MESSAGE FROM THE PRESIDENT

Before providing an update of our current state and the view ahead, it is a pleasure to note that the accompanying financial statements should be the last prepared with only non-proven assets on the balance sheet. As this note is being prepared we are commissioning our crude oil production facilities at Kona using initial production volumes from Kona-2. Initial light oil production is one of several "turning points" for Parex as we move into December, 2010.

In Trinidad, we received our Certificate of Environmental Clearance for production testing on November 11th, 2010. Services have been arranged and it is our intent to begin testing in early December, commencing with the Snowcap-1 well. We are still awaiting final approvals to drill the initial two wells on the Central Range Shallow Block. Timing of approvals will determine when we will spud these wells and when we will deepen our Moruga Block Firecrown-1 well to its earning depth as part of that program.

In Colombia, we are currently drilling the Goroka-1 and Supremo-1 wells in the southern part of Block LLA-16. Both wells are being drilled with complex directional profiles to evaluate multiple potential pay zones. We are entering the prospective zones at the time of writing this message.

The Kona area continues to be our primary focus in Colombia. As indicated in the third quarter 2010 Press Release, given the indications of reservoir encountered in the first two wells drilled on the Kona prospect, the Board has authorized a budget for a six-well Kona development plan and Kona oil facility expansion from 3,500 to 10,000 barrels of fluid per day. This development project is another turning point for our Company, as the program will change focus from confirming the extent of resource to optimizing production growth. The next generation of Kona wells will be programmed for simpler drilling and will be targeted to penetrate one or two objectives in the best structural location instead of "threading the needle" through multiple zones in the C7, Mirador, Gacheta and Une. This reduction in complexity should reduce drilling and completion time and, together with the commissioning of the initial Kona oil production facility, should allow us to make a step change to shorter on-stream times.

We are very pleased with the early indications of the hydrocarbon resource potential in both Colombia and Trinidad, and we are confident that with the close of our recent equity raise we have the financial capacity to move into full development on some very attractive opportunities.

In parallel with this growth in activity, we are adding staff in both the Bogota and Port of Spain offices. Our number one challenge through the next year will be to continue improving the way that we focus our staff and contract services on a program that's more than double the level of 2010. I won't predict that the next year will be trouble free. However, it's great to be at this turning point as we bring on initial oil production, test our standing wells and drill up new prospects in both Colombia and Trinidad. I would like to thank all of our staff for the tremendous efforts they have made since the inception of our Company in November, 2009. I would also like to thank our shareholders for supporting us during our startup phase.

On behalf of the Board of Directors of Parex Resources Inc,

Wayne Foo
President & CEO

November 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Parex Resources Inc. ("Parex" or the "Company") is dated November 24, 2010 and should be read in conjunction with the unaudited consolidated financial statements for the nine months ended September 30, 2010 and the MD&A and audited consolidated financial statements for the year ended December 31, 2009. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

The Company was incorporated as 1485196 Alberta Ltd. on August 17, 2009, pursuant to the Business Corporations Act (Alberta). On September 29, 2009 the Company filed Articles of Amendment to change its name to Parex Resources Inc. The Company was incorporated for the purpose of completing a Plan of Arrangement (the "Arrangement") under the Business Corporations Act (Alberta) with Pluspetrol Resources Corporation N.V., its wholly owned subsidiary, 1462627 Alberta Ltd. (together "Pluspetrol") and Petro Andina Resources Inc. ("Petro Andina").

In connection with the Arrangement, through a series of transactions, Parex acquired from Petro Andina all of the issued and outstanding shares of Petro Andina (Barbados) Ltd. ("PABL") (now Parex Resources (Barbados) Ltd.), Petro Andina (Colombia) Ltd. ("PACL") (now Parex Resources (Colombia) Ltd.) and indirectly all of the issued and outstanding shares of Petro Andina (Trinidad) Ltd. ("PATL") (now Parex Resources (Trinidad) Ltd.), as well as inter-company loans and other receivables from PABL, PATL and PACL, working capital and other miscellaneous assets. As the shareholders of Petro Andina ultimately continued to hold their respective interests in Parex, there was no resulting change of control of PABL and PACL. Therefore, the acquisition was accounted for using continuity-of-interests accounting under the Canadian Institute of Chartered Accountants ("CICA") Emerging Issues Committee Abstract 89 "Exchanges of Ownership Interests between Enterprises Under Common Control – Wholly and Partially-Owned Subsidiaries" ("EIC-89"). Under EIC-89 no fair value adjustments were made for the assets acquired.

The unaudited consolidated financial statements of Parex and the disclosures throughout the MD&A reflect the assets and liabilities of PABL and PACL. In addition, the comparative consolidated financial statements of Parex were restated to reflect the financial position and results of operations as if Parex, PABL and PACL had been combined since their inception. As a result, references to Parex in the MD&A incorporate the activities of Parex and its subsidiaries from their inception.

The Company is currently in the development stage as defined in CICA's Accounting Guideline ("AcG")-11. Since inception, and as is typical for development stage companies, the Company has incurred losses from operations and negative cash flows from operating activities. The ability of the Company to successfully carry out its business plan beyond exploration is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain financing to develop reserves.

Additional information related to Parex is available in the Annual Information Form dated March 31, 2010 on the Canadian Securities Administrators' website at www.sedar.com.

All financial amounts are in United States (US) dollars unless otherwise stated.

Advisory on Forward-Looking Statements

Certain information regarding Parex set forth in this MD&A, including assessments by the Company's management of the Company's future plans and operations, 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 the Company'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 the Company's 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 MD&A 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 including the fulfillment of exploration commitments; timing of drilling; planned capital expenditures, the timing thereof and the method of funding; the use of certain technologies and materials; treatment under governmental regulatory regimes; tax laws and associated tax horizons; results of operations; and future costs.

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; partner approval of capital work programs and other matters requiring approval; outcome of pending sales of partners; imprecision in reserve and resource estimates; the production and growth potential of Parex' assets; 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 and natural gas; fluctuations in foreign exchange or interest rates; environmental risks; 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; the risks discussed under "Risk Factors" in Parex' Annual Information Form dated March 31, 2010; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and natural gas industry; ability to access sufficient capital from internal and external sources; and other factors, many of which are beyond the control of the Company. The Company's drilling activities have not yet resulted in production operations or recognized oil or natural gas reserves. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company'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 MD&A 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 MD&A, 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. The Company's drilling activities have not yet resulted in production operations or recognized oil or natural gas reserves. Since inception, and as is typical for companies in the exploration phase of their operations, the Company has incurred losses from operations and negative cash flows from operating activities. The ability of the Company to carry out its business plan beyond exploration is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain financing to develop such reserves.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. The Company'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 therefrom. These forward-looking statements are made as of the date of this MD&A 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.

Non-GAAP Terms

Funds flow used in, or from operations may from time to time be used by the Company, but does not have any standardized meaning under GAAP 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 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 operations by the weighted average number of shares outstanding. Management uses non-GAAP measures for its own performance measurement and to provide shareholders and other investors with additional measurements of the Company's efficiency and its ability to fund a portion of its future growth expenditures.

Highlights

- To follow up on the Kona-1 discovery made in the second quarter, the Kona-2 well was spud in late July, 2010 and reached a total measured depth of 13,200 feet on October 16, 2010. Kona-2 penetrated multiple oil objectives as programmed and encountered shows of hydrocarbons during drilling from the C7, Mirador, Gacheta and Une formations. Subsequently, the well was cased to allow testing of potential pay intervals;
- During November, 2010, on Block LLA-16 in Colombia, the Company spud two additional exploratory wells, Goroka-1 and Supremo-1;
- On Block LLA-20 in Colombia, the Conoto-1 well commenced drilling on September 16, 2010 and reached a total measured depth of 8,100 feet on October 4, 2010. The well was cased and will be completed after testing on Block LLA-16 has been completed;
- Construction of a seven kilometre oil flowline and a treatment facility was completed in November, 2010 to allow for transport and treatment of produced fluids from the Kona prospect in Colombia;
- The second Trinidad & Tobago exploration well, Snowcap-1, which was spud in July, 2010 and reached a total depth of 8,600 feet on August 15, 2010, penetrated both the primary and secondary objectives in the Herrera and Eocene formations offsetting the Moruga West oil field;
- Final confirmation from the National Hydrocarbons Agency ("ANH") of Colombia was received by the Company that it has been awarded Block LLA-57 in the Llanos Basin. Block LLA-57 covers 104,532 acres and lies immediately north of Parex operated Block LLA-20. Parex anticipates signing the Exploration and Production ("E&P") contract in the first quarter of 2011;
- In November, 2010, the Company through its joint venture partner completed the acquisition of 195 square kilometres ("km^2") of three-dimensional ("3D") seismic on Block LLA-29 in Colombia; and
- The Company closed a Cdn$75.4 million bought-deal equity financing on November 16, 2010 raising net proceeds of Cdn$71.2 million, which is in addition to working capital of $57.4 million as at September 30, 2010.

	For the three months ended September 30, 2010	2009[(1)]	For the nine months ended September 30, 2010	2009[(1)]
Financial ($000s except per share amounts)				
Net loss	**(4,140)**	(1,445)	**(12,100)**	(2,413)
Per share – basic	**$ (0.06)**	$ (0.03)	**$ (0.19)**	$ (0.05)
Per share – diluted	**$ (0.06)**	$ (0.03)	**$ (0.19)**	$ (0.05)
Funds flow used in operations	**(3,555)**	(1,393)	**(9,497)**	(2,357)
Per share – basic	**$ (0.06)**	$ (0.03)	**$ (0.15)**	$ (0.05)
Per share – diluted	**$ (0.06)**	$ (0.03)	**$ (0.15)**	$ (0.05)
Total assets (end of period)	**128,897**	46,147	**128,897**	46,147
Working capital (end of period) [(2)]	**57,408**	15,986	**57,408**	15,986
Long-term debt (end of period)	**-**	-	**-**	-
Weighted average shares outstanding (000s) [(2)]				
Basic	**63,870**	49,214	**63,870**	49,214
Diluted	**63,870**	49,214	**63,870**	49,214
Outstanding shares (end of period) (000s) [(2)]				
Basic	**63,870**	49,214	**63,870**	49,214
Diluted	**68,032**	49,214	**68,032**	49,214

(1) Determined using continuity-of-interest accounting (EIC-89)

(2) On November 16, 2010 Parex closed a bought-deal equity financing with a syndicate of underwriters to issue 13,000,000 common shares at Cdn$5.80 raising gross proceeds of Cdn$75.4 million (Cdn$71.2 million net).

Description of Business

Strategy

The Company's strategy is to leverage Latin American and Caribbean onshore experience and capability. Jurisdictions will be targeted that have stable fiscal regimes coupled with oil-prone hydrocarbon-rich basins in under-explored areas. Parex will apply proven technology used in the Western Canada Sedimentary Basin in new basins with large oil-in-place potential. The Company will focus on short cycle time from discovery to bringing new reserves on-stream and use a portfolio approach to manage subsurface and commercial risks.

Principal Properties

As at September 30, 2010, the Company's principal land holdings and/or exploration blocks were as follows:

	Working Interest	Gross Acres	Net Acres
Colombia			
Llanos Basin Blocks LLA-16, 20, 29 & 30[(1) (4)]	50%	489,133	244,567
Trinidad & Tobago			
Central Range Blocks[(2)]	50%	211,478	105,739
Moruga Block[(3)]	50%	11,970	5,985
Total		712,581	356,291

(1) The initial exploration phase under the Company's E&P contracts is 36 months. Subsequent to this period, the Company has the option to enter into a second 36-month exploration phase. The effective date of the Colombian contracts is April 20, 2009 for Blocks LLA-16 and LLA-20, and October 20, 2009 for Blocks LLA-29 and LLA-30. Exploration property deemed non-commercial will be released in due course.

