



**News Release**

**February 7, 2019**

## **Parex Resources Announces 24% Growth in Proved Developed Producing Reserves**

### **Calgary, Canada**

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT) is pleased to announce the results of its annual independent reserves assessment as at December 31, 2018.

The financial and operational information contained below is based on the Company's unaudited expected results for the year ended December 31, 2018. All currency amounts are in United States dollars ("USD") unless otherwise stated.

### **2018 Year-End Corporate Reserves Report**

On a debt adjusted basis, production per share grew 25% and proved plus probable ("2P") reserves per share increased by 19%. We exited 2018, with working capital of approximately USD\$215 million and no debt. In 2019, we have multiple opportunities for continued growth and are expecting to generate significant free cash flow, in excess of capital expenditures and sufficient to support the Company's share buyback program.

For the year ended December 31, 2018, Parex:

- Replaced respectively 175%, 261% and 238% of total 2018 production (16.2 million barrels of oil equivalent ("MMboe")) adding 28.3 MMboe proved developed producing reserves ("PDP"), 42.4 MMboe proved ("1P") reserves, and 38.6 MMboe 2P reserves;
- Increased PDP reserves by 24% year-over-year, from 51 MMboe to 63 MMboe (99% crude oil);
- Grew 2P reserves 14% from 162 MMboe to 185 MMboe (98% crude oil);
- Realized PDP finding, development & acquisition ("FD&A") costs of USD\$9.75 per barrel of oil equivalent ("boe"), resulting in 3.3 times funds flow netback recycle ratio using the unaudited Q4 2018 funds flow from operations ("FFO") of USD\$31.75/boe
- Achieved 2P finding & development costs and 2P FD&A costs of USD\$7.29/boe. Using the unaudited Q4 2018 FFO/boe, the 2P FD&A funds flow netback recycle ratio was 4.4 times;
- Realized an after tax 1P net asset value ("NAV") per share of C\$23.14 and 2P NAV of C\$32.07 per share, discounted at 10% and using the GLJ Report price forecast;
- Achieved an after tax 1P NAV per share of C\$19.49 and 2P NAV of C\$26.32 per share, discounted at 10% and using a constant \$60/bbl Brent oil price; and
- Produced on average approximately 44,400 boe/d, representing a 25% increase over the 2017 daily average production. Q4 2018 production is estimated at 49,299 boe/d compared to 45,020 boe/d in Q3 2018.

## 2018 Year-End Reserves Report: Discussion of Reserves

The following tables summarize information contained in the independent reserves report prepared by GLJ dated February 7, 2019 with an effective date of December 31, 2018 (the "GLJ 2018 Report"), with comparatives to the independent reserves report prepared by GLJ dated February 2, 2018 with an effective date of December 31, 2017 (the "GLJ 2017 Report"), and the independent reserves report prepared by GLJ dated February 6, 2017 with an effective date of December 31, 2016 ("GLJ 2016 Report", and collectively with the GLJ 2018 Report and the GLJ 2017 Report, the "GLJ Reports"). Each GLJ Report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR by April 1, 2019. Consistent with the Company's reporting currency, all amounts are in United States dollars unless otherwise noted.

The recovery and reserve estimates provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein. In certain of the tables set forth below, the columns may not add due to rounding.

All December 31, 2018 reserves presented are based on GLJ's forecast pricing effective January 1, 2019; all December 31, 2017 reserves presented are based on GLJ's forecast pricing effective January 1, 2018; and all December 31, 2016 reserves presented are based on GLJ's forecast pricing effective January 1, 2017.

Parex' reserves are located in Colombia's Llanos and Middle Magdalena basins. Reserve additions in the GLJ 2018 Report were primarily generated from a successful oil exploration and appraisal drilling program.

The Company recorded material reserve increases due to the following corporate activities:

- Exploration discovery on Aguas Blancas, Capachos and Cabrestero blocks; and
- Appraisal and development drilling on Cabrestero and LLA-34 blocks.

