



News Release

May 10, 2016

Parex Resources Announces 2016 First Quarter Results and Initiates 13 Well Drilling Program

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil and gas exploration and production, is pleased to announce unaudited financial and operating results for the three months ("First Quarter" or "Q1") ended March 31, 2016. All amounts herein are in United States dollars ("USD") unless otherwise stated.

Please note Parex will not hold a conference call to discuss First Quarter results. In lieu, the Company invites stakeholders to attend the Annual General Meeting ("AGM") on Wednesday, May 11, 2016 beginning at 9:30 am MT.

Q1 2016 Financial and Operational Highlights

- Production averaged 28,900 barrels of oil equivalent per day ("boe/d"), an 8 percent increase over the comparative quarter in the prior year. Oil production for the quarter was 28,702 barrels of oil per day ("bbl/d");
- Generated \$15.5 million in funds flow from operations. Realized sales price of \$27.10/boe was a \$8.11/boe discount to the average Brent price; the operating netback was \$8.06/boe and funds flow netback was \$5.35/boe;
- Quarter-over-quarter, transportation expenses decreased by \$0.60/bbl (5%) and operating expenses decreased by \$1.64/bbl (25%);
- Capital expenditures for the quarter were \$4.5 million compared to \$27.0 million in the same period of the previous year. Although no wells were drilled during the First Quarter, our 2016 drilling program commenced in May 2016; and,
- Strengthened the balance sheet further with \$80.0 million in net positive working capital compared to \$76.7 million in the previous quarter.

Parex continues to maintain a strong financial position: debt free, an undrawn bank facility and holding \$91.5 million of cash as at March 31, 2016.

	Three Months Ended		
	March 31,		Dec.
	2016	2015	31,
			2015
Operational			
Average daily production			
Oil & Gas (boe/d) ⁽¹⁾	28,900	26,729	28,588
Average daily sales of produced oil & natural gas			
Oil (bbl/d)	30,198	26,909	30,064
Gas (Mcf/d)	1,190	-	-
Oil & Gas (boe/d)	30,396	26,909	30,064
Operating netback (\$/boe)			
Reference price – Brent	35.21	55.13	44.69
Oil & natural gas revenue (excluding hedging)	27.10	49.42	36.69
Royalties	(2.25)	(4.29)	(2.54)
Net revenue	24.85	45.13	34.15
Production expense	(4.93)	(8.01)	(6.57)
Transportation expense	(11.86)	(15.46)	(12.46)
Operating netback	8.06	21.66	15.12
Financial (USD\$000s except per share amounts)			
Oil and natural gas revenue	81,518	134,307	107,816
Net income (loss)	(7,630)	(15,544)	(3,474)
Per share – basic	(0.05)	(0.12)	(0.02)
Funds flow from continuing operations	15,457	32,958	33,628
Per share – basic	0.10	0.24	0.22
Capital expenditure	4,507	26,963	23,611
Total assets	943,675	1,010,116	957,966
Working capital surplus	79,955	9,878	76,708
Long-term debt ⁽²⁾	-	39,500	-
Outstanding shares (end of period) (000s)			
Basic	151,722	134,779	151,489
Weighted average basic	151,525	134,740	150,791
Diluted ⁽³⁾	161,366	142,196	157,965

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

(1) A barrel of oil equivalent ("boe") is derived by converting six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of crude oil (6 Mcf:1 bbl). This conversion may be misleading, particularly if used in isolation, since the 6 Mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil prices relative to natural gas prices, the 6 Mcf:1 bbl conversion ratio may be misleading as an indication of value.

(2) Borrowing limit of \$200 million as of March 31, 2016.

(3) Diluted shares as stated include the effects of common shares and in-the-money stock options outstanding at the period-end. The March 31, 2016 closing stock price was Cdn\$10.95 per share.

2016 Guidance & Operational Update

We had previously released that assuming Brent oil prices of \$35-\$40/bbl, we expected our 2016 capital expenditures budget and funds flow from operations to be approximately \$40-\$80 million and production of 29,000 boe/d. With current Brent oil prices approximately \$45/bbl, we now anticipate 2016 capital expenditures to increase to \$80-\$100 million and to be funded from funds flow from operations. In addition, we have approximately \$80 million of net working capital, no debt and an undrawn bank facility available for future growth opportunities. Production guidance for 2016 will remain at 29,000 boe/d pending review and evaluation of exploration drilling results.

Our 2016 drilling program has recently commenced with the Jaruki-1 exploration prospect on the Cabrestero Block in the Llanos Basin. Overall, we are targeting to drill up to 9 exploration wells and 4 appraisal/development wells. As part of this program, Parex plans to drill 3 wells in the Middle Magdalena Basin and acquire approximately 400 km² of 3D seismic on Block VIM-1 in the Lower Magdalena Basin.

2016 Drilling Program

Block	Working Interest	Play Type	Well Type
Cabrestero	100%	Stratigraphic	Exploration
Cabrestero	100%	Stratigraphic	Exploration
Cerrero	100%	Stratigraphic	Exploration
Cebucan	100%	Structure	Exploration
LLA-32	70%	Stratigraphic	Exploration
LLA-34	55%	Structure	1 - Exploration 4 - Dev/Appraisal
Playon	50% (farm-in earning well)	Stratigraphic	Exploration
VMM-11	100%	Structure	Exploration
VMM-11	100%	Stratigraphic	Exploration

Further, we are reviewing options to accelerate the drilling of 4-7 appraisal wells on the Aguas Blancas Block into 2016 with an additional \$20 million of capital expenditure.

Annual General Meeting - May 11, 2016

Parex invites stakeholders to attend its AGM on Wednesday, May 11, 2016 beginning at 9:30 am Mountain Time at Burnet, Duckworth & Palmer LLP, Eighth Avenue Place East Tower, 2400, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1.

An audio recording of the AGM as well as the presentation will be made available for playback at www.parexresources.com within hours of the event concluding.

This news release does not constitute an offer to sell securities, nor is it a solicitation of an offer to buy securities, in any jurisdiction.

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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; 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.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.