(2) Working interests noted are for the exploration phase of the Production Sharing Contracts ("PSCs"). The Petroleum Company of Trinidad & Tobago ("Petrotrin") has the right to participate at a 35 percent working interest in any development on the Central Range Shallow Block and at a 20 percent interest in any development on the Central Range Deep Block. The initial exploration phase under the Company's PSCs was 48 months. However, on August 9, 2010, the Ministry of Energy and Energy Affairs ("MEEA") approved an extension of the first exploration phase to 60 months. The effective date of both Trinidad & Tobago Central Range Block PSCs is September 18, 2008. Exploration property deemed non-commercial will be released in due course.

(3) The Moruga Block is an exploration block with farm-in commitments ongoing. The working interest noted is post-completion of farm-in earning.

(4) Excludes Llanos Basin Block LLA-57 which was awarded in November, 2010.

All of the Company's properties in Colombia and Trinidad & Tobago are subject to exploration commitments for seismic and drilling activities as described below. The Company also holds minor non-operated properties in Canada which are not significant to the Company's current or future operations.

A summary of the Company's seismic programs to date is as follows:

	Size	Status	
Colombia			
LLA-16	270 km^2	Completed	November, 2009
	49 km^2	Completed	May, 2010
LLA-20	216 km^2	Completed	January, 2010
	38 km^2	Completed	July, 2010
LLA-29	195 km^2	Completed	November, 2010
LLA-30	180 km^2	Completed	March, 2010
Colombia – Total	948 km^2		
Trinidad & Tobago			
Central Range Blocks	216 km	Completed	July, 2009
Trinidad & Tobago – Total	216 km		

a) Llanos Basin (LLA) Blocks (Colombia)

Parex holds a 50 percent working interest in the following exploration blocks in the Llanos Basin of Colombia: Block LLA-16, Block LLA-20, Block LLA-29 and Block LLA-30. The Company is party to a joint venture agreement with Columbus Energy Sucursal Colombia ("Columbus"), a wholly owned subsidiary of Remora Energy International, L.P., under which Parex and Columbus each own a 50 percent working interest in the blocks. The Company is the operator of Blocks LLA-16 and LLA-20; Blocks LLA-29 and LLA-30 are operated by Columbus. The E&P contracts consist of an initial exploration phase of

36 months with the option for the parties to enter into a second 36 month exploration phase. The exploration work commitments for the initial exploration phase total $46 million to the Company representing 19 gross wells and 900 km^2 of 3D seismic (Parex 50 percent working interest, respectively), of which the 3D seismic commitment has been fully completed.

The Kona-1 well on Block LLA-16 commenced drilling operations on May 16, 2010 and reached a final total depth of 13,250 feet on June 18, 2010. Kona-1 penetrated multiple objectives as programmed and encountered shows of hydrocarbons during drilling from the C7, Mirador, and Gacheta formations at depths ranging from approximately 11,090 to 13,000 feet. Well logs indicate potential net oil pay, measured as true vertical depth, of 82 feet consisting of 35 feet in the C7 and 47 feet in the Mirador. Due to the well bore deviation required to drill through multiple horizons, Kona-1 could only be cased to 12,765 feet, above the top of the Gacheta Formation where hydrocarbon shows were encountered. Due to the casing not reaching final total depth, cementing of the casing could not be properly completed, preventing proper testing of each prospective oil pay zone. As a result, initial testing operations at Kona-1 were focused on the Mirador Formation, which when perforated flowed naturally at a rate of up to 500 barrels of lab tested 35° API oil per day plus 750 barrels of water per day. The Mirador oil pay section had inadequate isolation from the water saturated underlying reservoir.

The second exploration well on Block LLA-16, Kona-2, was spud in late July, 2010 and reached a final total depth of 13,200 feet on October 16, 2010. Kona-2 was drilled to a bottom hole location in the Mirador Formation approximately 625 metres south of the Kona-1 oil discovery to appraise the C7 and Mirador formations and to evaluate the deeper Gacheta and Une intervals. Kona-2 penetrated multiple objectives as programmed and encountered shows of hydrocarbons during drilling from the C7, Mirador, Gacheta and Une formations. The well was logged to its final total depth of approximately 13,200 feet using logging-while-drilling tools which indicated potential net oil pay, measured as true vertical depth, of approximately 130 feet consisting of 50 feet in the C7, 60 feet in the Mirador and 20 feet in the Gacheta Formation. Subsequently, the well was cased to allow testing of these potential pay intervals. A service rig was mobilized to the Kona location to test Kona-2 and subsequently to perform remediation work on the Kona-1 well prior to testing and completing the well.

The Kona-2 well was initially tested in the Mirador formation and flowed naturally up to a rate of approximately 3,000 barrels per day ("bpd") of total fluid, comprising 1,600 barrels of 35 degree API oil per day ("bopd") plus 1,400 barrels of water per day. Bottom hole pressure measurements during the test indicated a reservoir pressure of 4,710 psi and measured bottom-hole flowing pressure of 4,565 psi indicating a 3 percent drawdown. Cement bond logs demonstrated that, as at the Kona-1 well, the Mirador oil pay section had inadequate isolation from the water saturated underlying reservoir. Management attributes this operational problem to the design of the exploration wells which were drilled along complex highly deviated paths in order to penetrate multiple objectives at the optimal structural position. The complex well paths allowed for the evaluation of all of the prospective zones, however the high deviation through the principle objectives created a fundamental challenge to casing the wells. To remedy this problem, future Kona delineation and development wells will incorporate simpler drilling designs to improve completion performance and reduce time from spud date to on-stream.

Subsequent to Kona-2 testing, the service rig was moved to Kona-1 to begin remediation work. Remediation work has been delayed significantly by mechanical problems during routine cementing operations. That work is ongoing and the Company expects to provide an update on that operation prior to December 31, 2010. If production is established in the Mirador formation at Kona-1, Parex plans to return to Kona-2 to remediate and test the C7 formation where logs indicated 50 feet of potential net oil pay, or deepen the well to complete and test the prospective Gacheta formation.

The Kona treatment facility and terminal located on the main paved all-season road has been commissioned and the first oil production at a test rate of 500 bopd (net 250 bopd) from Kona-2 began on November 23, 2010.

On September 16, 2010, the Company spud Conoto-1 on Block LLA-20. The well reached a total measured depth of 8,100 feet on October 4, 2010. Wireline logs and mud gas logs identified reservoir-quality sand in the C7 and Mirador formations with several prospective intervals to be perforated and tested following completion of testing operations on the Block LLA-16 wells. The next exploration well on Block LLA-20, Zocay-1, is scheduled to commence drilling and reach its target depth in December, 2010. The Zocay-1 well is programmed to be drilled to a depth of 8,700 feet and to test the C7 and Mirador formations.

The Company spud the Llanos Block LLA-16 exploration prospect, Goroka-1, on November 1, 2010. As at November 24, 2010, the Goroka-1 well had reached a measured depth of 10,800 feet and is expected to reach a final total depth of 12,100 feet prior to year-end. Goroka-1 was programmed to test the C7, Mirador and Une formations. Also on Llanos Block LLA-16, the Company spudded the Supremo-1 exploration prospect on November 2, 2010. As of November 24, 2010 the Supremo-1 well had reached a measured depth of 9,800 feet and is expected to reach a final total depth of 11,900 feet before year-end. Supremo-1 was programmed to test the C7 and Mirador formations. Further, Parex expects to spud two other Block LLA-16 wells prior to year-end targeting light oil.

Parex received final confirmation from the ANH that the Company has been awarded Block LLA-57 (100 percent working interest) in the Llanos Basin. Block LLA-57 covers 104,532 acres and lies immediately north of the Parex-operated Block LLA-20. The Company's bid terms for Block LLA-57 were a Phase 1 work program of $10.1 million and a supplemental royalty (x-factor) of one percent over the base ANH royalty. The block has a six-year exploration term divided into two 36-month exploration phases. Parex anticipates signing the ANH contract in the first quarter of 2011. After signing the contract, the Company is required to place a guarantee of approximately $3.85 million with the ANH. With the signing of Block LLA-57, Parex' total gross acreage in Colombia's Llanos Basin would increase from approximately 489,000 acres (245,000 net acres) to 594,000 acres (349,000 net acres).

The Company currently has no oil and natural gas production or published oil and natural gas reserves in Colombia.

b) Central Range Blocks (Trinidad & Tobago)

Parex holds a working interest in the Central Range Shallow and Central Range Deep Blocks located onshore Trinidad & Tobago. The blocks are subject to PSCs that were signed on September 18, 2008. The Company is party to a joint venture agreement with Niko Resources Ltd. (formerly Voyager Energy Ltd.) ("Niko"), and is the operator of the blocks. During the exploration phase of the PSCs, Parex and Niko will each hold a 50 percent working interest. Petrotrin has the right to participate at a 35 percent working interest in any development on the Central Range Shallow Block and at a 20 percent working interest in any development on the Central Range Deep Block. The PSCs provide for an initial exploration phase of 48 months. On August 9, 2010, the MEEA approved an extension of the first exploration phase to 60 months.

The PSCs have minimum work commitments during the initial 60-month exploration phase of the contracts. The work commitments total 100 kilometres of two-dimensional ("2D") seismic, 168 km^2 of 3D seismic, one deep well to be drilled to a minimum depth of 12,000 feet and two shallow wells to be drilled to a maximum depth of 4,500 feet. Under the terms of the joint venture agreement with Niko, Parex will pay 100 percent of the first $10 million of seismic acquisition costs during the exploration phase, of which approximately $8.5 million was incurred as at September 30, 2010. Petrotrin is carried through the minimum work commitments of the contracts.

The Company currently has no oil and natural gas production or published oil and natural gas reserves on the Central Range Blocks.

c) Moruga Block (Trinidad & Tobago)

Parex has entered into a farm-in agreement with Primera Energy Resources Ltd. and Primera Oil and Gas Limited (together "Primera") to acquire a working interest in the Moruga Block E&P licence ("Moruga Block"). The earning terms of the Moruga Block require Parex to drill one exploratory well to a depth of 8,600 feet or the top of the Cretaceous, whichever occurs first and one exploratory well to 10,500 feet. Parex will earn a 50 percent working interest in the Moruga Block by paying 95 percent of costs to drill and evaluate these two exploration wells to a maximum of $13.3 million. The exploration term of the Moruga Block exploration licence expires on August 29, 2013.

Firecrown-1 (Parex 95 percent working interest during earning phase) was spud on April 16, 2010 and reached a total measured depth of 8,701 feet on June 14, 2010. The well penetrated both the primary and secondary objectives in the Herrera Formation. As the well encountered potential hydrocarbon-bearing sandstones, Parex elected to case the well to a depth of 8,400 feet to enable future testing of the prospective zones. The drilling rig was mobilized to the second Moruga Block location, Snowcap-1 which was spud in July, 2010. Snowcap-1 reached a total measured depth of 8,600 feet on August 15, 2010 and penetrated both the primary and secondary objectives in the Herrera and Eocene formations offsetting the Moruga West oil field.

In connection with the farm-in, application will be made for Parex to become the operator of the Moruga Block. The farm-in and transfer of operatorship are subject to approval by the MEEA and the Ministry of Finance of the Republic of Trinidad & Tobago. The Company received the Certificate of Environmental

Clearance for the completion and testing approvals for Snowcap-1 on November 11, 2010. Parex is currently reviewing the testing program with the MEEA and work is scheduled to commence in early December, 2010. Firecrown-1 testing is scheduled for 2011.

The Company currently has no oil and natural gas production or published oil and natural gas reserves in the Moruga Block.

Financial and Operational Results

Net Operating Income

($000s)		For the three months ended September 30, 2010		2009		For the nine months ended September 30, 2010		2009
Oil and natural gas revenue	**$**	**32**	$	-	**$**	**100**	$	-
Production expense		**(24)**		-		**(64)**		-
Net operating income	**$**	**8**	$	-	**$**	**36**	$	-

Through the Arrangement, the Company acquired minor non-operated properties in Canada from Petro Andina which are not significant to the Company's current or future operations. The Company currently has no production in Colombia or Trinidad & Tobago.