### 2018 Year-End Gross Reserves Volumes

Reserves Category	December 31,			Increase over Dec 31, 2017
	2016 Mboe <sup>(1)</sup>	2017 Mboe <sup>(1)</sup>	2018 Mboe <sup>(1)(2)</sup>	
Proved Developed Producing (PDP)	34,400	50,506	62,612	24%
Proved Developed Non-Producing	1,087	2,089	7,246	247%
Proved Undeveloped	28,285	42,930	51,835	21%
<b>Proved (1P)</b>	<b>63,772</b>	<b>95,525</b>	<b>121,693</b>	<b>27%</b>
Probable	48,132	66,711	62,982	(6)%
<b>Proved + Probable (2P)</b>	<b>111,904</b>	<b>162,236</b>	<b>184,674</b>	<b>14%</b>
Possible <sup>(3)</sup>	57,392	78,698	77,392	(2)%
<b>Proved + Probable + Possible (3P)</b>	<b>169,297</b>	<b>240,934</b>	<b>262,066</b>	<b>9%</b>

(1) Mboe is defined as thousand barrels of oil equivalent.

(2) All reserves are presented as Parex working interest before royalties. 2018 net reserves after royalties are: PDP 53,133 Mboe, proved developed non-producing 6,448 Mboe, proved undeveloped 42,982 Mboe, 1P 102,562 Mboe, 2P 154,259 Mboe and 3P 217,867 Mboe.

(3) Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

## 2018 Gross Reserves by Block

Block	Proved Mboe <sup>(1)</sup>	Proved+ Probable Mboe <sup>(1)</sup>	Proved + Probable + Possible <sup>(1)</sup> Mboe
Aguas Blancas	4,135	6,882	13,948
Cabrestero	14,223	19,942	27,185
Capachos	5,064	12,092	20,362
LLA-34	92,864	138,706	191,759
Other Blocks	5,407	7,052	8,812
<b>Total</b>	<b>121,693</b>	<b>184,674</b>	<b>262,066</b>

(1) All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

## 2018 Gross Year-End Reserves Volumes by Product Type <sup>(1)</sup>

Product Type	Proved Developed Producing	Total Proved	Total Proved + Probable	Total Proved+ Probable + Possible
Light & Medium Crude Oil (Mbbbl) <sup>(2)</sup>	3,804	10,236	20,699	36,199
Heavy Crude Oil (Mbbbl)	57,974	108,326	159,326	219,208
Natural Gas Liquids (Mbbbl)	64	235	546	926
Conventional Natural Gas (MMcf) <sup>(3)</sup>	4,619	17,377	24,622	34,400
<b>Oil Equivalent (Mboe)</b>	<b>62,612</b>	<b>121,693</b>	<b>184,674</b>	<b>262,066</b>

(1) All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

(2) Mbbbl is defined as thousands of barrels

(3) MMcf is defined as one million cubic feet

## Five Year Crude Oil Price Forecast – GLJ Report (January 2018 and 2019)

	2018	2019	2020	2021	2022	2023
ICE Brent (USD\$/bbl) - January 1, 2018	65.50	63.50	63.00	66.00	69.00	72.00
ICE Brent (USD\$/bbl) - January 1, 2019	71.59 <sup>(1)</sup>	63.25	68.50	71.25	73.00	75.50

(1) Actual 2018 ICE Brent average price

## Reserves Net Present Value Before Tax Summary – GLJ Brent Forecast <sup>(1)(2)</sup>

Reserves Category		NPV10 December 31, 2017 (000s) <sup>(2)</sup>	NPV10 December 31, 2018 (000s) <sup>(2)</sup>	NPV10 December 31, 2018 (CAD/sh) <sup>(3)</sup>
Proved Developed Producing (PDP)	\$	1,345,509	1,742,166	-
Proved Developed Non-Producing		43,751	202,417	-
Proved Undeveloped		827,291	1,134,017	-
<b>Proved (1P)</b>	<b>\$</b>	<b>2,216,550</b>	<b>3,078,600</b>	<b>27.09</b>
Probable		1,401,168	1,473,489	
<b>Proved + Probable (2P)</b>	<b>\$</b>	<b>3,617,718</b>	<b>4,552,089</b>	<b>40.06</b>
Possible <sup>(4)</sup>		1,599,977	1,731,041	-
<b>Proved + Probable + Possible (3P)</b>	<b>\$</b>	<b>5,217,695</b>	<b>6,283,130</b>	<b>55.30</b>

(1) Net present values ("NPV10") are stated in USD and are discounted at 10 percent. Please refer to the "Reserve Advisory" section for a description of each reserve category. The forecast prices used in the calculation of the present value of future net revenue are based on the GLJ January 1, 2018 and GLJ January 1, 2019 price forecasts, respectively. The GLJ January 1, 2019 price forecast will be included in the Company's Annual Information Form.

