



News Release

October 11, 2017

Q4 Guidance Increase With LLA-34 Drilling Success

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: Q3 2017 production was approximately 36,150 barrels of oil equivalent per day ("boe/d") (99% crude oil), an increase of 5% from 34,291 boe/d in the prior quarter, and over 16% year-to-date September 30, 2017. We are increasing our Q4 2017 guidance to an average rate of 38,500 boe/d, generating over 23% increase from the Q4 2016 average production rate. We also expect Q1 2018 production to average above 40,000 boe/d.

Working Capital: Due to our high netbacks and strong capital efficiencies, we estimate our working capital as at September 30, 2017 to be approximately \$135 million, an increase of \$42 million over December 31, 2016 and we continue to be long-term debt free.

Llanos-34 (working interest ("WI") 55%): Parex continues to delineate the Jacana/Tigana trend on LLA-34. Current gross block oil production is above 50,000 bopd. Recently added wells include Tigana Norte-2 (2,000 bopd) and Jacana-12 (3,100 bopd). The Jacana-13 and Jacana-17 delineation wells have both been drilled and cased with completion operations expected to commence shortly. The Jacana-17 well was drilled approximately 2.4 kilometers west of the 2016 year-end GLJ Petroleum Consultants Ltd. ("GLJ") 3P boundary while the Jacana 13 well was drilled approximately 1.7 kilometers north of Jacana 17. Delineation of the Tigana/Jacana trend will continue for the remainder of the year with one drilling rig delineating the northern extent of the Tigana field and another rig mobilizing to test the region between the Tigana and Jacana fields.

The Tigana Norte-3 well is currently drilling to delineate downdip of the offsetting Tigana Norte-1 and Tigana Norte-2 wells. Also, a rig is being mobilized to the Tigana Sur pad to drill the Tigana Sur Oeste-7 well. The Tigana Sur Oeste-7 well is located midpoint between Jacana 10 and Tigana Sur Oeste-1 wells which are 3.4 kilometers apart.

The exploration well Curucucu-1 has been producing approximately 1,600 bopd with a water-cut of less than 2% from the Guadalupe Formation since August 30, 2017.

Cabrestero (WI 100%): There are currently 4 producing Bacano wells, located to the south-west of the Jacana field producing approximately 4,500 bopd. Prior to year-end 2017, Parex plans to drill two additional appraisal wells.

Capachos (WI 50%): Parex is currently drilling the Capachos-2 well at 15,200 feet and is expected to reach its target depth in approximately 7 days. Following the Capachos-2 well, Parex expects to immediately drill the Capachos Sur-2 appraisal well and subsequently the Capachos Norte-1 well.

Aguas Blancas (WI 50%): Parex continues to advance its assessment of the Aguas Blancas field. The water flood pilot began in July 2017 on the AB-5 pad located on the west side of the main fault and approximately 50,000 barrels of water have been injected at a rate of 600 barrels of water per day which is within expectations. Current production from Aguas Blancas is approximately 350 bopd. Assessment of the water flood pilot performance will continue with the goal of assessing the viability and recovery factor expected from full scale waterflood development in early 2018. Additional delineation of the western portion of the Aguas Blancas field is expected to commence during the first half of 2018 when additional surface drilling pads become accessible.

VMM-11 (WI 100%): The exploration well Niagara-1 was spud October 4, 2017 and the well has a target depth of 8,900 feet to test a new play concept. The next exploration well is scheduled to be Iguazu-1.

The Glauca-1 and Glauca-2 exploration wells were drilled and both wells encountered oil bearing reservoir in the Esmeraldas formation. Testing of the wells required an effective cleanout of sand from the wellbore. After cleaning out the sand in the Glauca-2 wellbore, over a 50 hour test, the well produced a total of 654 barrels (314 bopd) of 15.3 API oil with no reported water production. Bottom hole pressure recorders have been installed and following the data evaluation, we expect to begin production. The service rig is now returning to the Glauca-1 well to repeat the same completion process. Parex will continue to optimize completion techniques for the Glauca development planned for 2018.

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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).

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.

The independent reserves report prepared by GLJ dated February 6, 2017 with an effective date of December 31, 2016 (the "GLJ 2016 Report"). "Possible" reserves ("3P") are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

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.

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.