General and Administrative Expenses ("G&A")

($000s)		For the three months ended September 30, 2010		2009		For the nine months ended September 30, 2010		2009
Gross G&A	**$**	**4,050**	$	1,187	**$**	**12,776**	$	2,077
G&A recoveries		**(764)**		-		**(2,231)**		-
Capitalized G&A		**(470)**		(35)		**(1,450)**		(73)
Net G&A	**$**	**2,816**	$	1,152	**$**	**9,095**	$	2,004

Net G&A expenses were $9.1 million and $2.0 million for the nine months ended September 30, 2010 and 2009 respectively. These costs primarily consist of management and administrative salaries, legal and professional fees, office rent, insurance, travel and other administrative expenses. The increase is mainly attributable to salaries and benefits for the additional staff hired during 2010 to support the increased activity given the start-up nature of the Company's operations. The Company engages local in-country staff as soon as possible and engages local professional services to improve execution and manage costs. A total of 73 full-time-equivalents in three locations were working at Parex as at September 30, 2010. As capital activity increases it is expected that G&A costs will also increase. For the nine months ended September 30, 2010, gross G&A was mainly comprised of $8.7 million relating to staff and consultants, $1.1 million relating to legal matters of a non-recurring nature and $1 million relating to office rent. Office costs, travel expenses and security costs were $0.9 million.

Stock-Based Compensation Expense

($000s)		For the three months ended September 30, 2010		2009		For the nine months ended September 30, 2010		2009
Stock options	**$**	**876**	$	-	**$**	**2,424**	$	-
Share appreciation rights		**76**		-		**76**		-
	$	**952**	$	-	**$**	**2,500**	$	-

The Company has a stock option plan for employees, officers, directors and consultants. The Company calculates stock option expense using graded vesting. Parex' stock options typically vest over a three-year period and expire five years from the date of grant. The determination of fair value for recording stock option expense is based upon assumptions including stock volatility, a risk-free interest rate, an expected dividend rate and expected life of the options. The Company uses Black-Scholes valuation methodology to value the stock options at the date of award. The maximum number of stock options reserved for issuance under the plan may not exceed ten percent of the number of common shares issued and outstanding. As at September 30, 2010, 4,162,500 stock options or seven percent of the number of common shares outstanding had been issued. The increase in the stock option expense from 2009 to 2010 was the result of the initiation of a stock option plan for the Company in late 2009. The majority of stock options outstanding as at September 30, 2010 were valued at Cdn$1.33 per stock option at the time of grant.

During the second quarter of 2010, PATL and PACL initiated a share appreciation rights ("SARs") plan that provides for the issuance of SARs to certain employees. The plan entitles the holders to receive a cash payment equal to the excess of the market price of the Company's common shares at the time of exercise over the grant price. At any time, if the current market price of the Company's common shares exceeds four times the grant price, Parex has the option to require the holders to exercise all vested SARs. SARs typically vest over a three-year period and expire five years from the date of grant. The SARs liability cannot be settled by the issuance of common shares. As at September 30, 2010, 446,875 SARs had been awarded. The majority of SARs outstanding as at September 30, 2010 were granted at Cdn$5.30. The increase in SARs expense from 2009 to 2010 was the result of the initiation of a SARs plan for the Company during the second quarter of 2010.

Interest Expense and Income

	For the three months ended September 30,		For the nine months ended September 30,	
($000s)	**2010**	2009	**2010**	2009
Related-party interest expense	**$ -**	$ 261	**$ -**	$ 388
Interest income	**(50)**	-	**(209)**	(1)
Net interest (income) expense	**$ (50)**	$ 261	**$ (209)**	$ 387

In 2009, prior to the Arrangement, interest expense was charged from Petro Andina to PATL and PACL and accordingly, interest expense was not eliminated upon consolidation as Petro Andina was not part of the Parex consolidated group. Subsequent to November 6, 2009, the related intercompany loans were transferred to Parex and intercompany interest charges were eliminated in the consolidated financial statements for the three and nine months ended September 30, 2010. Interest income was earned on cash balances held during the period.

Depletion, Depreciation and Accretion Expense ("DD&A")

	For the three months ended September 30,		For the nine months ended September 30,	
($000s)	**2010**	2009	**2010**	2009
Depletion, depreciation and accretion expense	**$ 364**	$ 36	**$ 1,125**	$ 49

The majority of DD&A relates to seismic equipment and office equipment which are depreciated over their estimated useful lives. Through the Arrangement, the Company also acquired minor non-operated properties in Canada from Petro Andina and has recorded DD&A relating to these properties. However, these properties are not significant to the Company's current or future operations.

Foreign Exchange Gain

	For the three months ended September 30,		For the nine months ended September 30,	
($000s)	**2010**	2009	**2010**	2009
Foreign exchange gain	**$ 759**	$ 4	**$ 1,200**	$ 27

The Company's main exposure to foreign currency risk relates to the pricing of foreign currency denominated in Canadian dollars, Colombian pesos and Trinidad & Tobago dollars as the Company's functional currency is the US dollar. The Company also has exposure in Canada, Colombia and Trinidad & Tobago on costs, such as capital expenditures, local wages, royalties and income taxes, all of which may be denominated in local currencies. The Company holds Canadian dollars and Canadian dollar denominated short-term deposits to meet head office G&A expenditures. Due to local currency exchange requirements, all cash balances in Colombia must be held in Colombian pesos. In the nine months ended September 30, 2010, the total foreign exchange gain was $1.2 million ($1.0 million unrealized) due primarily to the appreciation of the Colombian peso and the Canadian dollar versus the US dollar. In the three months ended September 30, 2010, the total foreign exchange gain was $759,000 ($731,000 unrealized) and was also due to the appreciation of both the Colombian peso and the Canadian dollar relative to the US dollar. Foreign exchange gains and losses may be reversed as a result of fluctuations in exchange rates and are recorded in the Company's consolidated statement of operations. The Company does not hedge against fluctuations in exchange rates, but reviews its exposure to foreign currency fluctuations on an ongoing basis and maintains Canadian, Colombian and US-denominated deposits.

Equity and Current Tax

($000s)	For the three months ended September 30, 2010	2009	For the nine months ended September 30, 2010	2009
Current tax	$ -	$ -	$ -	$ -
Equity tax	825	-	825	-
Equity and current tax	$ 825	$ -	$ 825	$ -

The Canadian parent company and the foreign subsidiaries incurred losses for both accounting and tax purposes. No tax benefits were recorded for these losses since their recoverability was uncertain as at September 30, 2010. The Company has no published oil and natural gas reserves or significant oil and natural gas production, nor does it have history of net income.

Parex' Colombian subsidiary will be subject to a one-time equity tax on January 1, 2011. Equity tax will be calculated based on the subsidiary's equity as at December 31, 2010 at a rate of 4.8 percent. Equity tax is payable over four years (1.2 percent per year) starting in 2011. Variables such as production, sales proceeds and related-party funding during the remainder of 2010 may affect the Company's tax base for the equity tax calculation and, therefore, reduce or increase equity tax. Based on the Company's preliminary estimates, an equity tax expense of $825,000 has been accrued.

Capital Expenditures

($000s)	For the three months ended September 30, 2010	2009	For the nine months ended September 30, 2010	2009
Land[(1)]	$ 1,128	$ 1,344	$ 1,541	$ 1,831
Geological and geophysical	842	4,115	5,471	10,498
Drilling and completions	10,008	73	21,526	73
Well equipment and facilities	632	-	955	-
Office and other equipment	27	81	251	501
	$ 12,637	$ 5,613	$ 29,744	$ 12,903
Trinidad & Tobago	$ 3,663	$ 3,380	$ 11,966	$ 9,909
Colombia	8,953	2,233	17,726	2,994
Canada	21	-	52	-
	$ 12,637	$ 5,613	$ 29,744	$ 12,903

Nine months ended September 30, 2010

($000s)	Colombia	Trinidad & Tobago	Canada	Total
Land[(1)]	$ 247	$ 1,294	$ -	$ 1,541
Geological and geophysical	4,864	607	-	5,471
Drilling and completions	12,298	9,213	15	21,526
Well equipment and facilities	238	717	-	955
Office and other equipment	79	135	37	251
	$ 17,726	$ 11,966	$ 52	$ 29,744

(1) Relates to acreage charges and other associated PSC fees.

During the nine months ended September 30, 2010, the Company incurred $29.7 million of capital expenditures compared to $12.9 million for the same period in 2009. Increased capital spending is integral to the Company's growth strategy. The activity by country is described below:

Colombia

Capital expenditures generally reflect a 50 percent working interest.

In the third quarter of 2010, the Company: drilled the Kona-2 well on Block LLA-16 and the Conoto-1 well on Block LLA-20; processed and evaluated 38 km^2 of 3D seismic on Block LLA-20; commenced the construction a flow line and a loading facility at the Kona prospect on Block LLA-16; and initiated the construction of two new drilling locations on Block LLA-20. Drilling and completions expenditures totalled $7.7 million, well equipment and facilities were $0.2 million, land costs amounted to $0.2 million and $0.8 million was incurred on seismic.

Capital expenditures for the three months ended September 30, 2009 were primarily seismic expenditures associated with the initial 3D seismic program on Block LLA-16 and other start-up costs.

Trinidad & Tobago

During the third quarter of 2010, the Company completed the drilling of the second farm-in exploratory well on the Moruga Block, Snowcap-1. As at September 30, 2010 Snowcap-1 and Firecrown-1, were awaiting regulatory approval to commence testing. During the three months ended September 30, 2010, the Company acquired surface well-test equipment in preparation for receiving regulatory approval and commencement of the testing program. Parex also incurred acreage charges and other associated PSC fees during the quarter. Drilling and completions expenditures totaled $2.3 million, well equipment and facilities were $0.4 million and $0.9 million was incurred on land costs.

Capital expenditures in 2009 primarily relate to acquiring and processing 216 kilometres of 2D seismic on the Central Range Block. There were no significant capital expenditures incurred on the Central Range Block in the third quarter of 2010.

Summary of Quarterly Results (Unaudited)

Three months ended[1]		**Sept. 30, 2010**		June 30, 2010		March 31, 2010		Dec. 31, 2009
Financial ($000s except per share amounts)								
Net loss		**(4,140)**		(4,389)		(3,571)		(2,316)
Per share – basic	**$**	**(0.06)**	$	(0.07)	$	(0.06)	$	(0.04)
Per share – diluted	**$**	**(0.06)**	$	(0.07)	$	(0.06)	$	(0.04)
Funds flow used in operations		**(3,555)**		(2,617)		(3,325)		(1,569)
Per share – basic	**$**	**(0.06)**	$	(0.04)	$	(0.05)	$	(0.03)
Per share – diluted	**$**	**(0.06)**	$	(0.04)	$	(0.05)	$	(0.03)
Total assets (end of period)		**128,897**		128,183		128,558		133,485
Working capital (end of period)		**57,408**		72,945		86,487		95,704

(1) Determined by using continuity-of-interests accounting (EIC-89) for the periods pre-December 31, 2009.

Three months ended[1]		Sept. 30, 2009		June 30, 2009		March 31, 2009		Dec. 31, 2008
Financial ($000s except per share amounts)								
Net loss		(1,445)		(624)		(344)		(167)
Per share – basic	$	(0.03)	$	(0.01)	$	(0.01)	$	0.00
Per share – diluted	$	(0.03)	$	(0.01)	$	(0.01)	$	0.00
Funds flow used in operations		(1,393)		(620)		(344)		(167)
Per share – basic	$	(0.03)	$	(0.01)	$	(0.01)	$	0.00
Per share – diluted	$	(0.03)	$	(0.01)	$	(0.01)	$	0.00
Total assets (end of period)		46,147		13,428		12,740		7,993
Working capital (end of period)		15,986		(5,429)		(1,992)		(4,723)

(1) Determined by using continuity-of-interests accounting (EIC-89) for the periods pre-December 31, 2009.