(2) Includes future development capital ("FDC") as at December 31, 2017 of \$43 million for PDP, \$302 million for 1P, \$432 million for 2P and \$537 million for 3P. FDC as at December 31, 2018 of \$17 million for PDP, \$297 million for 1P, \$412 million for 2P and \$518 million for 3P.

(3) NPV10 per share is calculated, as at December 31, 2018, as before tax NPV10 divided by 155 million basic shares outstanding as at December 31, 2018 and converted at USDCAD 1.3643.

(4) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

## Reserves Net Present Value After Tax Summary – GLJ Brent Forecast <sup>(1)(2)</sup>

Reserves Category		NPV10 December 31, 2017 (000s) <sup>(2)</sup>	NPV10 December 31, 2018 (000s) <sup>(2)</sup>	NAV December 31, 2018 (CAD/sh) <sup>(3)</sup>
Proved Developed Producing (PDP)	\$	1,014,189	1,508,154	
Proved Developed Non-Producing		28,980	138,364	
Proved Undeveloped		533,121	768,025	
<b>Proved (1P)</b>	<b>\$</b>	<b>1,576,290</b>	<b>2,414,543</b>	<b>23.14</b>
Probable		924,898	1,014,349	
<b>Proved + Probable (2P)</b>	<b>\$</b>	<b>2,501,188</b>	<b>3,428,892</b>	<b>32.07</b>
Possible <sup>(4)</sup>		1,058,206	1,194,881	
<b>Proved + Probable + Possible (3P)</b>	<b>\$</b>	<b>3,559,394</b>	<b>4,623,773</b>	<b>42.59</b>

- (1) Net present values are stated in USD and are discounted at 10 percent. All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. The forecast prices used in the calculation of the present value of future net revenue are based on the GLJ January 1, 2018 and GLJ January 1, 2019 price forecasts, respectively. The GLJ January 1, 2019 price forecast will be included in the Company's Annual Information Form.
- (2) Includes FDC as at December 31, 2017 of \$43 million for PDP, \$302 million for 1P, \$432 million for 2P and \$537 million for 3P. FDC as at December 31, 2018 of \$17 million for PDP, \$297 million for 1P, \$412 million for 2P and \$518 million for 3P.
- (3) NAV is calculated, as at December 31, 2018, as after tax NPV10 plus estimated working capital of USD\$215 million (converted at USDCAD=1.3643), divided by 155 million basic shares outstanding as at December 31, 2018.
- (4) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

## Net Asset Value at December 31, 2018 - at a Constant \$60 Brent Oil Price<sup>(1)</sup>

		Proved Developed Producing	Proved	Proved+ Probable	Proved+ Probable+ Possible
NAV (CAD/Sh)	\$	13.43	19.49	26.32	34.16

- (1) NAV is calculated as at December 31, 2018 as after tax NPV10 plus estimated working capital of USD\$215 million (converted at USDCAD=1.3643), divided by 155 million basic shares outstanding as at December 31, 2018. At Parex' request, the GLJ 2018 Report was calculated using a constant \$60/bbl Brent oil price.

## Reserve Life Index ("RLI")

	Dec. 31, 2016 <sup>(1)</sup>	Dec. 31, 2017 <sup>(2)</sup>	Dec. 31, 2018 <sup>(3)</sup>
Proved Developed Producing (PDP)	3.0 years	3.5 years	3.5 Years
Proved (1P)	5.6 years	6.7 years	6.8 Years
Proved Plus Probable (2P)	9.9 years	11.4 years	10.3 years

- (1) Calculated by dividing the amount of the relevant reserves category by average Q4 2016 production of 31,049 boe/d annualized.
- (2) Calculated by dividing the amount of the relevant reserves category by average Q4 2017 production of 39,007 boe/d annualized.
- (3) Calculated by dividing the amount of the relevant reserves category by estimated average Q4 2018 production of 49,299 boe/d annualized.

