



News Release

October 17, 2019

## Parex Completes 10% Share Buy-Back

### 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:** Parex' Q3 2019 average production is estimated at 53,020 boe/d compared to the Company's Q2 2019 average quarterly production of 52,252 boe/d. We expect Q4 2019 production average to exceed 53,500 boe/d.

**Share Buy-Backs:** On December 21, 2018 Parex began a normal course issuer bid ("NCIB") with the intent to repurchase for cancellation approximately 15.0 million shares (10% of public float). As at October 11, 2019 the Company has repurchased 15.0 million shares at an average cost of C\$20.21 per share for a total of C\$304 million. Basic shares outstanding as at September 30, 2019 were 143.3 million (estimated October 2019 142.8 million) compared to 155.0 million as at December 31, 2018. Diluted share outstanding as at September 30, 2019 were 148.3 million compared to 162.0 million as at December 31, 2018.

The total NCIB cost was funded from free cash flow. As at September 30, 2019 the cash balance was USD\$350 million and estimated working capital is USD\$270 million (December 31, 2018 USD\$219 million).

Subject to the approval of the Toronto Stock Exchange, Parex expects to renew its NCIB in December 2019 with the intent to repurchase another 10% of the public float.

**Colombia Bid Round:** The Agencia Nacional de Hidrocarburos ("ANH") Permanent Process for the Assignment of Areas bid round has been delayed to late November 2019. Parex plans to be an active participant in the process.

**Guaco (LLA-34, WI 55%):** The Guaco-1 exploration well was drilled on a fault trend to the north-west of the Tigana/Jacana fields. The well began production on September 14, 2019 and has produced approximately 22,000 barrels over a 30-day period. Current production is approximately 600 bopd with a 0.3% water-cut. Follow-up appraisal drilling is planned for 2020.

**Capachos (WI 50%):** The Andina-3 development well was successfully drilled, and testing operations are ongoing. Parex has submitted an environmental application required to construct a flowline from the Andina pad to the Capachos Central processing facility

which is not expected to be approved until H1 2020, resulting in delaying the flowline construction to mid-2020.

**Q4 Exploration Program:** Parex is conducting a significant exploration program across multiple Colombian basins and testing various play types. Planned Q4 2019 exploration drilling is:

<b>Block</b>	<b>Exploration Prospect</b>
LLA-10	Tautaco
LLA-32	Azogue
Aguas Blancas	Pad-A Southern Extension
VIM-1	La Belleza
CPO-11	Daisy
Fortuna	170 km <sup>2</sup> 3D Seismic

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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 cash balance, estimated 2019 average quarterly 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.