



News Release

August 10, 2016

Parex Announces 2016 Second Quarter Results and Expanded Drilling Program

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company focused on Colombian oil exploration and production, announces its unaudited financial and operating results for the three months ended June 30, 2016 ("Second Quarter" or "Q2"). **All amounts herein are in United States dollars ("USD") unless otherwise stated.** A conference call to discuss the Second Quarter results will be held on Thursday August 11, 2016 beginning at 9:30 am Mountain Time.

2016 Second Quarter Financial and Operational Highlights

- Quarterly oil production averaged 28,913 barrels of oil per day ("bbl/d"), a slight increase from the previous quarter and a seven percent increase year-over-year. Combined oil and natural gas production for the quarter was 29,136 barrels of oil equivalent per day (boe/d);
- Quarterly oil sales were 1,472 bbl/d less than quarterly oil production due to a build in crude oil inventory;
- Generated funds flow from operations of \$31.8 million [\$0.21 (CAD \$0.27)¹ per share basic] as compared to \$0.10 per share for the prior period. Funds flow was up 106 percent from the previous quarter primarily due to a 34 percent increase in crude oil prices quarter-over-quarter;
- Brent referenced sales price in Colombia averaged \$39.74 per boe, resulting in \$20.14 per boe operating netback and a \$13.29 per boe funds flow netback²;
- Reduced combined operating and transportation unit costs by 25 percent (\$5.47/boe) to \$16.27 per boe from the prior year comparative quarter and by three percent from 2016 first quarter;
- Participated in drilling 3 gross wells³ (net 2.55). Capital expenditures for Q2 were \$13.9 million compared to \$37.2 million in the second quarter of 2015. As a result, Parex added to future development and appraisal drilling inventory with the 2016 oil discovery at Jacana-3; and
- Maintained balance sheet strength and financial flexibility. Parex remains debt free and exited the Second Quarter with \$97.5 million in working capital and a \$175 million undrawn bank credit facility.

During the first half of 2016 Brent oil prices averaged approximately \$41.21/bbl, while our funds flow from operations of \$47.2 million exceeded capital expenditures by \$28.8 million and the Company increased production from Q4 2015. Parex anticipates it will continue to increase

¹ Q2 average CAD/USD noon rate of 0.7761

² Operating netback excludes gains/losses on commodity risk management contracts

³ Wells drilled: Jacana-3 (producing), Jaruki-1 (dry & abandoned) and Bacano-1 (abandoned due to mechanical failure; did not reach target depth)

quarter-over-quarter oil production through ongoing optimization of existing wells, facilities de-bottlenecking and development/appraisal drilling.

	Three Months Ended June 30, 2016	2015	Three Months Ended March 31, 2016
Operational			
Average daily production			
Oil & natural Gas (boe/d)	29,136	27,025	28,900
Average daily sales of produced oil & natural gas			
Oil (bbl/d)	27,441	26,557	30,198
Gas (Mcf/d)	1,340	-	1,190
Oil & Gas (boe/d)	27,664	26,557	30,396
Operating netback (\$/boe)			
Reference Price – Brent	47.03	63.50	35.21
Oil revenue	39.74	56.31	27.10
Royalties	(3.33)	(4.91)	(2.25)
Net revenue	36.41	51.40	24.85
Production expense	(4.51)	(7.50)	(4.93)
Transportation expense	(11.76)	(14.24)	(11.86)
Operating netback ⁽¹⁾	20.14	29.66	8.06
Financial (\$000s except per share amounts)			
Oil and natural gas revenue⁽¹⁾	104,571	155,717	81,518
Net income (loss)	(185)	1,814	(7,630)
Per share – basic	0.00	0.01	(0.05)
Funds flow from operations	31,792	50,237	15,457
Per share – basic	0.21	0.35	0.10
Capital expenditures	13,922	37,234	4,507
Total assets	921,665	1,051,150	943,675
Working capital surplus ⁽²⁾	97,532	89,754	79,955
Bank Debt ⁽³⁾	-	-	-
Outstanding shares (end of period) (000s)			
Basic	152,268	150,108	151,722
Weighted average basic	152,006	144,145	151,525
Diluted ⁽⁴⁾	161,446	158,706	161,366

The table above contains Non-GAAP measures. See “Non-GAAP Terms” for further discussion.

