



News Release

December 17, 2019

Parex Announces Oil Discovery on LLA-32 & Growing Portfolio

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.

Azogue (LLA-32, WI 87.5%): The Azogue-1 exploration well (WI 75%) was drilled to a total depth of 12,125 feet. Based on the Company's evaluation of logging results, potential hydrocarbon bearing reservoirs were encountered in the Une, Guadalupe and Mirador reservoirs. The Une reservoir is expected to contain higher gas content in the reservoir consistent with offset fields and since additional gas is not required for power generation at this time, the Guadalupe reservoir was the first zone completed. The well was tested using an Electric Submersible Pump ("ESP") and over a 76 hour period a total of 4,750 barrels of 28 API oil was produced. The average production rate during the test was 1,500 barrels of oil per day ("bopd") (gross) and the production rate for the final 24 hours of the test was 1,800 bopd (gross) with a watercut of 1%. Bottom hole producing pressure during the test indicated a drawdown of under 10% with stable producing pressure during the test. The Azogue discovery will be tied into a nearby Parex operated facility and the Company expects to evaluate the Mirador formation in 2020.

Capachos (WI 50%): The Andina-3 development well was drilled to a depth of 17,430 feet and completed in the upper Guadalupe reservoir. The well is currently testing using an ESP and after 35 hours the well has recovered a total of 1,883 barrels of 33 API oil and 0.8 million cubic feet of gas. The average production rate during the test period is 1,291 bopd (gross) and the measured rate at the end of the period is 1,400 bopd (gross) at a watercut of 2%. Bottom hole pressure recorders indicate a drawdown of approximately 45% at the final recorded rate and a buildup analysis will be completed at the end of the testing period. The Company plans to continue to restrict Andina field production until the flowline is connected to Parex' central gas processing facility.

Boranda (Boranda, WI 50%): The Boranda-3 well is currently producing 24 API oil from the La Paz Formation at a stable rate of 250 bopd. Parex plans to install a pump to increase the oil rate to approximately 400 bopd. In 2020, the Company plans to drill 3 wells to appraise the Boranda field extent. In addition, through the December 2019 Agencia Nacional de Hidrocarburos ("ANH") Bid Round, Parex has acquired Block VMM-46 which offsets the Boranda field.

Tigui-12 (LLA-34 WI 55%): The Tigui-12 exploration well, located on the north-west of the Tigui field was drilled to evaluate a zone outside the stratigraphic areas that were the subject of the report prepared by Parex' independent reserves evaluator, GLJ Petroleum Consultants Ltd. dated February 7, 2019 with an effective date of December 31, 2018 (the "**2018 GLJ Report**"), and is being completed for testing.

Bacano Oeste-5 (Cabrestero WI 100%): The Bacano Oeste-5 exploration well was drilled in the south-west area of the Bacano field, outside of the areal extent of the 2018 GLJ Report and is being completed for testing.

Q4 Exploration Program: Parex is conducting a significant exploration program across multiple Colombian basins and testing various play types. Progress on Q4 2019 exploration drilling is provided below:

Block	Exploration Prospect & Status
LLA-10	Tautaco – Drilled & abandoned
LLA-32	Azogue – Oil discovery
Aguas Blancas	Pad-A Southern Extension - drilling
VIM-1	La Belleza – being completed
CPO-11	Daisy – drilling
Cabrestero	Bacano Oeste-5: Drilled – being completed

Colombia Bid Round: The December 2019 ANH Permanent Process for the Assignment of Areas bid round has awarded Parex 3 blocks, as follows:

Block	Working Interest	Basin	Estimated Net Work Commitment	Initial Royalty	Comments
LLA-122	50%	Llanos	\$4 million	9%	Foothills style
VSM-36	100%	Upper Magdalena	\$11 million	9%	New Play Concept Exploration
VMM-46	100%	Middle Magdalena	\$10 million	9%	Adjacent to Boranda oil play

In 2019, Parex successfully increased its prospect inventory by adding 6 new blocks. In addition to the 3 blocks added in the December Bid Round, Parex acquired 2 blocks in the July Bid Round (VSM-25, LLA-94) and transacted a farm-in on the Merecure block in the Llanos Basin, resulting in the Tamariniza discovery.

Production: Parex' estimates that Q4 2019 average production will exceed 54,000 boe/d compared to the Company's Q3 2019 average quarterly production of 53,045 boe/d.

Share Buy-Backs: Subject to the approval of the Toronto Stock Exchange, Parex expects to renew its NCIB on December 23, 2019 with the intent to repurchase another 10% (approximately 14 million shares) of the public float. Basic shares outstanding as at December 9, 2019 were 143.0 million compared to 155.0 million as at December 31, 2018.

As at November 30, 2019 Parex' cash balance was approximately USD\$370 million and its net working capital at September 30, 2019 was USD\$280 million.

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Advisory on Forward Looking Statements

Certain information regarding Parex set forth in this press release 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 characteristics and the Company's expectations of certain reservoirs; timing of discoveries to be tied into Parex operated facilities; timing of the evaluation of certain formations; production restriction at the Andina field; Parex plans to install a pump at the Boranda-3 well and the anticipated benefits to be derived therefrom; the Company's anticipated drilling, timing thereof and development; status of Parex Q4 exploration program, development and exploration; the estimated phase 1 net work commitment in respect of the blocks awarded to Parex in the Colombia bid round; and expectation that Parex will renew its NCIB. 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; 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 initial test results are not indicative of future performance; risk that other formations do not contain the expected oil bearing sands; 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; 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 consistent with its expectations; 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' production and 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.

Oil & Gas Matters Advisory

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 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.

References in this press release to production test rates and initial flow rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Parex. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results should be considered preliminary.