



News Release

November 2, 2015

Parex Announces 2015 Third Quarter Results Highlighted by Record Production and Balance Sheet Strength

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil exploration and production, announces its unaudited financial and operating results for the three months ("Third Quarter" or "Q3") ended September 30, 2015. **All amounts herein are in United States dollars ("USD") unless otherwise stated.** A conference call to discuss Q3 results will be held on November 3, 2015 beginning at 9:30 am MT.

Q3 2015 Financial and Operational Highlights

- Oil production averaged 27,377 barrels of oil per day ("bopd") compared to annual production guidance of 26,500 bopd, a year-over-year increase of 9 percent and an increase from the prior period production of 27,025 bopd;
- Generated funds flow from operations of \$13.4 million (\$0.09 (CAD\$0.12)¹ per share basic) as compared to \$0.35 per share for the prior period. Funds flow decreased from the comparative period due to lower oil prices and recording \$31 million (\$0.21 per share basic) of current tax, which includes the full amount of a voluntary tax restructuring recorded in the current quarter;
- Participated in drilling 7 gross exploration/appraisal wells (net 4.9)² resulting in 6 oil wells and 1 dry & abandoned (D&A) well, for a success rate of 86 percent. Capital expenditures for the quarter were \$37.7 million compared to \$56.8 million in the comparative 2014 period. As a result of this quarter's drilling success, Parex added to future development and appraisal drilling inventory with the 2015 oil discoveries at Rumba, Bazar, Tilo, Chachalaca and Jacana;
- Realized Brent referenced sales price of \$44.62 per barrel ("bbl"), an operating netback of \$20.70/bbl and a cash netback of \$5.42/bbl during the period. We estimate that the incremental voluntary tax restructuring impact incurred in Q3 was approximately \$9.50/bbl;
- Reduced combined operating and transportation unit costs by 32% (\$9.78/bbl) to \$20.34/bbl versus to the comparative period in 2014;
- Maintained a strong balance sheet with no debt and a working capital surplus of \$62.7 million at September 30, 2015. The Company's syndicated bank credit facility of \$200 million is undrawn;

¹ Q3 average CAD/USD rate of 0.76.

² Guepardo-1 (D&A), Chachalaca-1, Jacana-1, Jacana-2, Bazar-2, Tilo-2, and Rumba-2

- Demonstrated the sustainability of Parex. During the first nine months of 2015 Brent oil price averaged approximately \$56.58/bbl, the Company has increased production from 26,544 to 27,377 without any development drilling and keeping capital expenditures in line with cash flow; and
- Successfully executed a formal agreement with Empresa Colombiana de Petroleos S.A (“Ecopetrol”) to operate and earn 50% working in the Aguas Blancas light oil field located in the Middle Magdalena Basin of Colombia.

Third Quarter Financial Summary

For Q3 2015, sales volumes excluding purchased oil averaged 26,948 bopd (working interest before royalty) and the average realized sales price in Colombia was \$44.62/bbl, generating an operating netback of \$20.70/bbl. Compared to the Q3 2014, transportation and operating expenses have decreased by \$9.78/bbl. Parex anticipates continuing to realize cash costs improvement during 2015 over 2014 levels due to lower levels of industry activity and the depreciation of the Colombian Peso against the United States dollar.

In the first nine months of 2015 Parex has generated \$96.6 million of funds flow from operations against total capital expenditures of \$101.9 million. We elected to complete a reorganization of operating subsidiaries which resulted in an incremental Q3 tax expense of approximately \$24 million. The purpose of this reorganization was to make the Company’s tax structure more efficient for future years, including 2016 where in a \$50/bbl Brent environment, we expect to record full year current tax expense of approximately \$10-\$15 million (\$1/bbl-\$1.5/bbl). At present, we expect to record a significantly lower tax expense for Q4 2015.

We highlight quarter over quarter funds flow from operations (“FFO”) before tax below:

	Q1 '15	Q2' 15	Q3' 15	Q4'15 Estimate
Brent \$/bbl	\$55.1	\$63.5	\$51.2	\$50
Pre-Tax FFO \$ MM	\$39.8	\$59.3	\$44.2	\$42-\$47
Current Tax \$ MM	\$6.8	\$9.1	\$30.8	\$2-\$4
FFO (After Tax) \$ MM	\$33.0	\$50.2	\$13.4	\$38-\$45

The impact of higher FFO before tax in Q3'15 vs Q1'15 results primarily from decreased operating and transport costs more than offsetting higher oil prices.

