% fully funded from cash flow from operations and maintain its strong balance sheet in a low Brent oil price environment. Further, the company was debt free (working capital exceeded long-term debt) at September 30, 2014. Our balance sheet strength provides the Company with the flexibility to pursue additional production growth and enhance its asset portfolio at our discretion. All amounts herein are in United States dollars (USD).

Exploration & Production Update:

- Oil production for Q4 2014 averaged approximately 26,580 barrels of oil per day (bopd), exceeding the top end of our production guidance of 25,500-26,500 bopd.
- Block LLA-34 Tua-8 appraisal well was successfully drilled and has been producing approximately 900 bopd from the Guadalupe Formation.
- Block LLA-34 Tua-9 appraisal well was successful drilled and we expect it to begin producing in Q1 2015.
- Block LLA-34 Tua-10 appraisal well was successful drilled and is expected to be tested in Q1 2015.
- Block LLA-34 Tilo-1 exploration well was drilled to its target depth of 11,258 feet and rig released on December 27, 2014. We expect to test this well in the Mirador and Guadalupe formations in Q1 2015.

Revised 2015 Guidance: Brent Oil Price Scenario \$50-\$60 per barrel

2015 Base Capital Budget

Parex has a robust asset portfolio that provides capital allocation flexibility together with capital preservation. Within a Brent oil price scenario of \$50-\$60 per barrel, our current 2015 capital and production guidance is as follows:

1. **Maintenance Capital: Development \$70-\$75 million**
 - Reduced development drilling to 6 wells with activities primarily focused on Block LLA-34.
 - Incorporates recent positive drilling results and higher than originally budgeted oil production rates.

- Substitutes recompletions and wellbore optimization in drilled wells with multi-zone potential, thus reducing development drilling.
- Focuses development infrastructure capital on critical projects.
- Maintenance capital provides a full year average expected production rate of 26,500 bopd which is:
 - ❖ Approximately 18% higher year over year versus the 2014 full year production of approximately 22,515 bopd; and
 - ❖ Equivalent production rate to Q4 2014.

2. Growth Capital: Exploration Commitments \$75-\$80 million

- Fulfill our 2015 contractual exploration drilling commitments of 8 wells.
- Allocates approximately \$15 million to drill and complete the first well related to the Capachos Block farm-in.

Optional Positioning Capital

If Brent oil prices exceed the top end of the \$50-\$60 per barrel range, we have the flexibility to allocate additional capital expenditures to thereby generate incremental oil production. In this scenario we expect 2015 full year production of 27,500-28,500 bopd, exceeding Q4 2014 production and based on the following allocation of additional capital:

1. Growth Capital - Exploration Follow-Up: up to \$25 million

- Up to \$10 million of facilities capital to start-up production from 2015 exploration wells.
- Up to \$15 million to drill the second Capachos Block farm-in earning well
- Risked exploration follow-up full-year production is 1,000-2,000 bopd.

2. Positioning (Discretionary) Capital: Exploration Program of up to \$70 million

- Up to \$50 million: Dependant on realized funds flow and future Brent oil prices, Parex has the discretion to add 6 drill-ready, standalone exploration prospects to the program.
- Includes exploration prospects on blocks LLA-30, LLA-32 and VMM-11.
- Up to \$20 million to acquire 360 km² 3D seismic on VMM-9, a new exploration area in the Middle Magdalena Basin.

Summary

Brent Oil Price Scenario \$50-\$60 per barrel

(USD millions)

Maintenance Capital \$70-\$75

Exploration Commitments \$75-\$80

2015 Base Capital \$145-\$155

Discretionary Growth Capital Scenario

Growth Capital: Exploration Follow-Up \$25

Discretionary Exploration - PXT Operated \$50

Seismic - Q4 Option \$20

Optional Positioning Capital Up to \$95

Maintaining Balance Sheet Strength

We expect that our current 2015 base capital budget guidance of USD\$145-\$155 million will be fully funded from funds flow from operations. Note that Parex' financial reporting is in United States dollars.

We expect that 2015 cash costs per barrel compared to 2014 will be reduced. Key cost savings drivers are:

- Depreciation of Colombian Peso (approximately 15% over 2014). Positively impacting:
 - Transporting (Trucking), Opex, G&A, Capital (civil works and day rates).
- Reduced Transportation Expenses
 - Reduced pipeline access (Ocensa) tariffs resulting from recent capacity expansions and lower than expected Llanos Basin production growth.
- Reduced Production Royalties
 - Total royalties paid as calculated by the High Price Share (HPS) on large fields that have produced in excess of 5 million cumulative barrels such as Kona, Las Maracas and later in 2015 Tua and Tigana, varies according to WTI oil prices.
- Depreciation of Canadian Dollar (approximately 7% over 2014). Positively impacting:
 - Calgary office G&A
- Overall, we expect the 2015 cash netbacks (operating netback less all cash cost including G&A, interests and taxes) per barrel of:
 - USD\$13-\$15/bbl assuming Brent pricing of \$50/bbl.
 - USD\$15-\$17/bbl assuming Brent pricing of \$55/bbl.
 - USD\$18-\$20/bbl assuming Brent pricing of \$60/bbl.

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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Advisories

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' 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), 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; the Company's anticipated 2015 capital investment program, including the amount thereof; the Company's 2015 capital budget, including the expected allocation of such budget; the Company's forecasted 2015 average production range based on certain oil prices; the Company's planned capital program and the proposed funding thereof; the Company's ability to increase its capital budget; Parex' anticipated debt levels; the Company's drilling and testing plans and the anticipated timing of brining wells on production; the anticipated effect on the Company and its costs per barrel in 2015 compared to 2014 due to depreciation in the Colombian peso and the Canadian dollars and reduction in transportation expenses and royalties; the Company's anticipated operating netbacks; financial and business prospects and financial outlook; and activities to be undertaken in various areas.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada and Colombia; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; 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; risks related to obtaining required approvals of regulatory authorities, in Canada and Colombia and partner and community approvals in Colombia; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; environmental risks; changes in income tax laws, tax rates and/or incentive programs relating to the oil industry; changes to pipeline capacity; 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, among other things: current and anticipated commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil, including the anticipated Brent oil price; 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 partner, regulatory and community approvals; 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; on-stream timing of production from successful exploration wells; operational performance of non-operated producing fields; pipeline capacity; 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.