## 2018 Year-End Gross Reserves Reconciliation Company

	Total Proved Mboe	Total Proved + Probable Mboe	Total Proved + Probable + Possible Mboe
December 31, 2017	95,525	162,236	240,934
Technical Revisions <sup>(1)</sup>	8,068	1,801	(14,016)
Discoveries <sup>(2)</sup>	8,895	20,433	33,712
Extensions & Improved Recovery <sup>(3)</sup>	25,414	16,413	17,645
Acquisitions	-	-	-
Production	(16,209)	(16,209)	(16,209)
<b>December 31, 2018<sup>(4)</sup></b>	<b>121,693</b>	<b>184,674</b>	<b>262,066</b>

- (1) Technical revisions are primarily associated with the evaluation of LLA-34.
- (2) Proved plus probable reserve discoveries are associated with the evaluations of the Aguas Blancas, Capachos, Cabretero and LLA-34.
- (3) Proved plus probable reserve extensions & improved recovery are associated with the evaluations of the Aguas Blancas, Cabretero and LLA-34 blocks.
- (4) Subject to final reconciliation adjustments. All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

## Calculation of Reserve Metrics – Company Gross<sup>(1)</sup>

USD\$ ('000)	2018			3 Year
	Proved Developed Producing	Proved	Proved+ Probable	Proved+ Probable
Capital Expenditures <sup>(1)</sup>	302,500	302,500	302,500	616,846
Capital Expenditures – change in FDC	(26,441)	(4,315)	(20,702)	93,297
<b>Total Capital</b>	<b>276,059</b>	<b>298,185</b>	<b>281,798</b>	<b>710,143</b>
Net Acquisitions	-	-	-	9,722
Net Acquisitions – change in FDC	-	-	-	-
<b>Total Net Acquisitions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,722</b>
<b>Total Capital including Acquisitions</b>	<b>276,059</b>	<b>298,185</b>	<b>281,798</b>	<b>719,865</b>
Reserve Additions	28,315	42,377	38,647	141,392
Net Acquisition Reserve Additions	-	-	-	1,660
<b>Reserve Additions including Acquisitions<sup>(2)</sup>(Mboe)</b>	<b>28,315</b>	<b>42,377</b>	<b>38,647</b>	<b>143,052</b>
F&D Costs <sup>(2)</sup> (\$/boe)	9.75	7.04	7.29	5.02
FD&A Costs <sup>(2)</sup> (\$/boe)	9.75	7.04	7.29	5.03
Estimated Q4 2018 funds flow per boe <sup>(1)(3)(4)</sup> (\$/boe)	31.75	31.75	31.75	23.62
<b>Recycle Ratio - F&amp;D<sup>(2)(3)(4)</sup></b>	<b>3.3x</b>	<b>4.5x</b>	<b>4.4x</b>	<b>4.7x</b>
<b>Recycle Ratio - FD&amp;A<sup>(2)(3)(4)</sup></b>	<b>3.3x</b>	<b>4.5x</b>	<b>4.4x</b>	<b>4.7x</b>

(1) Calculated using unaudited estimated capital expenditures and unaudited estimated funds flow from operations as at December 31, 2018. See advisory "Unaudited Financial Information". All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category.

(2) The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

(3) Recycle ratio is calculated as funds flow from operations per boe divided by F&D or FD&A as applicable. 3 Year funds flow from operations on a per boe basis is calculated using weighted average sales volumes.

(4) 3 Year funds flow from operations per boe and recycle ratios exclude Q2 2018 tax transaction payment.

## Operational Update

**Capachos (WI 50%):** As previously announced, the Andina Norte-1 exploration well was spud to evaluate another undrilled compartment on the Capachos structure. The well is currently drilling at approximately 12,000 feet.

**Production:** We estimate that Q4 2018 production averaged approximately 49,299 boe/d and the full year 2018 production averaged approximately 44,400 boe/d. We expect Q1 2019 production to average 51,000 boe/d.

**Farm-out Agreement for Block VIM-1:** Parex executed a farm-out agreement with Frontera Energy Corporation (TSX: FEC), assigning a 50% working interest in the VIM-1 Block in the Lower Magdalena basin in Colombia in exchange for the funding of drilling, testing and completion costs of the La Belleza-1 exploration well up to a maximum of \$10 million, subject to ANH approval. We anticipate commencing drilling the well in Q2 2019.

## **NCIB Share Purchase Plan**

As of January 31, 2019, Parex has purchased for cancellation 3,854,355 common shares of the Company at an average cost of \$17.84 per share, pursuant to its normal course issuer bid that commenced on December 21, 2018. Pursuant to the normal course issuer bid, Parex may purchase for cancellation up to 15,041,319 common shares prior to December 20, 2019.

