Parex Concludes Strategic Repositioning Process and Announces Operational Update and Go-Forward Business Plan

CALGARY, Alberta, Dec. 18, 2018 (GLOBE NEWSWIRE) --

Highlights (all dollar amounts US dollars, unless otherwise noted):

- Parex Resources Inc. ("**Parex**" or the "**Company**") (TSX:PXT) announces today that its strategic repositioning review process has been completed and did not result in an acceptable proposal;
- Parex believes that the market price of its common shares does not reflect their underlying value. As such, subject to regulatory approval, Parex intends to immediately implement a normal course issuer bid ("**NCIB**") to actively and aggressively purchase up to 10% of the public float of the outstanding common shares for cancellation;
- Parex' balance sheet is strong, with no long-term debt, an undrawn $200 million bank credit facility and forecasted positive working capital of $200 million at December 31, 2018;
- Parex generates significant free cash flow beyond its projected maintenance and development/growth capital expenditure requirements, supporting a material share buyback program and a growth-oriented drilling program targeting the exploration and development of multiple high-impact exploration prospects located throughout Colombia;
- Parex has unconstrained access to global markets to sell its oil on Brent linked pricing that generates high operating netbacks, forecasted at $32-$34/boe (estimated for 2019 at $60/bbl Brent);
- Parex management has a long history of delivering strong operational results with quarter-over-quarter production and reserves growth. Actual 2018 results to date are materially ahead of our original projected guidance; and
- Parex delivered compounded annual production per debt-adjusted share growth of over 19% between 2013 and 2018.

Updated 2018 Production Forecast: 26% Quarter-over-Quarter Growth

Throughout the strategic review process, the Company continued to create shareholder value through increased production and growth in cash flow per share. The Company expects Q4 2018 production to average approximately 49,000 boe/d and 2018 full year production to average 44,250 boe/d. Our Q4 2017 to Q4 2018 expected production growth is approximately 26%. Production growth has been driven primarily by LLA-34, Cabrestero and Capachos results. Average Q1 2019 corporate production is expected to exceed 50,000 boe/d.

Boe/d	**Q4 Average**	**Full Year Average**
Historic 2017 Production	39,007	35,541
Original 2018 Production Guidance (Nov 7, 2017)	46,000	42,000 (mid point)
Current 2018 Production Forecast	49,000	44,250

Updated 2019 Guidance

Given the current market conditions and strong performance of our key assets, our updated 2019 corporate guidance is:

	Current 2018 Estimate	**Revised 2019 Guidance**
Production (average for period)	44,250 boe/d	52,000-54,000 boe/d
Total Capital Expenditures ("Capex")[(b)]	$315-$325 million	$200-$230 million
Maintenance Capital Expenditures	$125 million	$75 million
Funds Flow from Operations ("FFO")[(a)]	At Q4'18 $68/bbl Brent: $380-$390 million	At $60/bbl Brent: $450-$500 million
Free Cash Flow (FFO[(a)] mid-point less Total Capex[(b)] mid-point)	$65 million	$260 million

The planned 2019 capital expenditures are approximately evenly split between development, appraisal and exploration/new growth programs, along with projected maintenance capital of US$75 million. The midpoint of the 2019 production guidance reflects year-over-year growth of approximately 20% as compared to 2018 and does not include potential production volumes resulting from our exploration program nor the accretion to shareholders resulting from executing on a material NCIB program. Under this guidance scenario, at current

Brent pricing levels of approximately US$60/bbl, the Company will generate significant free cash flow, which can be used to fund the return of capital to shareholders.

The Company has also completed drilling and is currently testing the Andina-2 appraisal well which will likely be a key contributor to our 2019 production growth. The Andina Norte exploration well is planned to be spud prior to year-end 2018. The CPO-11 block Anacaona exploration well was drilled and abandoned.

Material Share Repurchases: Parex plans to enter into a NCIB to repurchase for cancellation approximately 15 million shares (10% of public float) and expects to be a significant market participant at current share prices. The expected daily maximum number of common shares that could be acquired is 165,615 shares. A further press release with additional details of the NCIB will be issued upon acceptance of the NCIB by the TSX. Currently Parex intends to repurchase the maximum number of shares pursuant to this NCIB, commencing in 2018. The total cost of this program will be funded from existing working capital and/or free cash flow. During 2019, Parex also intends to evaluate implementing a substantial issuer bid in 2019 as another tool for creating additional shareholder value.

