



**News Release**

**April 6, 2017**

**Parex Operational Update: Cabrestero Drilling Success Driving Production Growth**

**Calgary, Canada**

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company headquartered in Calgary, Alberta and focused on Colombian oil exploration and production, provides an operational update.

**Production:** Q1 2017 production was approximately 32,600 barrels of oil equivalent per day ("boe/d") (99% crude oil), an increase of 5% from 31,049 boe/d in the prior quarter. For Q2 2017, we expect production to average 34,000 boe/d for an overall increase of approximately 10% for the first half of the year.

**Cabrestero (working interest ("WI") 100%):** The Bacano-3 exploration well has been drilled to a total depth of 12,160 feet to appraise the continuity of the Guadalupe reservoir, following the exploration success of Bacano-2 and Jacana-11 on the adjacent Block LLA-34. Bacano-3 is located 1.5 kilometers south of the Jacana-11 oil well and 1.6 kilometers northwest of the Bacano-2 oil well.

The Bacano-3 well encountered good quality Guadalupe sandstones and the well was completed and tested with the drilling rig. An Electric Submersible Pump ("ESP") was installed in the well and testing commenced on April 3, 2017. As of April 6, 2017, a total of 5,648 barrels of 17 API oil has been recovered over a 73 hour period for an average production rate of 1,857 barrels of oil per day ("bopd"). Bottom hole pressure recorders indicate a producing drawdown of approximately 35% at the current production rate of 2,070 bopd and a final watercut of under 1%. After the 7 day short-term test, the well will be shut in for pressure buildup analysis. The drilling rig was skidded on the same pad and has spud the Bacano-4 appraisal well with a bottom-hole location approximately 300 meters southeast of the Bacano-2 location. Bacano-2 was completed in the upper zone of 3 potential oil zones and was producing at a stable rate of approximately 580 bopd before being shut-in for pressure build-up. The Bacano-4 well will be cored and will be used to appraise the Guadalupe reservoir distribution and quality on the Cabrestero Block.

**Playon (WI 50%):** The Boranda-1 exploration well, located in the Middle Magdalena Basin, was drilled to a total depth of 12,173 feet to appraise the La Paz Formation. The initial completion was undertaken in November 2016 when the entire La Paz Formation was tested resulting in high water rates with traces of oil. Due to the inconclusive test results, selective completions were performed and the well was equipped with a rod pump system. Testing commenced on March 14, 2017 and over a 20-day period a total of 1,832 barrels ("bbls") of 21 API oil has been recovered for an average rate of 94 bopd. The measured watercut from the well has been decreasing throughout the test from

approximately 30% initially to the current rate of 23%. Fluid level measurements indicate the well is producing at approximately 90% drawdown.

The testing results from Boranda-1 along with the information from a vertical seismic profile ("VSP") of the well will be integrated to determine the potential location of the Boranda-2 appraisal well which is expected to be drilled in 2017, subject to partner approval.

**Aguas Blancas (WI 50%):** Parex continues to advance its assessment of the Aguas Blancas field. To date in 2017, we have drilled 5 wells of the planned 2017 10-15 well drilling program. A service rig has been mobilized from the Boranda-1 well to begin completion and testing of the 5 drilled wells on the AB-3 pad to be followed by completion and testing of the wells on the AB-5 pad. After the wells on both pads have been tested, we expect to commence two water-flood pilots. Parex expects to begin civil works for two new pads early in the second half of 2017.

**Llanos 34 (WI 55%):** Parex continues to delineate the Jacana/Tigana trend. Jacana-7, Jacana-8 and Jacana Sur-2 have been drilled and will be tested shortly with a service rig. In addition, an appraisal well Jacana Sur-1 is currently drilling.

Over the next month, we plan to spud two exploration wells that will evaluate fault trends that run parallel to the Tigana/Jacana trend. The Sinsonte exploration prospect is west of Jacana and the Jacamar exploration prospect is east of the Jacana field.

**Upcoming News Events:** We look forward to releasing our Q1 2017 unaudited financial results on May 10, 2017 and holding our Annual General Meeting ("AGM") on May 11, 2017.

The AGM will be held at 9:30 a.m. (Calgary Time) at the Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, AB T2P 1G1.

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**Advisory on Forward Looking Statements**

Certain information regarding Parex set forth in this document contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words

"plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", "forecast", "budget" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Parex' internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Parex' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to the performance characteristics of the Company's oil properties; forecasted 2017 average production based on certain oil prices, and anticipated production growth; the Company's 2017 capital expenditure budget, including the amount thereof and the expected allocations of such expenditures to each of maintenance and development capital, appraisal growth capital and exploration growth capital; the Company's anticipated drilling, development, exploration and other growth plans within its capital expenditure budget, including the Company's plans to fulfill certain farm-in and other earning commitments; the Company's belief that its capital budget will be fully funded from funds flow from operations at current Brent strip pricing; Parex' anticipated debt levels; the Company's anticipated cash netbacks; financial and business prospects and financial outlook; and activities to be undertaken in various areas.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada and Colombia; prolonged volatility in commodity prices; industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced in Canada and Colombia; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; obtaining required approvals of regulatory authorities in Canada and Colombia; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs relating to the oil industry; changes to pipeline capacity; ability to access sufficient capital from internal and external sources; risks related to the lawsuit brought in Texas against Parex and certain foreign subsidiaries; failure of counterparties to perform under contracts; risk that Brent oil prices are lower than anticipated; risk that Parex' evaluation of its existing portfolio of development and exploration opportunities is not consistent with its expectations; risk that the amounts of operating netbacks, G&A, finance expenses and tax expenses are higher or lower than anticipated; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Parex' operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

Although the forward-looking statements contained in this document are based upon assumptions which Management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, Parex has made assumptions regarding, among other things: current and anticipated commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil, including the

anticipated Brent oil price; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; receipt of partner, regulatory and community approvals; royalty rates; future operating costs; effects of regulation by governmental agencies; uninterrupted access to areas of Parex' operations and infrastructure; recoverability of reserves and future production rates; the status of litigation; timing of drilling and completion of wells; on-stream timing of production from successful exploration wells; operational performance of non-operated producing fields; pipeline capacity; that Parex will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Parex' conduct and results of operations will be consistent with its expectations; that Parex will have the ability to develop its oil and gas properties in the manner currently contemplated; that Parex' evaluation of its existing portfolio of development and exploration opportunities is not consistent with its expectations; anticipated operating netbacks, G&A, finance expenses and tax expenses for 2017; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of Parex' reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that Parex will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this document in order to provide shareholders with a more complete perspective on Parex' current and future operations and such information may not be appropriate for other purposes. Parex' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits Parex will derive. These forward-looking statements are made as of the date of this document and Parex disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The term "Boe" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf:1 bbl, utilizing a conversion ratio at 6 Mcf:1 bbl may be misleading as an indication of value.

This press release contains certain oil and gas metrics, including cash netback, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Cash netback is calculated as operating netback less G&A, finance expenses and tax expenses.

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