## **2018 Year-end Results & Conference Call**

We anticipate holding a conference call and webcast for investors, analysts and other interested parties on Thursday, March 7, 2019 at 9:30 am MT (11:30 am ET), conditional on the 2018 fourth quarter and year-end results being released on Wednesday, March 6, 2019 following the close of markets. The conference call details will be made available on the corporate website in the near future.

### **For more information, please contact:**

**Mike Kruchten**

Vice President, Capital Markets & Corporate Planning

Parex Resources Inc.

Phone: (403) 517-1733

[investor.relations@parexresources.com](mailto:investor.relations@parexresources.com)

**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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### **Reserve Advisory**

The recovery and reserve estimates of crude oil reserves provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may eventually prove to be greater than, or less than, the estimates provided herein. All December 31, 2018 reserves presented are based on GLJ's forecast pricing effective January 1, 2019. All December 31, 2017 reserves presented are based on GLJ's forecast pricing effective January 1, 2018. All December 31, 2016 reserves presented are based on GLJ's forecast pricing effective January 1, 2017.

It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves.

"Proved Developed Producing Reserves" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Proved Developed Non-Producing Reserves" are those reserves that either have not been on production or have previously been on production but are shut-in and the date of resumption of production is unknown.

"Proved Undeveloped Reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g. when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent 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.

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.

Light crude oil is crude oil with a relative density greater than 31.1 degrees API gravity, medium crude oil is crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity, and heavy crude oil is crude oil with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity.

With respect to finding and development costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

This press release contains several oil and gas metrics, including F&D costs, FD&A costs, recycle ratio, reserve replacement, NAV and RLI. These oil and gas metrics have been prepared by management and 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 metric should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide security holders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this news release, should not be relied upon for investment or other purposes. A summary of the calculations of such metrics are as follows:

- Finding and development ("F&D") costs are calculated by dividing capital expenditures by the change in reserves within the applicable reserves category. F&D costs, including FDC, include all capital expenditures in the year as well as the change in FDC required to bring the reserves within the specified reserves category on production.
- Finding, development and acquisition ("FD&A") costs represent the costs of property acquisition, exploration, and development incurred. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

- FD&A costs are calculated as capital expenditures plus net acquisition costs plus change in FDC. FD&A per boe is calculated as FD&A costs divided by reserves additions for the applicable period.
- Recycle ratio is calculated as Funds Flow from Operations per boe divided by F&D or FD&A, as applicable.
- Funds Flow from Operations per boe is calculated by dividing Funds Flow from Operations by sales volume for the period.
- Reserve replacement is calculated by dividing the annual reserve additions by the annual production.
- Net asset value ("NAV") per share is calculated as before or after tax NPV10 plus estimated year-end working capital, converted from USD to CAD as applicable, divided by basic shares outstanding at December 31, 2018.
- Reserves life index is calculated by dividing the applicable reserves category by the annualized fourth quarter production.

## **Unaudited Financial Information**

Certain financial and operating results included in this news release include capital expenditures, production information, funds flow from operations and operating costs are based on unaudited estimated results. These estimated results are subject to change upon completion of the Company's audited financial statements for the year ended December 31, 2018, and changes could be material. Parex anticipates filing its audited financial statements and related management's discussion and analysis for the year ended December 31, 2018 on SEDAR on or before April 1, 2019.

The information contained in this press release in respect of the Company's expected capital expenditures, funds flow from operations and operating costs for 2018, may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a few assumptions including the assumptions discussed in this press release. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. FOFI contained in this press release was made as of the date of this press release and Parex disclaims any intention or obligation to update or revise any FOFI, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

Funds from operations is not recognized measures under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning. Management believes that such financial measure is useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Investors should be cautioned that such measure should not be construed as an alternative to other measures of financial performance as determined in accordance with IFRS. The Company's method of calculating funds from operations may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies.

## **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'



internal projections, estimates or beliefs concerning, among other things, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, environmental matters, business prospects and opportunities and the date on which the conference call will be held. 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 addition, forward-looking statements contained in this document include, statements relating to "reserves", which are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the 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; prolonged volatility in commodity prices; risk of delay in completing or non-competition of required transfers of the applicable operating and environmental permits; failure of counterparties to perform under contracts; 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; failure of counterparties to perform under the terms of their contracts; 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: 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; 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; 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; 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.

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.