



News Release

November 10, 2016

Parex' 2017 Guidance: Cash Flow Funded Growth to 34,000-36,000 bopd

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, announces its 2017 production and capital budget guidance. All amounts herein are in United States dollars ("USD").

#### 2017 Production and Base Capital Budget Guidance

Parex has a robust asset portfolio that allows for a growing and a self-funded business model. Assuming a full year 2017 Brent oil price scenario of approximately \$50 per barrel ("bbl"), our 2017 production and capital budget guidance is as follows:

1. Full Year Production: 34,000-36,000 bopd

- 2017 average production of approximately 34,000-36,000 barrels of oil per day ("bopd"), an increase of 15-22% over our expected 2016 full year average production rate of approximately 29,600 boe/d;
- Maintaining a production split that is greater than 99% crude oil;
- Based on the current evaluation of our existing portfolio of development and exploration opportunities, Parex anticipates production growth of 10%-20% in 2018.

2. Capital Expenditures: \$200-\$225 million

Brent Oil Price Scenario \$50 per barrel

(Estimated USD millions)

Maintenance & Development Capital (12 wells)	\$45-\$55
Appraisal Growth Capital (13-18 wells)	\$70-\$80
Exploration Growth Capital (14 wells)	\$85-\$90

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Total 2017 Capital Budget (39-44 wells)	\$200-\$225
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Maintenance & Development Capital: \$45-\$55 million

- Capital is used to generate a forecast base average production rate of 30,000 bopd;
- Drill 12 gross (6.6 net) development wells and enhance production facilities on Block LLA-34;
- Includes capital for well work-overs, civil works and production facilities.

#### Appraisal Growth Capital \$70-\$80 million

- Fulfill the earning commitments on Ecopetrol farm-in blocks Aguas Blancas and Capachos;
- Drill 2 commitment appraisal wells to earn and establish light oil production on the Capachos Block;
- Includes a water disposal well and production facilities at Capachos;
- Drill 10-15 Aguas Blancas appraisal wells;
- Risked oil appraisal production is forecast to average 2,000-3,000 bopd in 2017.

#### Exploration Growth Capital: \$85-\$90 million

- Drill 14 exploration wells (9.6 net) including 7 on Block LLA-34;
- Includes 3 wells that will continue to evaluate the LLA-34 Tigana/Jacana trend southwest of the of the existing Jacana wells;
- Conduct 290 km<sup>2</sup> of 3D seismic for \$15 million on Block VMM-9;
- Risked oil exploration production is budgeted to average 2,000-3,000 bopd in 2017, subject to the drill schedule timing.

#### Maintaining Balance Sheet Strength

We expect that our 2017 Capital budget of approximately \$200-\$225 million will be fully funded from funds flow from operations at current Brent strip pricing. As at September 30, 2016 Parex had no bank debt, an undrawn credit facility of \$175 million and positive working capital of approximately \$118 million.

#### 2017 Cash Netback Estimates

We have actively managed our portfolio and assets to remain profitable in a low oil price environment. Defining our cash netbacks as the operating netback less G&A, finance expenses and tax expenses, we forecast our 2017 cash netbacks as follows:

- At Brent \$45/bbl → \$14/bbl
- At Brent \$50/bbl → \$17/bbl
- At Brent \$55/bbl → \$20/bbl
- At Brent \$60/bbl → \$24/bbl

Included in the cash netback is approximately \$1/bbl of decommissioning and environmental obligation settlement costs.

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## Advisories

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; the Company's anticipated 2017 capital budget, including the amount thereof; the Company's expected 2016 full year average production rate, forecasted 2017 average production based on certain oil prices, and anticipated production growth in 2018; the Company's 2017 capital expenditure budget, including 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 for 2017; 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.

This press release and, in particular the information in respect of the Company's expected capital expenditures, funds flow from operations and netbacks for 2017, may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions including the assumptions discussed in this press release. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. FOFI contained in this press release was made as of the date of this press release and the press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

The term "Bbl" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil ("bbl"). Bbl's may be misleading, particularly if used in isolation. A bbl 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.

Cash netback is not a recognized measure under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning. Management believes that such financial measure is useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Investors should be cautioned that this measure should not be construed as an alternative to other measures of financial performance as determined in accordance with IFRS. The Company's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies.