News Release **August 5, 2014**

Parex Resources Announces 2014 Second Quarter Results

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil exploration and production, is pleased to announce financial and operating results for the three months ("Second Quarter" or "Q2") ended June 30, 2014. All amounts herein are in United States dollars unless otherwise stated.

Q2 2014 Financial and Operational Highlights

- Achieved a record quarterly oil production of 19,876 barrels per day ("bopd"), an increase of 8 percent over the three months ending March 31, 2014;
- Generated funds flow from operations of $77.3 million ($0.70 per share basic);
- Realized an operating netback of $61.65 per bbl and a funds flow netback of $45.93 per bbl;
- The Company participated in drilling 13 gross (7.75 net) wells in Colombia resulting in 4 oil wells, 2 disposal wells, 4 cased and untested and 3 dry and abandoned(1);
- Closed a strategic corporate acquisition in late June 2014 that increased our working interest in blocks LLA-32 and LLA-34 and added in excess of 4,000 bopd;
- Issued an independent mid-year reserves report(2) with:
  - 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;
  - 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

- Increased 2014 annual production guidance to approximately 22,250 bopd from the initial guidance of 17,500 - 18,500 bopd. We expect Q4 2014 exit rate production to exceed approximately 27,000 bopd. July 2014 production averaged 25,120 bopd.

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(1) Wells Drilled: Tigana Norte-1 (producing), Carmentea-1 (producing), Begonia-1 (temporarily shut-in), Chacharo-1 (temporarily shut-in); Disposal wells: Berbena-1, Carmentea-2; Untested (standing): Arlequin-1, Calona-1; Kananaskis-2, Tigana Sur Oeste-1; Dry & Abandoned: Restrepo-1, Terranova-1, Terranova-1ST.
(2) For additional information related to the mid-year 2014 reserve evaluation, refer to the news release dated 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".

- Forecasted cash flows are expected to materially increase for the second half of 2014. Applying the Q2 2014 after tax cash flow per barrel of $46/bbl on forecast Q3 2014 production, results in expected quarterly funds flow in excess of $100 million as compared to Q2 2014 funds flow of approximately $77 million (assuming all other variables including commodity prices stay constant). It is also expected that cash flow per barrel in 2014 will incrementally increase as a result of the utilization of Verano tax losses.

Second Quarter Financial Summary

For Q2 2014, sales volumes excluding purchased oil averaged 18,502 bopd (net working interest before royalty) and the average realized sales price in Colombia was $104.53 per barrel ("/bbl"), generating an operating netback of $61.65/bbl.

Operating plus transportation unit costs of $27.82/bbl were in-line with the prior quarter costs of $27.74/bbl. Second quarter production expenses were $11.41/bbl compared to $9.19/bbl in the Q2 2013 comparative period. The increase in operating costs per barrel is primarily due to temporarily suspended production at Adalia, Celtis, Celeus and Rumi fields and Kona field work-over and recompletion costs. The increased operating costs per barrel were offset by reduced transportation costs per barrel. Transportation costs on a per barrel basis are expected to remain at the current level for the balance of the year.

Funds flow from operations in the Second Quarter of 2014 of $77.3 million ($0.70 per share basic) compared to $76.7 million ($0.70 per share basic) in the previous quarter. The temporary increase in crude oil inventories of 121,875 barrels to 195,440 barrels resulted in funds flow being reduced by approximately $5.7 million. We expect our crude oil inventory to progressively decline to the end of September 30, 2014 to be in line with December 31, 2013 levels.

For the period from January 1, 2014 to June 30, 2014, funds flow from operations was $154.1 million and capital expenditures were $156.5 million. The Company's Q2 capital expenditures, before corporate acquisition costs, were $95.1 million which included $78.2 million for drilling and completions and $9.5 million for facilities primarily at the Akira field and on Block LLA-34. On June 25, 2014 the Company closed an acquisition of a private company for total net consideration of $186.2 million, consisting of a cash payment, 14.7 million Parex common shares and adjustments.

Working capital surplus at period end was $31.2 million, compared to a working capital surplus of $36.9 million in the previous quarter. The Company's bank debt increased to $56.0 million primarily due to closing the corporate acquisition and seasonal increases in capital activities. The current credit facility borrowing base of $125 million is being reviewed in association with the reserves increase reflected in the June 30, 2014 reserve evaluation noted above.