Parex anticipates it will continue to increase quarter-over-quarter oil production through ongoing optimization of existing wells, facilities de-bottlenecking and exploration/appraisal drilling.

	Three Months ended September 30,		Three Months ended June 30,
	2015	2014	2015
Operational			
Average daily production			
Oil (bbl/d)	27,377	25,175	27,025
Average daily sales			
Produced Oil (bbl/d)	26,948	24,490	26,557
Oil Inventory – end of period (barrels)	272,002	249,355	232,536
Operating netback (\$/bbl)			
Reference Price - Brent	51.16	103.46	63.50
Oil revenue	44.62	94.40	56.31
Royalties	(3.58)	(10.89)	(4.91)
Net revenue	41.04	83.51	51.40
Production expense	(7.03)	(12.32)	(7.50)
Transportation expense	(13.31)	(17.80)	(14.24)
Operating netback	20.70	53.39	29.66
Financial (\$000s except per share amounts)			
Oil and natural gas revenue	123,249	228,648	155,717
Net income (loss)⁽¹⁾	(27,417)	16,768	1,814
Per share – basic	(0.18)	0.13	0.01
Funds flow from operations	13,448	89,006	50,237
Per share – basic	0.09	0.70	0.35
Acquisitions	-	-	-
Capital expenditures	37,674	56,799	37,234
Total assets	1,003,271	1,226,610	1,051,150
Working capital surplus ⁽²⁾	62,689	45,321	89,754
Long-term debt ⁽³⁾	-	42,305	-
Outstanding shares (end of period) (000s)			
Basic	150,208	134,253	150,108
Weighted average basic	150,164	126,410	144,145
Diluted ⁽⁴⁾	156,979	141,344	158,706

The table above contains Non-GAAP measures. See "Non-GAAP Terms" for further discussion.

(1) Net income (loss) has been adjusted for the International Financial Reporting Standards ("IFRS") accounting effects of changes in the derivative financial liability related to the convertible debenture. Management considers adjusted net income a better measure of the Company's financial performance.

(2) Working capital calculation does not take into consideration the undrawn \$200.0 million (September 30, 2014 - \$132.7 million) available under the syndicated bank credit facility.

(3) Borrowing limit of \$200 million as of November 2, 2015.

(4) Diluted shares as stated include the effects of common shares and in-the-money stock options outstanding at the period-end. The September 30, 2015 closing stock price was Cdn\$9.25 per share.

2016 Guidance:

Released today under a separate news release.

Q3 2015 Conference Call

Parex will host a conference call to discuss Q3 results on Tuesday, November 3, 2015 beginning at 9:30 am MT. To participate in the call, dial 1-866-696-5910, pass code: 8779162#

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

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Non-GAAP Terms

This report contains financial terms that are not considered measures under GAAP such as funds flow used in, or from operations, working capital, operating netback per barrel and adjusted net income, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund a portion of its future capital expenditures.

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

Advisory on Forward Looking Statements

Certain information regarding Parex set forth in this document contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Parex's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or

achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Parex' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to the performance characteristics of the Company's oil properties; supply and demand for oil and the global price of oil; financial and business prospects and financial outlook; results of drilling and testing, results of operations; drilling plans; activities to be undertaken in various areas; capital plans in Colombia and annual production; plans to acquire and process 3-D seismic; timing of drilling and completion; and planned capital expenditures and the timing thereof. In addition, statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. The recovery and reserve estimates of Parex' reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada and Colombia; 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; ability to access sufficient capital from internal and external sources; the risks that any estimate of potential net oil pay is not based upon an estimate prepared or audited by an independent reserves evaluator; that there is no certainty that any portion of the hydrocarbon resources will be discovered, or if discovered that it will be commercially viable to produce any portion thereof; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Parex's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Although the forward-looking statements contained in this document are based upon assumptions which Management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, Parex has made assumptions regarding: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; receipt of all required approvals for the Acquisition; royalty rates, future operating costs, and other matters. Management has included the above summary of assumptions and risks related to forward-looking information provided in this document in order to provide shareholders with a more complete perspective on Parex's current and future operations and such information may not be appropriate for

other purposes. Parex's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits Parex will derive. These forward-looking statements are made as of the date of this document and Parex disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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