Strategic Repositioning Review Process

Beginning on July 17, 2018, the Company, with the assistance of its external financial advisor Scotia Capital Inc., conducted an extensive public strategic repositioning review process, focussed on a broad, global marketing process to solicit interest in the sale of the Company's long life Southern Casanare ("**SoCa Assets**") assets (LLA-32, LLA-34 and Cabrestero), the retention of the Company's exploration assets, the return of the net sale proceeds to shareholders and the Company continuing as an exploration driven, Colombian focused junior oil company. The strategic repositioning review process was also receptive to any expressions of interest in a potential corporate sale or other strategic transaction that would result in the creation of additional value for shareholders. During the process, Parex received multiple proposals for the purchase of the SoCa Assets. After a thorough evaluation and consideration of the submitted proposals, it was determined that none of the proposals reflected the value of the SoCa Assets and were not in the best interests of the Company and as such, the strategic repositioning review process has been terminated.

Parex' management and Board of Directors unanimously support the Company continuing to pursue its business plan of growing production and realizing significant free cash flow, coupled with high impact exploration and re-purchasing shares as the most attractive means to create value for Parex shareholders.

Parex recognizes and appreciates stakeholders' patience with respect to the uncertainty generated by this process. As always, our central focus going forward will be the creation of long term shareholder value.

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Advisories

Non-GAAP Terms

The Company discloses several financial measures ("**non-GAAP Measures**") herein that do not have any standardized meaning prescribed under International Financial Reporting Standards ("**IFRS**"). These financial measures include operating netback per boe, funds flow from operations and free cash flow. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund a portion of its future capital expenditures. The Company considers operating netbacks per boe to be a key measure as it demonstrates Parex' profitability relative to current commodity prices. The following is a description of each component of the Company's operating netback per boe and how it is determined:

- Oil and natural gas sales per boe is determined by sales revenue excluding risk management contracts less non-cash oil revenue from overlifted Ocensa pipeline volumes divided by total equivalent sales volume including purchased oil volumes;
- Royalties per boe is determined by dividing royalty expense by the total equivalent sales volume and excludes purchased oil volumes;
- Production expense per boe is determined by dividing production expense by total equivalent sales volume and excludes purchased oil volumes; and
- Transportation expense per boe is determined by dividing transportation expense by the total equivalent sales volumes including purchased oil volumes.

Funds flow from operations is a non-GAAP measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital, divided by produced oil and natural gas sales volumes.

Free cash flow is a non-GAAP measure that includes funds flow from operations less capital expenditures.

Shareholders and investors should be cautioned that these measures should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with IFRS. Parex' method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Company's most recent Management's Discussion and Analysis, which is available at www.sedar.com for additional information about these financial measures and for a reconciliation of the non-GAAP measures.

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

This press release contains a number of oil and gas metrics, including operating netbacks. These oil and gas metrics have 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.

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", "intend", "believe", "anticipate" 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 beliefs concerning, among other things, future growth, results of operations, 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, 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 forecasted working capital at December 31, 2018; estimated Brent pricing in 2019; implementation of a normal course issuer bid, the expected details of such normal course issuer bid and the expectation that the Company will repurchase the maximum number of shares allowable under such normal course issuer bid; production forecast for Q4 2018 and expected 2018 full year to average production; expected production grow in Q4, 2018 over Q4 2017; expected average Q1 2019 corporate production; estimated amount of production (average for the period), capital expenditures (and its allocation), maintenance capital expenditures, funds flow from operations and free cash flow for current 2018 estimate and 2019 guidance; the expected 2018 and 2019 year-over-year midpoint production growth; the expectation that the Andina-2 appraisal well will be a key contributor of the Company's 2019 production growth; the expectation that the Company will generate significant free cash flow and the allocation of such free cash flow; expectation to be able to pursue a number of alternatives to return a significant amount of free cash flow to the Company's shareholders, including a substantial issuer bid; 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 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; that the benefits of initiating a review of strategic repositioning alternatives; and other matters.

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.

This press release and, in particular the information in respect of the Company's expected capital expenditures, funds flow and free cash flow provided by operations for 2018 and 2019, 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 financial results and activities and may not be appropriate for other purposes. The FOFI has been prepared based on a number of 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 intent or obligation to update publicly the press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

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.