



News Release

July 7, 2016

## **Parex Provides Operational Update Highlighted by Jacana Field Extension**

### **Calgary, Canada**

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), provides an operational update.

#### **Q2 2016 Drilling Results**

The Jacana-3 (LLA-34, WI 55%) well was drilled to a total measured depth of 11,005 feet at a distance of 660 meters north of the Jacana-1 well. The well was drilled as a delineation well to test the downdip extent of the Guadalupe oil accumulation in the Jacana field. Open hole logs indicated that no water contact was encountered in the wellbore with the base of the Guadalupe reservoir at a depth approximately equal to the oil down to used in the GLJ Petroleum Consultants Ltd. ("GLJ") year end 2015 3P reserves assessment.

Testing of the Jacana-3 well test commenced on June 28<sup>th</sup> 2016 and as of July 5<sup>th</sup> 2016 the well had produced 9,300 barrels of 15 API oil with the use of an Electric Submersible Pump. After recovery of completion load fluids, the well tested a maximum rate of 1,700 bbl/d with a final watercut of 1%. The average production from the well on July 5<sup>th</sup> 2016 was 1,584 bbl/d. Further delineation drilling is currently underway with Jacana-4 and to be followed by Jacana-5 to define the extent of the Guadalupe oil accumulation. We expect to have a drilling rig on Block LLA-34 for the remainder of 2016.

Parex began its 2016 operated exploration drilling program with Jaruki-1 (Cabrestero Block, WI 100%), targeting a stratigraphic prospect. The well was deemed wet and was abandoned.

The Bacano-1 (Cabrestero Block, WI 100%) exploration well was drilled from an existing Akira pad and required a 2.6 kilometer horizontal deviation to reach the Guadalupe stratigraphic target. Due to mechanical problems in the Leon/C1 formations, the well did not reach the target formation and was abandoned. Prior to year-end 2016, Parex plans to re-drill the Bacano prospect from a new pad that would minimize the horizontal deviation required to assess the primary objective.

## **Upcoming Exploration**

In 2014 Katmandu Norte-1 (Cerrero Block) was drilled as a farm-in well and tested oil and gas from the Une and Mirador formations. Poor well-bore cement coverage prevented further production testing. We have consolidated our working interest of the Cerrero Block to 100% and we are mobilizing an operated rig from the Bacano-1 location to the Katmandu Norte-2 location. This well will evaluate the down-dip extent of the Mirador oil accumulation as well as the potential of the Gacheta/Une reservoir.

Prior to the end of Q3 2016, Parex expects to begin its Middle Magdalena Valley Basin drilling and seismic acquisition program.

## **Q2 2016 Production**

The Company estimates Q2 2016 production to be 29,200 boe/d (29,000 bbl/d) compared to Q1 2016 production of 28,900 boe/d and Q2 2015 production of 27,025 bbl/d. Parex has now recorded 15 consecutive quarters of production growth.

## **Q2 2016 Results**

Parex anticipates holding a conference call & webcast on Thursday, August 11, 2016 at 9:30 am MT (11:30 am ET), conditional on the 2016 second quarter results being released on Wednesday, August 10, 2016 following the close of markets. The Company will discuss financial and operating results for the quarter ended June 30, 2016.

### Access Details

Dial-in: 1-866-696-5910 (Canada/USA)  
Pass code: 5590031

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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](http://www.sedar.com)).

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

Please to the news release titled "Parex Resources Increases 2P Reserves to 82 MMboe, Achieves 232% 2P Reserves Replacement, and Delivers 2P F&D of USD\$0.99/boe", February 8, 2016 for additional information related to the GLJ reserve assessment.

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