Liquidity and Capital Resources

As at September 30, 2010 Parex had $61.1 million of cash on hand, compared to $101.3 million at December 31, 2009. The Company's cash balances reside in current accounts and term deposits. Of the current total, $52.5 million of cash on hand was deposited with a large Canadian chartered bank at the end of the period. At the end of the quarter, the Company had cash on hand of $7.1 million in Colombia and $1.5 million in Trinidad & Tobago.

As at September 30, 2010 working capital was approximately $57.4 million, with no long-term debt. The Company currently has no credit facility.

On November 16, 2010 Parex closed a bought-deal equity financing with a syndicate of underwriters to issue 11,650,000 common shares at Cdn$5.80 raising gross proceeds of Cdn$67.6 million (Cdn$63.8 million net). The underwriters were also granted an over-allotment option to purchase up to an additional 1,350,000 common shares at the same offering price. This option was fully exercised bringing additional gross proceeds of Cdn$7.8 million (Cdn$7.4 million

net). Total equity proceeds amounted to Cdn$75.4 million gross (Cdn$71.2 million net). Parex accessed the additional financial resources to fund all of its existing work commitments, fund planned development and provide financial capability to potentially pursue business development opportunities. The Company is in the start-up phase and currently has no production or funds flow from operations to provide for its capital activities or overhead. The ability of the Company to successfully carry out its business plan beyond exploration is primarily dependent upon the continued support of shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain financing to develop reserves.

2010 Fourth Quarter Outlook

The Company estimates 2010 capital spending to be approximately $45 million, with $32 million allocated to Colombia and $13 million allocated to Trinidad & Tobago. Therefore the estimated balance remaining to be invested during the fourth quarter of 2010 is $15 million, of which $14 million relates to Colombia and $1 million relates to Trinidad & Tobago. Key assumptions underlying the Company's capital expenditure plans are the continuity of current fiscal regimes in Colombia and Trinidad & Tobago and obtaining required regulatory approvals. Estimated 2010 capital expenditures have decreased from the outlook provided in the MD&A for the year ended December 31, 2009 dated March 29, 2010 due to the delay in commencing drilling operations on the last two wells of the 2010 Colombia program, and the delay in Trinidad of receiving approvals to drill a well in the Central Range Shallow Block

In the fourth quarter of 2010 Parex plans to commence drilling operations on 5 gross (2.5 net) wells targeting oil in Colombia. The wells will be drilled to depths ranging from 6,000 feet to 14,000 feet with 4 gross (2 net) wells planned for Block LLA-16 and 1 gross (0.5 net) well for Block LLA-20. Two of the wells on Block LLA-16, Goroka-1 and Supremo-1, and one of the wells on Block LLA-20, Zocay-1, are expected to reach target depth prior to year-end. All 5 gross (2.5 net) wells are to be operated by Parex. In addition to Parex' currently contracted Colombian drilling rig, the Company has contracted two drilling rigs and a service rig through the remainder of 2010 and the beginning of 2011. Also, Parex is building drilling pads in the Kona discovery area in preparation for the 2011 drilling program.

The Company, through its joint venture partner, is currently processing and evaluating 195 km^2 of 3D seismic acquired in November, 2010 on Block LLA-29. Given the completion of the Company's 2010 Colombian seismic acquisition plan, Parex has acquired 948 km^2 of 3D seismic on its Colombian blocks fulfilling the Company's seismic acquisition requirements under the 2009 E&P contracts. Parex will continue to examine opportunities to obtain seismic data based upon the prospectivity of its land holdings. Drilling on Blocks LLA-29 and LLA-30 is not expected to commence until 2011.

In Trinidad & Tobago, Parex expects to have a service rig move onto the Snowcap-1 and Firecrown-1 locations to conduct multi-zone testing programs. The Company received the Certificate of Environmental Clearance for the completion and testing approvals for Snowcap-1 on November 11, 2010. Parex is currently reviewing the testing program with the MEEA and work is scheduled to commence in early December, 2010. The Firecrown-1 well is not expected to be tested until 2011. Due to delays in receiving regulatory approvals for the initial Central Range Shallow Block exploration well, Parex and the drilling rig service provider have agreed to cancel the drilling rig contract until the first quarter of 2011 when it is anticipated that regulatory approvals will be in place.

2011 Outlook

Parex' Board of Directors has approved a 2011 capital and operating budget that allows the Company to continue to grow and capitalize on 2010 exploration success. Capital expenditures are forecast to increase from $45 million in 2010 to approximately $70-$88 million in Colombia and $23-$32 million in Trinidad & Tobago. A summary of the 2011 capital plans is provided below:

(Net $ millions)		Colombia		Trinidad & Tobago		Total
Exploratory and development drilling	$	55 - 70	$	11 - 18	$	66 - 88
Well equipment and facilities		10 - 13		3 - 5		13 - 18
Geological and geophysical		5		9		14
Total	**$**	**70 - 88**	**$**	**23 - 32**	**$**	**93 - 120**

Colombia

Parex plans to drill 16-20 gross (8-10 net) wells targeting oil in 2011. On Block LLA-16 and Block LLA-20 the Company plans to drill 14-16 gross (7-8 net) wells and expects 2-4 gross (1-2 net) wells on Block LLA-29 and Block LLA-30. On the Company's operated blocks, the average drilling depth is expected to be in excess of 11,300 feet. In addition to Parex' currently contracted Colombian drilling rig, the Company has contracted two additional drilling rigs and a service rig through the remainder of 2010 and the beginning of 2011.

In 2011, significant focus of the Company will include the development of the Kona light-oil discovery. Parex' capital plans include development drilling coupled with the initial expansion of oil treatment facilities and terminal capacity from 3,500 bpd to 10,000 bpd with the capability to increase capacity as warranted. The next generation of Kona development wells will be programmed as production wells. These wells will be targeted to penetrate one or two objectives in optimal structural locations instead of exploring for multiple zones in the C7, Mirador, Gacheta and Une formations.

Geological and geophysical activity for the Company in 2011 include a 165 km^2 3D seismic program for Block LLA-57 (100 percent working interest) and a 65 km^2 3D seismic program for Block LLA-16.

Trinidad & Tobago

Parex plans to drill 3-5 gross (1.5-2.5 net) wells in 2011. The Company will be focused on fulfilling its Central Range Block commitments, particularly through the drilling of 2 gross (1 net) wells on the Central Range Shallow Block and 1 gross (0.5 net) well on the Central Range Deep Block. Additionally, Parex plans to drill 2 gross (1 net) wells targeting oil in 2011 on the Moruga Block. Drilling the Central Range Deep Block well to a target depth of 12,000 feet and a deep Moruga Block exploration well will require mobilizing a suitable drilling rig to Trinidad & Tobago.

Key assumptions underlining the 2011 outlook are as follows:

- World oil prices remain stable;
- There is no material adverse change to the present fiscal regimes in Colombia and Trinidad;
- Drilling and testing results are within the Company's expectations;
- The Company's partners approve the 2011 capital expenditure plans; and
- Regulatory approvals are obtained at a similar pace to 2010.

The 2011 capital budget is expected to be fully funded from available working capital and augmented by estimated 2011 funds flow from operations. Guidance on funds flow from operations will not be provided at this time as the Company has just recently sold its first oil in Colombia and has not established ongoing marketing arrangements. However, the Company does expect its 2011 exit rate production to be in the range of 7,000 - 9,000 barrels of oil per day, net before royalty, all of which is attributable to its Colombian operations. Parex' current Trinidad portfolio is in the early stages of execution. Upon well testing and the evaluation of the exploration results, and the determination of marketing arrangements, the Company will be better positioned to provide a 2011 production estimate for the Trinidad program.

Outstanding Share Data

Parex is authorized to issue an unlimited number of voting common shares without nominal or par value. As at September 30, 2010 the Company had 63,869,535 common shares outstanding, which increased to 76,889,035 outstanding following the equity issuance which closed on November 16, 2010 and the issuance of a small number of shares associated with the exercise of options.

The Company has a stock option plan. The plan provides for the issuance of options to the Company's directors, officers, employees and consultants to acquire common shares. The maximum number of options reserved for issuance under the stock option plan may not exceed 10 percent of the number of common shares issued and outstanding.

As at November 24, 2010 Parex has the following securities outstanding:

	Number	%
Common shares	76,895,285	95
Stock options	4,124,250	5
Fully diluted	81,019,535	100

As of the date of this MD&A, total stock options outstanding represent five percent of the total issued and outstanding common shares.

Contractual Obligations, Commitments and Guarantees

In the normal course of business, Parex has entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. These commitments primarily relate to exploration work commitments including seismic and drilling activities. The Company has discretion regarding the timing of capital spending for exploration work commitments, provided that the work is completed by the end of the exploration periods specified in the contracts. The Company's exploration commitments are described under "Description of Business – Principal Properties". These obligations and commitments are considered in assessing cash requirements in the discussion of future liquidity.

In Colombia, the Company has provided guarantees to the ANH totaling $23 million related to its 50 percent share of the initial exploration work commitments. The guarantees have been provided in the form of letters of credit for 18-month terms, which begin to expire in January, 2011. Export Development Canada ("EDC") has provided the Company's bank with performance security guarantees to support 100 percent of the letters of credit issued on behalf of Parex. The EDC guarantees have been secured by a general security agreement issued by Parex in favour of EDC. The letters of credit issued to the ANH have not yet been reduced for either the 3D seismic work performed in 2009 or the drilling activity and 3D seismic work costs that were incurred during the first nine months of 2010. In 2011, however, the Company expects to reduce the letters of credit for the capital expenditures incurred.

In Trinidad & Tobago, the Company has purchased a performance bond and provided a guarantee to the underwriters of the bond in the amount of $33 million to cover its and Niko's share of the financial guarantees required under the Central Range Block PSCs for the initial four-year exploration phase. In the event of default by Niko, the joint venture agreement provides that Niko's working interest shall vest in Parex. The obligations under the PSCs are to perform the exploration work commitments, irrespective of actual cost. Parex has no obligation to spend the actual amount guaranteed. The amount of the bond has not been reduced to reflect either the 2D seismic commitment work performed in 2009 or the pre-drilling exploratory work that was performed as at September 30, 2010.

The following table and footnotes summarize the Company's estimated commitments as at September 30, 2010:

($000s)	Total	<1 year	1-3 years	3-4 years	>5 years
Exploration[1]	$ 47,784	$ 38,952	$ 8,832	$ -	$ -
Office and accommodations[2]	3,059	992	1,283	784	-
Other	3,240	1,210	2,030	-	-
Total	$ 54,083	$ 41,154	$ 12,145	$ 784	$ -

(1) Exploration commitments do not include production bonuses and other payments that will vary depending on production levels due to the uncertainty of their amount and timing.
(2) Includes minimum lease payment obligations associated with leases for office space and accommodations.

The Company has entered into contracts for drilling rigs in Colombia and Trinidad & Tobago. Rig contracts in both countries during the quarter included commitments to use the rigs for a minimum period on terms consistent with normal industry practice. In Trinidad & Tobago, the Company has fulfilled its commitment by drilling two wells. In Colombia, Parex entered into three drilling rig contracts. The first drilling rig has a commitment to drill six wells, of which four are outstanding. The second drilling rig has a two-well commitment of which one is outstanding. The third drilling rig has a commitment to drill three wells and has already been mobilized to its first well. The Company anticipates that, given its planned level of drilling activity to meet exploration commitments in both countries, the rigs will be fully utilized for the duration of their contracts and no material additional charges will be incurred.

Business Environment and Risks

Parex is exposed to a variety of risks including, but not limited to, operational, financial, competitive, political and environmental risks.

As a participant in the oil and natural gas industry, Parex is exposed to operational risks such as: unsuccessful exploration and exploitation activities, the inability to find new reserves that are commercially and economically feasible, premature declines of reservoirs, blow-outs and other operating hazards, and lack of infrastructure to access markets. The Company works to mitigate these risks by employing highly skilled personnel and utilizing available technology. The Company also maintains a corporate insurance program consistent with industry practices to protect against insurable losses.

The Company is exposed to normal financial risks inherent in the oil and natural gas industry including: commodity price risk, exchange rate risk, interest rate risk and credit risk. From time to time, the Company may have to raise additional funds to finance business development activities. However, depending on market conditions at the time, there can be no assurance that the Company will be able to arrange debt or equity financing on satisfactory terms. The Company continuously monitors opportunities to use financial instruments to manage exposure to fluctuations in commodity prices, foreign currency rates and interest rates. Parex operates the majority of its properties and, therefore, has significant control over the timing, direction and costs related to exploration commitments and development opportunities.

The oil and natural gas industry is intensely competitive, with Parex competing against companies that may have greater technical and financial resources. There is competition for new exploration and development properties, for drilling and other specialized technical equipment and for experienced key human resources. To the extent possible, Parex seeks to enter into joint venture arrangements with large and/or experienced industry players in each country to improve its access to resources.

Parex is focused on international oil and natural gas activities, currently with interests in Colombia and Trinidad & Tobago. As such, the Company is subject to political risks such as: changes in policy environments related to changes in government, price controls, renegotiation of land tenure agreements, nationalization, amendments or changes to legal systems, complex regulatory regimes and foreign language risks. The Company focuses its foreign operations in countries where management has prior experience and/or engages local in-country staff as soon as possible. The Company engages local, Canadian and international legal, accounting and tax professionals. The Company may also, from time to time, arrange for insurance to mitigate specific risks.

The oil and natural gas industry is subject to extensive and varying environmental regulations imposed by governments in all countries in which Parex operates. The Company adopts prudent and industry-recommended field operating procedures in all of its operations, as well as maintaining a health, safety and environment program.

The Company is exposed to a high level of exploration risk. At present the Company has no published oil and natural gas reserves. The Company's future proved reserves, to the extent discovered or acquired, will decline as reserves are produced from its properties unless the Company is able to acquire or develop new reserves. The business of exploring for, developing or acquiring reserves is capital-intensive and is subject to numerous estimates and interpretations of geological and geophysical data. There can be no assurance the Company's future exploration, development and acquisition activities will result in material additions of proved reserves. To manage this risk, Parex employs highly experienced geologists and geophysicists, uses technology such as 3D seismic as a primary exploration tool and focuses exploration efforts in known hydrocarbon-producing basins. In addition, the Company takes a portfolio approach to exploration drilling by having drilling locations spread out among different exploration blocks and geological basins and by targeting multiple play-types.

Since inception and typical with development-stage companies as defined in CICA AcG-11, the Company has incurred losses from operations and negative cash flows from operating activities. The ability of the Company to carry out its business plan beyond exploration is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves and obtaining financing to develop reserves.

Off-Balance-Sheet Arrangements

The Company did not enter into any off-balance-sheet arrangements in the nine months ended September 30, 2010.

Financial Instruments and Other Instruments

The Company did not utilize financial instruments such as hedges or swaps in the nine months ended September 30, 2010.

Related-Party Transactions

The Company did not enter into any related-party transactions in the nine months ended September 30, 2010.

In the consolidated statements of cash flows for the nine months ended September 30, 2009 there is an increase in related-party receivables of $18.4 million, which are amounts due from PABL, PACL and PATL to Petro Andina through loan advances, interest and charges under technical service agreements. On November 6, 2009, the time of the Arrangement, the accumulated amount was $36.1 million. This receivable held by Petro Andina was transferred to Parex along with all the issued and outstanding shares of PACL, PABL and indirectly PABL's subsidiary PATL, pursuant to the Arrangement, and was eliminated upon consolidation at December 31, 2009.

Similar to the related-party receivable noted above, included in the consolidated statement of operations, comprehensive loss and deficit for the nine months ended September 30, 2009 is $388,000 of related-party interest expense. Interest was charged by Petro Andina to PACL and PATL until November 6, 2009, on loan balances and technical service agreement invoices. However, after November 6, 2009, the intercompany interest expense was eliminated upon consolidation.

During the nine months ended September 30, 2009, $763,000 relating to technical service agreements was charged by Petro Andina to PACL and PATL. After the Arrangement, the charge relating to the technical service agreements was also eliminated upon consolidation.

Prior to November 6, 2009, interest on the intercompany loan advances and charges under the technical service agreements were not eliminated in the Company's financial statements as Petro Andina was not part of the Parex consolidated group consistent with continuity-of-interests accounting (EIC-89).

Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with Canadian GAAP requires the Company's management to make judgments, assumptions and estimates that affect the financial results of the Company. Management reviews its estimates regularly but new information and changed circumstances may result in changes in estimated amounts or actual results that differ materially from current estimates. For a discussion of the Company's critical accounting estimates and policies, please refer to the MD&A for the year ended December 31, 2009 which is available on the Canadian Securities Administrators' website, www.sedar.com.

Conversion to International Financial Reporting Standards ("IFRS")

On February 13, 2008, the CICA's Accounting Standards Board confirmed that Canadian public companies will be required to adopt IFRS for fiscal years starting on or after January 1, 2011. Parex completed a diagnostic analysis of the differences between Canadian GAAP and IFRS. As a result of this analysis, management identified key differences based upon complexity and materiality in the consolidated financial statements.

The Company subsequently developed a conversion plan which is resourced and supported by technically competent personnel with IFRS knowledge and training. Critical milestones and expected completion dates from the conversion plan include:

Milestone	Proposed Timing
Diagnostic analysis of key IFRS differences	Completed
Training of staff and Company personnel	Ongoing
Ensure internal and external stakeholders receive ongoing appropriate communications	Quarterly disclosure of project status in MD&A
Completion of a draft IFRS opening balance sheet as at December 31, 2009	Completed
Completion of a draft IFRS financial statement as at March 31, 2010	Q1 financial statements with note disclosures drafted
Completion of a draft IFRS financial statement as at June 30, 2010	Q2 financial statements with note disclosures drafted
Completion of position paper evaluations for potential significant GAAP differences	Ongoing
Review of position paper evaluations by the Company's auditors	Ongoing
Review of opening balance sheet by the Company's auditors	Ongoing
Review of IFRS Q1 and Q2 2010 financial statements by the Company's auditors	Ongoing
Audit of the IFRS opening balance sheet by the Company's auditors	Audit opinion on January 1, 2010 balance sheet expected to be issued in March 2012 with the release of December 31, 2011 audited IFRS financial statements
Determine impact of IFRS on the control environment	Ongoing

The Company's conversion plan recognizes that a variety of stakeholders will be impacted by the transition to IFRS. The Finance and Audit Committee of the Board of Directors and the Company's auditors will provide support and guidance throughout the conversion. The Company will continue to ensure that adequate training is provided to staff and that the Company's control environment is appropriately considered during conversion.

During the nine month ended September 30, 2010, the Company commenced preparation of a variety of position papers in support of its December 31, 2009 balance sheet and in support of its 2010 interim financial statements. The development of Parex' position papers will continue in conjunction with the evolution of the Company's financial statements throughout 2010.

The adoption of IFRS does not impact the underlying economics of Parex' operations or its cash flows. The most significant impacts will be from the application of new accounting policies that will restate the Company's financial statements including note disclosures. Based on work performed to date the Company anticipates restating Parex' previously reported December 31, 2009 balance sheet for changes in the carrying value of PP&E and retained earnings as described below.

The Company believes that the implementation of IFRS 6 "Exploration for and Evaluation of Mineral Resources" will have the most significant impact on the Company's results of operations, financial position and disclosures as the Company is in the development stage. Given the stage and focus of the Company's business, conversion to IFRS 6 is expected to directly impact how the Company accounts for pre-exploration and development costs. Exploration and evaluation ("E&E") costs typically include acquisition of rights to explore, geological and geophysical studies, activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources and exploratory drilling. Under IFRS 6, costs incurred by Parex prior to the acquisition of the legal rights to explore an area may no longer be capitalized. The Company has identified costs that have been capitalized in accordance with AcG-16 "Oil and Gas Accounting – Full Cost", that may be treated differently under IFRS 6. Parex is conducting further analysis to support any potential opening balance sheet adjustments which are currently not expected to be material.

Parex conducts exploration activity in two key areas, Colombia and Trinidad & Tobago, and plans to examine the need for defining cash generating units below the cost centre level in the coming year. The level of grouping of E&E assets for impairment testing purposes is based on how management makes decisions about continuing/disposing of assets and operations and the commercial terms associated with these assets and operations.

Parex has also examined the impact conversion to IFRS will have on foreign currency reporting. The Company's preliminary assessment would indicate that the functional currency of Parex would continue to be the US dollar. The Company has also conducted a preliminary assessment of stock-based

compensation, asset retirement obligations and income taxes. Despite the initial conclusion that no significant differences would exist, the Company believes in a complete and fulsome process including the completion of key position papers on critical account balances to be certain of this conclusion.

Management recognizes that IFRS note disclosures are generally more detailed than current note disclosure.

Information technology system requirements and geographical specificities have also been considered in the conversion plan. Trinidad & Tobago and Colombia have robust information technology systems. The Company's accounts in Trinidad & Tobago are currently IFRS-compliant pursuant to Trinidad & Tobago's GAAP. The Company's information technology systems have the associated functionality that can meet the IFRS needs for the Parex Colombian entity. IFRS reporting and training needs have also been considered in the conversion plan.

At this time, Parex' management is in the process of finalizing its chosen IFRS accounting policies and as such cannot wholly quantify the impact that the adoption of IFRS will have on the Company's future results of operations or financial position. In accordance with its transition plan, the Company is continuing the process of evaluating its accounting policy choices and making recommendations to senior management for approval. Parex continues to monitor the development of new standards and any changes will be incorporated into the plan as required. Management will continue to develop IFRS-compliant statements and processes during the remainder of 2010 to allow the Company to have IFRS in place prior to the first quarter of 2011.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets (unaudited)

As at (thousands of United States dollars)		**September 30, 2010 (note 2)**		December 31, 2009 (note 2)
ASSETS				
Current assets				
Cash and cash equivalents	$	**61,145**	$	101,280
Accounts receivable		**9,907**		2,997
Prepaids and other current assets		**362**		350
		71,414		104,627
Property, plant and equipment (note 5)		**57,483**		28,858
	$	**128,897**	$	133,485
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	**14,006**	$	8,923
		14,006		8,923
Asset retirement obligation (note 7)		**57**		52
		14,063		8,975
Shareholders' equity				
Share capital (note 8)		**128,726**		128,726
Contributed surplus (note 12)		**3,195**		771
Deficit		**(17,087)**		(4,987)
		114,834		124,510
	$	**128,897**	$	133,485

Commitments (note 18)

Subsequent Events (note 19)

See accompanying Notes to the Consolidated Financial Statements

Approved by the Board:

Paul Wright
Director

Ron Miller
Director

Consolidated Statements of Operations, Comprehensive Loss and Deficit (unaudited)

(thousands of United States dollars, except per share amounts)	For the three months ended September 30, 2010 (note 2)	2009 (note 2)	For the nine months ended September 30, 2010 (note 2)	2009 (note 2)
Revenue				
Oil and natural gas revenue	**$ 32**	$ -	**$ 100**	$ -
Interest income	**50**	-	**209**	1
	82	-	**309**	1
Expenses				
Production	**24**	-	**64**	-
General and administrative	**2,816**	1,152	**9,095**	2,004
Stock-based compensation (note 10 and 11)	**952**	-	**2,500**	-
Related-party interest expense (note 6)	**-**	261	**-**	388
Depletion, depreciation and accretion	**364**	36	**1,125**	49
Foreign exchange gain	**(759)**	(4)	**(1,200)**	(27)
	3,397	1,445	**11,584**	2,414
Loss before taxes	**(3,315)**	(1,445)	**(11,275)**	(2,413)
Income tax expense (note 13)				
Equity and current tax	**825**	-	**825**	-
Future tax	**-**	-	**-**	-
	825	-	**825**	-
Net and comprehensive loss	**(4,140)**	(1,445)	**(12,100)**	(2,413)
Deficit, beginning of period	**(12,947)**	(1,226)	**(4,987)**	(258)
Deficit, end of period	**$ (17,087)**	$ (2,671)	**$ (17,087)**	$ (2,671)
Basic and diluted net loss per common share	**$ (0.06)**	$ (0.03)	**$ (0.19)**	$ (0.05)

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statements of Cash Flows (unaudited)

(thousands of United States dollars)	For the three months ended September 30, 2010 (note 2)	2009 (note 2)	For the nine months ended September 30, 2010 (note 2)	2009 (note 2)
Operating activities				
Net loss	**$ (4,140)**	$ (1,445)	**$ (12,100)**	$ (2,413)
Add (deduct) non-cash items				
Depletion, depreciation and accretion	**364**	36	**1,125**	49
Stock-based compensation	**952**	-	**2,500**	-
Unrealized foreign exchange loss (gain)	**(731)**	16	**(1,022)**	7
Funds flow used in operations	**(3,555)**	(1,393)	**(9,497)**	(2,357)
Net change in non-cash working capital (note 14)	**328**	368	**729**	1,382
	(3,227)	(1,025)	**(8,768)**	(975)
Investing activities				
Property, plant and equipment expenditures	**(12,637)**	(5,613)	**(29,744)**	(12,903)
Net change in non-cash working capital (note 14)	**(4,390)**	1,254	**(154)**	(1,529)
	(17,027)	(4,359)	**(29,898)**	(14,432)
Financing activities				
Increase in related-party receivables (note 6)	**-**	10,870	**-**	18,369
Issuance of common shares	**-**	-	**-**	40
Share issue costs	**-**	(1,131)	**-**	(1,131)
Net change in non-cash working capital (note 14)	**-**	1,131	**(2,498)**	1,131
	-	10,870	**(2,498)**	18,409
Increase (decrease) in cash and cash equivalents	**(20,254)**	5,486	**(41,164)**	3,002
Impact of foreign exchange on foreign currency-denominated cash balances	**756**	(7)	**1,029**	2
Cash and cash equivalents, beginning of period	**80,643**	355	**101,280**	2,830
Cash and cash equivalents, end of period	**$ 61,145**	$ 5,834	**$ 61,145**	$ 5,834

Supplemental Disclosure of Cash Flow Information (note 14)

See accompanying Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements (unaudited)

For the nine months ended September 30, 2010

(Tabular amounts in thousands of United States dollars, unless otherwise stated. Amounts in text are in United States dollars unless otherwise stated.)

1. Nature of Operations

The Company was incorporated as 1485196 Alberta Ltd. on August 17, 2009, pursuant to the Business Corporations Act (Alberta). On September 29, 2009 it filed Articles of Amendment to change its name to Parex Resources Inc. ("Parex" or the "Company"). The Company was incorporated for the purpose of completing a Plan of Arrangement (the "Arrangement") under the Business Corporations Act (Alberta) with Pluspetrol Resources Corporation N.V., its wholly owned subsidiary, 1462627 Alberta Ltd., (together "Pluspetrol") and Petro Andina Resources Inc. ("Petro Andina"). See note 4 "Plan of Arrangement".

Under the terms of the Arrangement, Parex acquired from Petro Andina all of the issued and outstanding shares of Petro Andina (Barbados) Ltd. ("PABL") (now Parex Resources (Barbados) Ltd.), Petro Andina (Colombia) Ltd. ("PACL") (now Parex Resources (Colombia) Ltd.) and indirectly all of the issued and outstanding shares of Petro Andina (Trinidad) Ltd. ("PATL") (now Parex Resources (Trinidad) Ltd.); inter-company loans and other receivables from PABL, PATL and PACL; working capital; and other miscellaneous assets in exchange for the issuance of 49,213,718 Parex common shares and 4,921,372 Parex common share purchase warrants to Petro Andina shareholders.

Since inception and as is typical for development stage companies, the Company has incurred losses from operations and negative cash flows from operating activities. The ability of the Company to carry out its business plan beyond exploration is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain financing to develop reserves.

2. Basis of Presentation

The unaudited interim consolidated financial statements include the accounts of the Company and its subsidiaries. They have been prepared following the same accounting policies as the audited consolidated financial statements for the year ended December 31, 2009. The disclosures provided below are incremental to those included in the annual audited financial statements. They do not include all disclosures required under Canadian generally accepted accounting principles ("GAAP") for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2009.

a) Continuity-of-interests accounting

In connection with the Arrangement, through a series of transactions Parex acquired from Petro Andina all of the outstanding shares of PABL and PACL. As the shareholders of Petro Andina ultimately continued to hold their respective interests in Parex, there was no resulting change of control of PABL and PACL. Therefore, the acquisition was accounted for using continuity-of-interests accounting under the Canadian Institute of Chartered Accountants' ("CICA") Emerging Issues Committee Abstract 89 "Exchanges of Ownership Interests between Enterprises Under Common Control – Wholly and Partially-Owned Subsidiaries" ("EIC-89"). Under EIC-89 no fair value adjustments were made for the assets acquired.

Continuity-of-interests accounting requires that the results of operations presented in the consolidated financial statements of Parex for the 2009 comparative period include the operations of PABL and PACL for the first nine months of the fiscal period in which the Arrangement took place. In addition, the comparative consolidated financial statements of Parex were restated to reflect the financial position and results of operations as if Parex, PABL and PACL had been combined since their inception.

b) *Accounting Guideline 11 – Enterprises in the Development Stage*

The Company is currently in the development stage and has no proved or probable reserves to form the basis for an estimate of future net cash flow from its oil and natural gas properties. The Company has considered the conditions in CICA Accounting Guideline 11 for impairment, which include significant unfavourable economic, legal, regulatory, environmental, political and other factors. The Company's continued execution of its business plan is a key factor considered as part of the assessment of the recoverability of the carrying amount of its properties. Capitalized costs are written down to the estimated recoverable amount whenever events or changes in circumstances indicate that the carrying amount of a property in the development stage may be impaired.

3. Impact of New Accounting Pronouncements

On February 13, 2008, the CICA Accounting Standards Board confirmed that Canadian public companies will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years starting on or after January 1, 2011. The Company's management is in the process of finalizing its chosen IFRS accounting policies and as such cannot wholly quantify the impact that the adoption of IFRS will have on the future results of operations or financial position. In accordance with its transition plan, the Company is continuing the process of evaluating its accounting policy choices and making recommendations to senior management for approval. Key information will be disclosed as it becomes available during the transition period.

4. Plan of Arrangement

The Arrangement among Parex, Petro Andina and Pluspetrol closed on November 6, 2009. Pursuant to the Arrangement, in exchange for the issuance of 49,213,718 Parex common shares and 4,921,372 Parex common share purchase warrants, the Company acquired the following from Petro Andina:

- All of the issued and outstanding shares of PABL, PACL and indirectly all the issued and outstanding shares of PATL;
- Inter-company loans and other receivables from PABL, PATL and PACL; and
- Working capital and other miscellaneous assets, including seismic exploration equipment used in Trinidad & Tobago and Colombia, minor Canadian oil and natural properties and the Calgary head office lease obligation along with all associated furniture, fixtures, computer hardware, software and software licences.

The consolidated financial statements of Parex for the 2009 comparative period reflect the assets and liabilities of PABL and PACL at their book value as reported in the financial statements of PABL and PACL. Continuity-of-interests accounting requires that the results of operations presented in the consolidated financial statements of Parex for the 2009 comparative period include the operations of PABL and PACL for the first nine months of the fiscal period in which the Arrangement took place.

As at November 6, 2009, immediately after closing of the Arrangement, Parex had the following assets, liabilities and shareholders' equity:

ASSETS		
Current assets		
Cash and cash equivalents[(1)]	**$**	**60,497**
Accounts receivable		**7,129**
Prepaids and other current assets		**284**
		67,910
Property, plant and equipment		**24,090**
	$	**92,000**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$**	**4,086**
Asset retirement obligation		**52**
		4,138
Shareholders' equity		
Share capital		**87,621**
Contributed surplus		**3,755**
Retained earnings		**(3,514)**
		87,862
	$	**92,000**

(1) As part of the working capital acquired under the Arrangement, Parex (non-consolidated) received $52.5 million of cash through a series of transactions. This amount does not include the subsequent issuances of equity noted below.

Through the completion of the Arrangement and after a series of transactions, the resulting working capital of Parex amounted to Cdn$68.6 ($63.8 million, converted using the November 6, 2009 closing rate of Cdn$/US$ 0.93).

On September 29, 2009, the Company closed a bought-deal subscription receipt financing for 6,670,000 subscription receipts at a price of Cdn$3.00 per receipt for gross proceeds of Cdn$20 million ($18.9 million) (the "Offering"). The proceeds from the Offering were deposited in escrow with the Company's transfer agent pending the satisfaction of certain conditions. After closing of the Arrangement on November 6, 2009 the Company issued 6,670,000 common shares in exchange for the Subscription Receipts and received gross proceeds of Cdn$20 million ($18.9 million) and net of underwriters' fees Cdn$18.8 million ($17.5 million). In addition, the Company issued 3,333,333 common shares at Cdn$3.00 per share to directors, officers and employees (the "management private placement") for gross proceeds of Cdn$10 million ($9.3 million).

Further, a total of 4,652,484 common share purchase warrants issued to the Petro Andina shareholders pursuant to the Arrangement were exercised at a price of Cdn$3.00 per share by the December 6, 2009 expiry date for total proceeds of approximately Cdn$14 million ($13.3 million).

5. Property, Plant and Equipment

As at September 30, 2010		Cost		Accumulated depletion, depreciation and amortization		Net book value
Oil and natural gas properties	$	57,676	$	732	$	56,944
Office and other equipment		1,137		598		539
	$	58,813	$	1,330	$	57,483

As at December 31, 2009		Cost		Accumulated depletion, depreciation and amortization		Net book value
Oil and natural gas properties	$	28,194	$	87	$	28,107
Office and other equipment		956		205		751
	$	29,150	$	292	$	28,858

During the nine months ended September 30, 2010 the Company capitalized $1.5 million (nine months ended September 30, 2009 – $73,000) of general and administrative expenses related to exploration and development activities.

Included in oil and natural gas properties at September 30, 2010 is $55.8 million (September 30, 2009 – $17.1 million) in respect of unproved property that is not subject to depletion as it represents costs incurred related to properties that are considered to be in the development stage. As the Company currently has no proved or probable reserves to form the basis for an estimate of future net cash flow from these properties, no ceiling test has been performed.

6. Related Parties

The comparative consolidated financial statements of Parex were presented to reflect the financial position and results of operations as if Parex, PABL and PACL had been combined since their inception. See note 2, "Basis of Presentation". The following table summarizes related-party inter-company charges as they appear in the comparative period:

For the nine months ended September 30,		2010		2009
PACL and PATL loan interest(1)	$	-	$	388
Technical services agreement charges(1) (2)		-		763
Increase in related-party receivables(3)		-		18,369

(1)Included in the Company's consolidated statements of operations, comprehensive loss and deficit.
(2)Included in the Company's consolidated balance sheets.
(3)Included in the Company's consolidated statements of cash flows.

There have been no related-party transactions in 2010.

In the consolidated statements of cash flows for the nine months ended September 30, 2009 there is an increase in related-party receivables of $18.4 million, which are amounts due by PABL, PACL and PATL to Petro Andina through loan advances, interest and charges under technical services agreements. At the time of the Arrangement, the accumulated amount of these types of loan advances, interest and charges under technical services agreements was $36.1 million. This receivable held by Petro Andina was transferred to Parex along with all the issued and outstanding shares of PACL, PABL and indirectly PABL's subsidiary PATL, pursuant to the Arrangement and eliminated upon consolidation at December 31, 2009. See note 4, "Plan of Arrangement".

