



**News Release**

**June 10, 2019**

## **Parex Announces Andina Norte Discovery and Test of 2,900 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, provides an operational update, highlighted by the testing of the Capachos Block Andina Norte-1 well in the Guadalupe Formation.

**Capachos (WI Parex 50%, Ecopetrol S.A 50%):** Parex, as the operator drilled the Andina Norte-1 exploration well to a total depth of 18,852 feet and encountered oil bearing reservoirs in the Une and Guadalupe formations.

The primary objective, the Guadalupe reservoir was completed following a cement remediation and production testing commenced on June 5, 2019. A total of 9,398 barrels of 40 API oil, 488 barrels of water and 14 million cubic feet ("MMCF") of natural gas have been recovered to date. Over a 81 hour period the average production test rate for the well was 2,785 barrels of oil per day, 4.3 million cubic feet per day ("MMCFD") of natural gas under natural flowing conditions with a wellhead pressure of 1,420 psi. The facility restricted measured rate during the last 12 hours of testing has been 2,892 BOPD and 4.6 MMCFD of gas with a watercut of 2%. The water production from the well is believed to be remaining completion fluids as less than one third of the completion fluid has been recovered to date. Bottom hole pressure recorders in the well indicate a drawdown of approximately 15% and a pressure buildup and analysis will be conducted at the end of the test. Parex expects to produce the Guadalupe Formation in the Andina Norte-1 well.

The Andina Norte-1 well also evaluated a secondary objective, the Une Formation. The Une was tested over a 63 hour period under natural flowing conditions and recovered a total of 1,631 Barrels of 37 API Oil, 1,173 barrels of water and 3.9 MMCF of natural gas. Average production during the test was 621 barrels of oil per day, 446 barrels of water per day and 1.5 million cubic feet of gas per day. Parex believes remediation of the Une Formation would be required to isolate the water production. As the Une Formation was a secondary well objective, this zone was suspended to allow testing of the up-hole Guadalupe Formation. Parex expects that the Une reservoir will be produced later along with the Une reservoir discovered in the Andina field.

The drilling rig will be skidded on the same pad to drill the Andina-3 appraisal well.

Currently the Capachos block gross production is restricted at approximately 5,100 bopd (net 2,550 bopd).

**Production:** Parex' Q2 2019 average production is estimated to exceed 52,000 barrels of oil equivalent per day ("boe/d") compared to the Company's Q2 2018 average quarterly production of 42,052 boe/d.

**Share Repurchases:** On December 21, 2018 Parex began a normal course issuer bid ("NCIB") with the intent to repurchase for cancellation approximately 15 million shares (10% of public float). As at June 7, 2019 the Company has repurchased 10,454,355 shares at an average cost of C\$19.90 per share for a total of C\$208 million. The total cost of this program will be funded from existing working capital and/or free cash flow.

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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 performance characteristics of the Company's oil properties; estimated Q2 2019 average production; initial well test results; the Company's anticipated drilling, development, exploration and other growth plans, including plans for additional wells; the commissioning and use of a gas plant 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; 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](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; 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.