	Three Months ended June 30		Three Months ended March 31,
	2014	2013	2014
Operational			
Average daily production			
Oil (bbl/d)	19,876	15,463	18,425
Average daily sales			
Oil (bbl/d)	18,502	16,145	19,099
Oil Inventory – end of period (barrels)	195,440	134,636	73,565
Operating netback ($/bbl)			
Reference Price - Brent	109.70	102.56	108.17
Oil revenue	104.53	99.34	103.42
Royalties	(15.06)	(13.65)	(14.48)
Net revenue	89.47	85.69	88.94
Production expense	(11.41)	(9.19)	(9.66)
Transportation expense	(16.41)	(18.28)	(18.08)
Operating netback	61.65	58.22	61.20
Financial ($000s except per share amounts)(1)			
Oil and natural gas revenue	182,996	147,585	179,794
Net income	11,408	7,632	9,663
Per share – basic	0.10	0.07	0.09
Adjusted Net income (2)	26,612	5,987	20,099
Per share – basic	0.24	0.06	0.18
Funds flow from operations	77,331	65,638	76,746
Per share – basic	0.70	0.61	0.70
Acquisitions	191,065	-	-
Capital expenditure	95,101	77,921	61,405
Total assets	1,226,983	824,276	882,306
Working capital (deficit) surplus	31,189	8,630	36,957
Convertible debentures(3)	68,375	64,338	64,728
Long-term debt (4)	56,000	27,400	4,000
Outstanding shares (end of period) (000s)			
Basic	125,197	108,279	109,783
Weighted average basic	111,163	108,416	109,095
Diluted(5)	121,733	129,885	118,353

(1) The table above 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) Face value of the convertible debenture is Cdn$85 million with a conversion price of Cdn$10.15 per share.
(4) Borrowing limit currently set at $125 million.
(5) Diluted shares as stated include the effects of common shares and in-the-money stock options outstanding at the period-end. The June 30, 2014 closing stock price was Cdn$12.55 per share.

Business Development: Expanding Drilling Inventory

1. **LLA-10 Farm-in**: Parex has signed a farm-in agreement for the Exploration Area of Block LLA-10 in the Llanos Basin of Colombia. Pursuant to the terms of the farm-in agreement, Parex will pay 89% of the dry-hole cost of one exploration well to earn 44.5% working interest and operatorship. The Block is approximately 189,500 gross acres and subject to an initial base royalty of 11%. We expect to commence drilling operations in late 2014 subject to regulatory approval from the Colombian National Hydrocarbons Agency ("ANH").

2. **Colombia Bid Round 2014**: Parex was advised by the ANH that it was deemed to be the successful bidder for one conventional block and one unconventional block in the Ronda Colombia 2014. The Company is awaiting final confirmation from the ANH on the block awards. A summary of the new block details are:

Block	Basin	Gross Acres	Company Working Interest	Total Initial Royalty (Base + X Factor)	Phase 1 Work Program (US $ MM)
VIM-1	Lower Magdalena	223,651	100%	8%+17%	$23 MM
VMM-9	Middle Magdalena	152,314	100%	8%+ 1%	$89 MM

To view a regional map of Parex' current Colombian land holdings, click on the link: http://parexresources.com/wp-content/uploads/2014/07/PXT-Land1.pdf

Operational Update

For the reminder of the year, Parex expects to have 2-3 operated drilling rigs and 1 non-operated drilling rig in service.

Akira (Operated, Cabrestero Block, WI 100%): A drilling rig is currently moving from the Las Maracas field to Akira to drill Akira-9 and Akira-10.

Arlequin (Operated, Cebucan Block, WI 100%): The Arlequin-1 exploration well reached its planned total depth at 15,300 feet and was cased. We are currently conducting testing operations.

Block LLA-32 (Operated, WI 70%): The Carmentea-1 well is producing from the Mirador Formation at a facility restricted average gross rate of approximately 1,800 bopd. Kananaskis-3 is producing from the Mirador Formation and Kananaskis-4 is drilling. The Calona-1 well was drilled in Q2 2014 and is expected to be on production once water disposal facilities are in place.

Block LLA-40 (Operated, WI 50%): Four wells were drilled on the block to fulfill the initial phase exploration commitments. Two wells were successful and two wells will be converted to water disposal for the successful wells. Production from the block is expected to commence during 2014.

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. During Q3 2014 we plan to test Katmandu Norte-1 and drill a second appraisal well.

Tigana (Non-Operated, Block LLA-34, WI 55%): 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.

Q2 Conference Call Information

Parex will host a conference call to discuss these results on Wednesday, August 6, 2014 beginning at 9:30 am MT. To participate in the call, dial 1-866-696-5910, pass code: 7243427:

The live audio will be carried at: http://bell.media-server.com/m/p/jv32u6sr

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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Non-GAAP Terms

This report contains financial terms that are not considered measures under GAAP such as funds flow used in, or from operations, working capital, operating netback per barrel and adjusted net income, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. 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 capital expenditures.

Funds flow from operations is a non-GAAP term that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. Management uses funds from (used in) operations to analyze operating performance and monitor financial leverage, and considers funds from (used in) operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments. Funds flow from operations is reconciled with net (loss) income in the consolidated statements of cash flows.

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. 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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