Similar to the related-party payable noted above, included in the consolidated statement of operations, comprehensive loss and deficit for the nine months ended September 30, 2009 is $388,000 of related-party interest expense. Interest was charged by Petro Andina to PACL and PATL until November 6, 2009 on loan balances and technical services agreement invoices. However, after November 6, 2009 the inter-company interest expense was eliminated upon consolidation. During the nine months ended September 30, 2009 $763,000 relating to technical services agreements was charged by Petro Andina to PACL and PATL. After the Arrangement, the charge relating to the technical services agreements was eliminated upon consolidation. Prior to November 6, 2009, interest on the inter-company loan advances and charges under the technical services agreements were not eliminated in Parex' financial statements as Petro Andina was not part of the Parex consolidated group, consistent with continuity-of-interests accounting.

7. Asset Retirement Obligation

Balance at December 31, 2009	**$**	**52**
Liabilities incurred during period		**-**
Settlements of obligations during the period		**2**
Accretion expense		**3**
Balance at September 30, 2010	**$**	**57**

The ARO liability as at September 30, 2010 relates to minor non-operated properties in Canada which are not significant to the Company's current or future operations.

8. Share Capital

a) Parex Resources Inc.

(i) Authorized share capital
An unlimited number of voting common shares without nominal or par value.

(ii) Issued and outstanding common shares

	Number of shares		Amount
Issued – plan of arrangement (note 4)	49,213,718	$	91,254
Issued – subscription receipts (note 4)	6,670,000		18,937
Issued – management private placement (note 4)	3,333,333		9,300
Issued – exercise of warrants (note 4)	4,652,484		13,271
Share issue costs	-		(7,495)
Allocation of contributed surplus – exercise of warrants (note 9)	-		3,459
Balance, December 31, 2009 and September 30, 2010	63,869,535	$	128,726

b) Per share amounts

The weighted average number of basic and diluted common shares outstanding for the nine months ended September 30, 2010 was 63,869,535 (year ended December 31, 2009 – 51,054,797).

9. Warrants

Pursuant to the Arrangement, the Company issued 4,921,372 common share purchase warrants on November 6, 2009. Each common share purchase warrant was exercisable to purchase one common share of Parex until December 6, 2009 at an exercise price of Cdn$3.00. On November 6, 2009, the issuance date of the warrants, the fair value calculated using the Black-Scholes option pricing model was $0.74 per warrant. The following table summarizes the assumptions used:

Risk-free interest rate (%)	**0.5**
Expected life (days)	**30**
Expected volatility (%)	**60**
Expected dividends	**-**

The following table presents the continuity of warrants for the periods ended September 30, 2010 and December 31, 2009:

	Number of Warrants		Amount
Opening balance issued on November 6, 2009	4,921,372	$	3,659
Exercised	(4,652,484)		(3,459)
Expired	(268,888)		(200)
Balance at December 31, 2009 and September 30, 2010	-	**$**	-

The total fair value of the issued warrants has been included in share issue costs. The fair value of the warrants that expired on December 6, 2009 has been included in Contributed Surplus. There are no warrants outstanding as of September 30, 2010.

10. Stock Options

The Company has a stock option plan (the "Option Plan") which provides for the issuance of options to the Company's directors, officers, employees and consultants to acquire common shares. The maximum number of options reserved for issuance under the Option Plan may not exceed 10 percent of the number of common shares issued and outstanding. The options typically vest over a three-year period and expire five years from the date of grant.

	Number of options	Weighted average exercise price Cdn$	
Balance, December 31, 2009	3,475,000	$	3.08
Granted	687,500	$	5.01
Balance, September 30, 2010	4,162,500	$	3.40

Stock options outstanding and the weighted average remaining life of the stock options at September 30, 2010 are as follows:

Number	Weighted average remaining life (years)	Weighted average exercise price Cdn$	
3,362,500	4.04	$	3.04
25,000	4.76	$	4.06
150,000	4.36	$	4.30
225,000	4.28	$	4.40
250,000	4.55	$	5.30
75,000	4.91	$	5.51
75,000	4.95	$	6.20
4,162,500	4.05	$	3.40

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

For the nine months ended September 30,	**2010**	2009
Risk-free interest rate (%)	**1.97**	-
Expected life (years)	**3**	-
Expected volatility (%)	**65**	-
Expected dividends	**-**	-

For options granted during the nine months ended September 30, 2010, the weighted average fair value at the grant date was Cdn$2.22 per option (year ended December 31, 2009 – Cdn$1.33 per option).

11. Share Appreciation Rights

During the second quarter of 2010, PATL and PACL initiated a share appreciation rights ("SARs") plan that provides for the issuance of SARs to certain employees. The plan entitles the holders to receive a cash payment equal to the excess of the market price of the Company's common shares at the time of exercise over the grant price. At any time, if the current market price of the Company's common shares exceeds four times the grant price, Parex has the option to require the holders to exercise all vested SARs. SARs typically vest over a three-year period and expire five years from the date of grant. The SARs liability cannot be settled by the issuance of common shares.

	Number of SARs	Weighted average exercise price Cdn$	
Balance, December 31, 2009	-	$	-
Granted	446,875		5.37
Balance, September 30, 2010	446,875	$	5.37

As at September 30, 2010, no SARs were vested.

Obligations for payments of cash under the SARs plan are accrued as compensation expense over the vesting period based on the amount by which the quoted market value of the Company's shares exceeds the SARs exercise price, subject to appreciation limits specified in the plan. In accordance with the intrinsic value method, increases or decreases in the quoted market value of the Company's shares between the date of grant and the measurement date result in a corresponding change in the recorded liability of the SARs. The accrued compensation for a right that is forfeited is adjusted by decreasing compensation cost in the period of forfeiture.

For the nine months ended September 30, 2010, Parex recorded $76,000 of compensation costs related to the outstanding SARs (nine months ended September 30, 2009 – nil).

12. Contributed Surplus

Balance at December 31, 2009	**$**	**771**
Stock-based compensation expense		**2,424**
Balance at September 30, 2010	**$**	**3,195**

Contributed Surplus includes cumulative stock-based compensation costs and the fair value of the warrants that expired on December 6, 2009.

13. Income Tax

The provision for income tax recovery is different from the amount computed by applying the combined Canadian federal and provincial income tax rates to loss before taxes. The reasons for the differences are as follows:

For the nine months ended September 30,		**2010**		2009
Loss before taxes	$	**(12,100)**	$	(2,413)
Canadian statutory income tax rate		**28%**		29%
Income tax at statutory rate		**(3,388)**		(700)
Effect on income taxes of:				
Canadian statutory income tax rate change		**53**		-
Non-deductible costs		**1,043**		-
Foreign tax rate differential		**(435)**		(170)
Valuation allowance for losses not recognized		**2,727**		870
	$	**-**	$	-

The Company has losses available to reduce future taxable income, as well as other cumulative tax deductions in excess of book value. The benefit of these losses and deductions has not been recognized in the financial statements since their recoverability is uncertain. Losses can be carried forward for 20 years in Canada and indefinitely in Colombia and Trinidad & Tobago. Amounts denominated in foreign currency have been translated at the September 30, 2010 exchange rate. At September 30, 2010 the Company had non-capital losses of $4.7 million in Canada and $6.1 million in Colombia. In Trinidad and Tobago, the Company has incurred pre-operating losses of $1.2 million which are required to be capitalized and amortized based on statutory tax regulations. Therefore the Company has non-capital losses of $0.8 million in Trinidad & Tobago.

Colombian Equity Tax

Parex' Colombian subsidiary will be subject to a one-time equity tax on January 1, 2011. Equity tax will be calculated based on the subsidiary's equity as at December 31, 2010 at a rate of 4.8 percent. The equity tax is payable over four years (1.2 percent per year) starting in 2011. Variables such as production, sales proceeds and related-party funding during the remainder of 2010 may affect the Company's tax base for the equity tax calculation and, therefore, reduce or increase equity tax. Based on the Company's preliminary estimates, an equity tax provision of $825,000 has been accrued.

14. Supplemental Disclosure of Cash Flow Information

a) Net change in non-cash working capital

	For the three months ended September 30,				For the nine months ended September 30,			
		2010		2009		**2010**		2009
Accounts receivable	**$**	**(8,018)**	$	(2,960)	**$**	**(6,910)**	$	(3,578)
Prepaids and other current assets		**83**		(15)		**(12)**		(30)
Accounts payable and accrued liabilities		**3,873**		3,822		**4,999**		1,408
Due to related party		**-**		1,906		**-**		3,184
Net change in non-cash working capital	**$**	**(4,062)**	$	2,753	**$**	**(1,923)**	$	984
Operating	**$**	**328**	$	368	**$**	**729**	$	1,382
Investing		**(4,390)**		1,254		**(154)**		(1,529)
Financing		**-**		1,131		**(2,498)**		1,131
Net change in non-cash working capital	**$**	**(4,062)**	$	2,753	**$**	**(1,923)**	$	984

b) Interest and taxes paid

	For the three months ended September 30,				For the nine months ended September 30,			
		2010		2009		**2010**		2009
Cash interest paid	**$**	-	$	-	**$**	-	$	-
Cash income taxes paid	**$**	-	$	-	**$**	-	$	-

15. Capital Management

The Company's policy is to maintain a strong capital base in order to provide flexibility in the future development of the business and maintain the confidence of investors and capital markets.

The Company manages its capital to achieve the following:

- Maintain balance sheet strength in order to meet the Company's strategic growth objectives; and
- Ensure financial capacity is available to fund the Company's exploration commitments.

The Company has not arranged a banking credit facility. However, the Company has provided a general security agreement to Export Development Canada ("EDC") in connection with the performance security guarantees that support letters of credit provided to the Colombian National Hydrocarbon Agency ("ANH") related to its 50 percent share of the initial exploration work commitments (see note 18 on commitments).

On November 16, 2010 Parex closed a bought-deal equity financing, raising gross proceeds of Cdn$75.4 million from the issuance of 13,000,000 common shares at Cdn$5.80 per share (see note 19 on Subsequent Events).

Parex has the ability to adjust its capital structure by issuing new equity and making adjustments to its capital expenditure program to the extent the capital expenditures are not committed. The Company's working capital is in excess of its current commitments and it has no debt. The Company considers its capital structure to include common share capital, contributed surplus and deficits. As at September 30, 2010 and December 31, 2009 common share capital was $128.7 million.

16. Financial Instruments and Risk Management

The Company's financial instruments recognized in the balance sheet include cash, accounts receivable and accounts payable. The fair values of these financial instruments approximate their carrying value due to their short-term maturity.

a) Credit risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money do not meet their underlying obligations. A substantial portion of the Company's accounts receivable is with joint venture partners in the countries in which the Company operates. The Company assesses the financial strength of its joint venture partners and manages exposure to individual joint venture partners.

b) Liquidity risk

The Company's approach to managing liquidity risk is to have sufficient cash and/or credit facilities to meet its obligations when due. Management typically forecasts cash flows for a period of 12 to 36 months to identify any financing requirements. Liquidity is managed through daily and longer-term cash, debt and equity management strategies. These strategies include estimating future cash generated from operations based on reasonable production and pricing assumptions, estimating future discretionary and non-discretionary capital expenditures and assessing the amount of equity or debt financing available. After closing of the Arrangement and equity financings as described in note 4 "Plan of Arrangement" and note 19 "Subsequent Events", the Company considers itself to be well-capitalized, with working capital in excess of current commitments and no debt.

c) Foreign currency risk

The Company is exposed to foreign currency risk as a portion of its cash balances are held in Canadian dollars, Colombian pesos (COP$) and Trinidad & Tobago dollars (TT$) while its committed capital expenditures are expected to be primarily denominated in US dollars. The Company has not entered into any foreign currency hedges or swaps.

d) Interest rate risk and commodity price risk

The Company is not currently exposed to interest rate or commodity price risk as it has no debt and no significant production.

e) Financial instrument sensitivities

The table below summarizes the annualized sensitivities of the Company's net loss to changes in the fair value of financial instruments outstanding as at September 30, 2010, resulting from changes in the specified variable, with all other variables held constant. These sensitivities are limited to the impact of changes in a specified variable applied to financial instruments only and do not represent the impact of a change in the variable on the operating results of the Company taken as a whole.

