

# Parex Resources Inc. Announces 2014 Guidance Highlighted By Cash Flow Funded 15% Production Growth

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CALGARY, ALBERTA--(Marketwired - Nov. 18, 2013) - [Parex Resources Inc.](#) ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil exploration and production, is pleased to announce its 2014 Guidance. All amounts herein are in United States dollars unless otherwise stated.

## 2014 Guidance Summary

Building on our 2013 operational and exploration success, Parex plans a self funding 2014 capital investment program of approximately \$250 million focused on growing Colombia production, reserves and identifying future resource potential.

Key highlights:

• 2014 average production range of 17,500-18,500 bopd as compared to the 2013 average of approximately 15,700 bopd and the 2012 average of 11,407 bopd;

• Brent oil pricing that generates high operating netback production provides for a fully funded from cash flow capital program and year over year mid- point production growth of 15 percent;

• Low risk development and appraisal program of 15 wells (9.6 net) that utilizes approximately 30%-40% of annual cash flow and is intended to maintain a production base of approximately 16,000 bopd;

• Strong exploration program targeting 19 prospects (11.5 net) plus the potential to drill another 8 (4.6 net) follow-up appraisal wells in 2014;  
Multiple high impact exploration prospects in proven traditional plays over 11 Colombian blocks, of which 6 blocks have not yet been tested by Parex; and

• Exposure to new play concepts in Colombia - Proof of Concepts - such as cold heavy oil production, tight sands and stratigraphic traps, which are targeting potentially large multi-well resource trends.

## 2014 Capital Budget

A summary of the 2014 capital plan is provided below:

# Wells Capex (Net \$ million)

Gross Net Wells Facilities Other Total

Development/Appraisal (existing fields) 15 9.6 \$ 54 \$ 34 \$ 2 \$ 90

Exploration (proven plays) 19 11.5 \$ 96 \$ 20 \$ 9 \$ 125

New Play Concepts 3 2.3 \$ 21 \$ 5 \$ 9 \$ 35

Base (Firm) Total 37 23.4 \$ 171 \$ 59 \$ 20 \$ 250

Our base capital budget is \$250 million, an increase of 10% compared to an expected full year 2013 range of \$225-\$235 million. The capital program is weighted towards the first half of the year as in prior years. In addition, if exploration discoveries or new play concepts merit appraisal drilling and production facilities, we may increase the 2014 capital budget by up to \$30 million as contingent capital.

The development/appraisal drilling will be focused on the Cabrestero, LLA-34 and LLA-30 blocks.

## 2014 Netback Assumptions

We have modelled our 2014 capital program of \$250 million to be fully funded from cash flow at a Brent oil

price of \$100 per barrel and assuming historical differential and transportation costs on a per barrel basis.

Parex expects to begin 2014 with a working capital surplus (net of bank debt) and therefore an available credit facility of approximately \$100 million.

Dependent on the on-stream timing of production from successful exploration wells, operational performance of non-operated producing fields and changes to pipeline capacity, we expect production and transportation expenses to be approximately \$27-\$30 per barrel.

The corporate royalty rate as a percentage of sales is expected to increase to 15% for the full year but would likely be higher in the first half of the year and reducing in the second half. Royalty rates will vary according to the production weighting between low and high royalty rate fields.

On a per barrel basis, we expect other netback components and corporate tax expense to be in-line with the September 30, 2013 financial results.

Parex has implemented a commodity risk management program weighted to the first half of 2014 based on Brent oil pricing. Please refer to the September 30, 2013 Management's Discussion and Analysis for a summary of current 2014 derivative contracts.

## 2014 Drilling Schedule

Our 2014 exploration drilling schedule provides for a catalyst rich program with 17 of a possible 22 exploration prospects expected to be drilled in the first half of 2014. During the Colombian dry season (January-April) we expect to employ 3 operated and 2 non-operated drilling rigs.

	H1 '14	H2 '14	Total
Development/Appraisal	7	8	15
Exploration	15	4	19
New Play Concepts	2	1	3
Total Wells (gross)	24	13	37

Parex also has the opportunity to drill another 8-10 appraisal wells in 2014 as follow-up to exploration success.

The final drilling schedule will be subject to partner approvals and regulatory approvals.

To view Parex' most recent corporate presentation  
<http://parexresources.com/sites/default/files/ParexResourcesGuidance.pdf>

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.

## 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, Parex' planned 2014 capital investment program, including the focus and amount thereof, the anticipated sources of

funding, and the potential for such capital investment program to be increased; anticipated average production for 2013 and 2014 and year over year mid-point production growth; the Company's drilling plans, including the anticipated number and type of wells, location of development/appraisal drilling, cash flow utilization, and production base; targeted number of drilling prospects, exploration wells, development/appraisal wells and new play concepts in 2014; Parex' exposure to new play concepts in Colombia and the terms thereof; anticipated capital expenditures in 2014 and the focus thereof; the Company's expected working capital and available credit facility at the beginning of 2014; anticipated production and transportation expenses; expected changes to the Company's corporate royalty rate; and expectations regarding netback components and corporate tax expense.

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 and Colombia; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; risks related to the ability of partners to fund capital work programs and other matters requiring partner approval; imprecision in reserve and resource estimates; the production and growth potential of Parex' assets; obtaining required approvals of regulatory authorities and partners; 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; risk that the Company will not 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; the risks discussed under "Risk Factors" in the Company's Annual Information Form; 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](http://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; pipeline capacity; timing of production from successful exploration wells; operational performance on non-operated producing fields; 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; that the Company 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 the Company's conduct and results of operations will be consistent with its expectations; that the Company will have the ability to develop the Company's oil properties in the manner currently contemplated; that the estimates of the Company's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that the Company will receive all required partner and regulatory approvals; 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.

The TSX has not received and does not accept responsibility for the adequacy or accuracy of this news release.

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