The following depicts the impact to net loss for the period had the exchange rate changed by 1 cent:

		Impact on net loss
Foreign currency exchange rate		
Cdn$/US$	$	99
COP$/US$	$	101
TT$/US$	$	-

17. Segmented Information

The Company has foreign subsidiaries and the following segmented information is provided:

For the nine months ended September 30, 2010

	Canada	Colombia	Trinidad & Tobago	Total
Revenue				
Oil and natural gas revenue	$ 100	$ -	$ -	$ 100
Interest income	137	67	5	209
	237	67	5	309
Expenses				
Production	64	-	-	64
General and administrative	4,695	3,116	1,284	9,095
Stock-based compensation	2,424	66	10	2,500
Depletion, depreciation and accretion	697	389	39	1,125
Foreign exchange gain	(416)	(778)	(6)	(1,200)
	7,464	2,793	1,327	11,584
Loss before taxes	(7,227)	(2,726)	(1,322)	(11,275)
Income tax expense	-	825	-	825
Net loss	$ (7,227)	$ (3,551)	$ (1,322)	$ (12,100)
Property, plant and equipment	$ 1,337	$ 27,434	$ 28,712	$ 57,483
Property, plant and equipment expenditures	$ 52	$ 17,726	$ 11,966	$ 29,744
Total assets	$ 49,928	$ 45,203	$ 33,766	$ 128,897

For the nine months ended September 30, 2009

	Canada	Colombia	Trinidad &Tobago	Total
Revenue				
Interest income	$ -	$ -	$ 1	$ 1
Expenses				
General and administrative	-	1,726	278	2,004
Related-party interest expense	-	50	338	388
Depletion, depreciation and accretion	-	40	9	49
Foreign exchange gain	-	(25)	(2)	(27)
	-	1,791	623	2,414
Loss before taxes	-	(1,791)	(622)	(2,413)
Income tax expense	-	-	-	-
Net loss	$ -	$ (1,791)	$ (622)	$ (2,413)
Property, plant and equipment	$ -	$ 2,954	$ 14,575	$ 17,529
Property, plant and equipment expenditures	$ -	$ 2,994	$ 9,909	$ 12,903
Total assets	$ 18,689	$ 6,762	$ 20,696	$ 46,147

For the three months ended September 30, 2010

	Canada	Colombia	Trinidad & Tobago	Total
Revenue				
Oil and natural gas revenue	$ 32	$ -	$ -	$ 32
Interest income	34	14	2	50
	66	14	2	82
Expenses				
Production	24	-	-	24
General and administrative	1,287	1,228	301	2,816
Stock-based compensation	876	66	10	952
Depletion, depreciation and accretion	253	94	17	364
Foreign exchange gain	(375)	(367)	(17)	(759)
	2,065	1,021	311	3,397
Loss before taxes	(1,999)	(1,007)	(309)	(3,315)
Income tax expense	-	825	-	825
Net loss	$ (1,999)	$ (1,832)	$ (309)	$ (4,140)
Property, plant and equipment	$ 1,337	$ 27,434	$ 28,712	$ 57,483
Property, plant and equipment expenditures	$ 21	$ 8,953	$ 3,663	$ 12,637
Total assets	$ 49,928	$ 45,203	$ 33,766	$ 128,897

For the three months ended September 30, 2009

	Canada	Colombia	Trinidad & Tobago	Total
Revenue				
Interest income	$ -	$ -	$ -	$ -
Expenses				
General and administrative	-	1,159	(7)	1,152
Related-party interest expense	-	45	216	261
Depletion, depreciation and accretion	-	32	4	36
Foreign exchange gain	-	(4)	-	(4)
	-	1,232	213	1,445
Loss before taxes	-	(1,232)	(213)	(1,445)
Income tax expense	-	-		-
Net loss	$ -	$ (1,232)	$ (213)	$ (1,445)
Property, plant and equipment	$ -	$ 2,954	$ 14,575	$ 17,529
Property, plant and equipment expenditures	$ -	$ 2,233	$ 3,380	$ 5,613
Total assets	$ 18,689	$ 6,762	$ 20,696	$ 46,147

18. Commitments

a) Llanos Basin ("LLA") Blocks (Colombia)

Parex holds a 50 percent working interest in the following exploration blocks in the Llanos Basin of Colombia: Block LLA-16, Block LLA-20, Block LLA-29 and Block LLA-30. The exploration and production contracts in respect of the blocks were effective on April 20, 2009. The Company is party to a joint venture agreement with Columbus Energy Sucursal Colombia ("Columbus"), a wholly owned subsidiary of Remora Energy International, L.P., under which Parex and Columbus each own a 50 percent working interest in the blocks. The Company is the operator of Blocks LLA-16 and LLA-20; Blocks LLA-29 and LLA-30 are operated by Columbus. The exploration and production contracts consist of an initial exploration phase of 36 months with the option for the parties to enter into a second exploration phase of 36 months. The exploration work commitments for the initial exploration phase total 19 wells and 900 square kilometres of three-dimensional ("3D") seismic.

The Company has provided guarantees to ANH totalling $23 million related to its 50 percent share of the initial exploration work commitments. The guarantees have been provided in the form of letters of credit for an 18-month term, which begin to expire in January 2011. EDC has provided the Company's bank with performance security guarantees to support 100 percent of the letters of credit issued on behalf of Parex. The EDC guarantees have been secured by a general security agreement issued by Parex in favour of EDC. The letters of credit issued to ANH have not been reduced to reflect either the 3D seismic commitment work performed in 2009 or the drilling activity and 3D seismic work that was conducted during the first nine months of 2010.

The Company's share of exploration commitments remaining at September 30, 2010 in respect of the Llanos Basin blocks are estimated to be as follows:

2010	$	10,936
2011		22,180
	$	33,116

b) Central Range Blocks (Trinidad & Tobago)

Parex holds a working interest in the Central Range Shallow and Central Range Deep Blocks located onshore Trinidad & Tobago. The blocks are subject to Production Sharing Contracts ("PSCs") that were signed on September 18, 2008. The Company is party to a joint venture agreement with Niko Resources Ltd. (formerly Voyager Energy Ltd.) ("Niko"), and is operator of the blocks. During the exploration phase of the PSCs, Parex and Niko will each hold a 50 percent working interest. The Petroleum Company of Trinidad & Tobago ("Petrotrin") has the right to participate at a 35 percent working interest in any development on the Central Range Shallow Block and at a 20 percent working interest in any development on the Central Range Deep Block. The PSCs provide for an initial exploration phase of 48 months. On August 9, 2010, the MEEA approved an extension of the first exploration phase to 60 months.

The PSCs have minimum work commitments in the initial 60-month exploration phase of the contracts. The work commitments total 100 kilometres of two-dimensional ("2D") seismic, 168 square kilometres of 3D seismic, one deep well drilled to a minimum depth of 12,000 feet and two shallow wells drilled to a maximum depth of 4,500 feet. Under the terms of the joint venture agreement with Niko, Parex will pay 100 percent of the first $10 million of seismic acquisition costs during the exploration phase, of which approximately $8.5 million had been incurred as at September 30, 2010. Petrotrin is carried through the minimum work commitments of the contracts.

The Company has purchased a performance bond and provided a guarantee to the underwriters of the bond in the amount of $33 million to cover both its and Niko's share of the financial guarantees required under the PSCs for the initial four-year exploration phase. In the event of default by Niko, the joint venture agreement provides that Niko's working interest shall vest in Parex. The obligations under the PSCs are to perform the exploration work commitments, irrespective of actual cost. Parex has no obligation to spend the actual amount guaranteed. The guarantee amount of the bond has not been reduced to reflect either the 2D seismic commitment work performed in 2009 or any additional work that was performed in the first nine months of 2010.

The Company's share of exploration and other commitments in respect of the Central Range Blocks remaining at September 30, 2010, including the remaining Niko carry, are estimated to be as follows:

		Exploration		Other		Total
2010	$	-	$	113	$	113
2011		13,148		1,227		14,375
2012		-		1,153		1,153
	$	13,148	$	2,493	$	15,641

These amounts do not include production bonuses and other payments that will vary depending on production levels due to the uncertainty of their amount and timing.

c) Moruga Block (Trinidad & Tobago)

Parex has entered into a farm-in agreement with Primera Energy Resources Ltd. and Primera Oil and Gas Limited (together "Primera") to acquire a working interest in the Moruga Block Exploration and Production Licence ("Moruga Block"). The earning terms of the Moruga Block require Parex to drill one exploratory well to a depth of 8,600 feet or the top of the Cretaceous, whichever occurs first, and one exploratory well to 10,500 feet. Parex will earn a 50 percent working interest in the Moruga Block by paying 95 percent of all costs for drilling and evaluating these two exploration wells. The exploration term of the Moruga Block exploration licence expires on August 29, 2013.

The Company's share of exploration and other commitments in respect of the Moruga Block remaining at September 30, 2010 is estimated to be as follows:

	Exploration	Other	Total
2010	$ -	$ -	$ -
2011	1,520	236	1,756
2012	-	249	249
2013	-	262	262
	$ 1,520	$ 747	$ 2,267

d) Operating leases

In the normal course of business, Parex has entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. These commitments include leases for office space and accommodations.

The existing minimum lease payment obligations associated with leases for office space and accommodations at September 30, 2010 are as follows:

	Total	2010	2011	2012	2013	2014	Thereafter
Office and accommodations	$ 3,059	$ 285	$ 936	$ 660	$ 526	$ 522	$ 130

e) Drilling rig contracts

The Company has entered into contracts for drilling rigs in Colombia and Trinidad & Tobago. Rig contracts in both countries during the quarter included commitments to use the rigs for a minimum period on terms consistent with normal industry practice. In Trinidad & Tobago, the Company has fulfilled its commitment by drilling two wells. In Colombia, Parex entered into three drilling rig contracts. The first drilling rig has a commitment to drill six wells, of which four are outstanding. The second drilling rig has a two-well commitment of which one is outstanding. The third drilling rig has a commitment to drill three wells and has already been mobilized to its first well. The Company anticipates that, given its planned level of drilling activity to meet exploration commitments in both countries, the rigs will be fully utilized for the duration of their contracts and no material additional charges will be incurred.

19. Subsequent Events

a) Bought-deal equity financing

On November 16, 2010 Parex closed a bought-deal equity financing with a syndicate of underwriters to issue 11,650,000 common shares at Cdn$5.80 raising gross proceeds of Cdn$67.6 million (Cdn$63.8 million net). The underwriters were also granted an over-allotment option to purchase up to an additional 1,350,000 common shares at the same offering price. This option was fully exercised bringing additional gross proceeds of Cdn$7.8 million (Cdn$7.4 million) net). Total equity proceeds amounted to Cdn$75.4 million gross (Cdn$71.2 million net).

b) Block LLA-57 award

The Company has received final confirmation from ANH that it has been awarded Llanos Basin Block LLA-57. Block LLA-57 covers 104,532 acres and lies immediately north of Parex operated Block LLA-20. The Company's bid terms for Block LLA-57 (100 percent working interest) were a Phase 1 work program of $10.1 million and a supplemental royalty of one percent over the base ANH royalty. Parex anticipates signing the block award contract in the first quarter of 2011. After signing the contract Parex is required to place a guarantee of approximately $3.85 million with ANH.

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Abbreviations

bbl	barrel
bbls	barrels
mbbls	thousand barrels
mmbbls	million barrels
bbls/d	barrels per day
boe	barrels of oil equivalent *
boe/d	barrels of oil equivalent per day
mboe	thousand barrels of oil equivalent
mboe/d	thousand barrels of oil equivalent per day
mmboe	million barrels of oil equivalent
mmboe/d	million barrels of oil equivalent per day
NGL	natural gas liquids
mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
tcf	trillion cubic feet
mcf/d	one thousand cubic feet per day
mmcf/d	one million cubic feet per day
gj	gigajoules
gj/d	gigajoules per day

* A barrel of oil equivalent (boe) is derived by converting natural gas to crude oil in the ratio of six thousand cubic feet of natural gas to one barrel of crude oil. This boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead. Boe may be misleading, particularly if used in isolation.