(1) Average daily sales and the operating netback calculation includes the Company’s working interest sales volumes and excludes purchased oil sales volumes and the Ocesa overlift volumes.

(2) Working capital calculation does not take into consideration the undrawn \$175.0 million (June 30, 2015 - \$200 million) available under the syndicated bank credit facility.

(3) Syndicated bank credit facility borrowing base of \$175 million at June 30, 2016.

(4) Diluted shares as stated include the effects of common shares and in-the-money stock options and RSUs outstanding at the period-end. The June 30, 2016 Parex’ closing stock price was CAD\$12.51 per share.

Operational Update: H2 2016 Drilling Focus

On Block LLA-34 in the Llanos Basin, the Jacana-4 (WI 55%) development well began producing oil on July 18, 2016 and is producing approximately 2,000 barrels of oil per day and a water-cut of 1%. We have drilled and cased the Jacana-5 appraisal well, located approximately 780 meters north of Jacana-3, to test the down-dip extent of the Jacana field. We expect Jacana-5 to be tested during August 2016.

In the Middle Magdalena Basin, Parex has the majority of the approvals required to begin the appraisal of the Aguas Blancas field (WI 50%). We are currently conducting civil works and upon receipt of certain regulatory approvals, we plan to drill 5 delineation/production wells plus 2 water-flood pilot injection wells by year-end, increasing our firm 2016 capital budget by \$20 million.

Prior to the end of Q3 2016, Parex expects to begin its Magdalena Valley Basin drilling on the VMM-11, Playon and DeMares blocks as well as a seismic acquisition program on the VIM-1 block.

The following is a summary of the firm drilling activities for second half (H2) of 2016:

#	Prospect / Well	Block	Well Type	Status / Expected Timing (Spud Date)
1	Jacana-4	LLA-34	Development	Producing ~2,000 bopd
2	Jacana-5	LLA-34	Appraisal	Drilled – preparing to test
3	Katmandu Norte-2	Cerrero	Exploration	Drilling
4	Tigana-4	LLA-34	Development	Q3
5	Tigana Sur-4	LLA-34	Development	Q3
6	Tigana Sur-5	LLA-34	Development	Q4
7	Tigana Disposal	LLA-34	Disposal	Q4
8	Chiricoca-1	LLA-34	Exploration	Q4
9	Xorop-1	LLA-32	Exploration	Q4
10	Boranda -1	Playon	Exploration	Q3 - 1 st Playon farm-in well
11	Glauca-1	VMM-11	Exploration	Q4
12	Coyote-1	De Mares	Exploration	Q4 (work-over)
13	Taringa-1	Cebucan	Exploration	Q4
14	Ponyo-1	Cabrestero	Exploration	Q4 (re-drill Bacano mechanical failure at new location)

Guidance Update

With an expanded appraisal and exploration drilling program, we now anticipate 2016 capital expenditures to be \$110-120 million.

Firm Capital Expenditure Guidance	\$90-\$100 million
Contingent Aguas Blancas (7 wells)	\$20 million
Total Capital Forecast 2016	\$110-\$120 million

Parex has approximately \$98 million of net working capital, no debt and an undrawn bank facility available to fund future growth opportunities.

Q2 2016 Conference Call

Parex will host a conference call to discuss the Second Quarter Results on Thursday, August 11, 2016 beginning at 9:30 am Mountain Time. To participate in the call, dial 1-866-696-5910, passcode: 5590031

The live audio will be carried at: <http://bell.media-server.com/m/p/irpeeexm>

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Non-GAAP Terms

This report contains financial terms that are not considered measures under GAAP such as funds flow used in, or from operations, working capital, operating netback per barrel and adjusted net income, but do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. 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.

Funds flow from operations is a non-GAAP term that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. Management uses funds from (used in) operations to analyze operating performance and monitor financial leverage, and considers funds from (used in) operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments. Funds flow from operations is reconciled with net (loss) income in the consolidated statements of cash flows.

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's 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, environmental matters, 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; supply and demand for oil and the global price of oil; financial and business prospects and financial outlook; results of drilling and testing, results of operations; drilling plans; activities to be undertaken in various areas; capital plans in Colombia and annual production; plans to acquire and process 3-D seismic; timing of drilling and completion; and planned capital expenditures and the timing thereof. In addition, statements relating to

"reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and 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; 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; the risks that any estimate of potential net oil pay is not based upon an estimate prepared or audited by an independent reserves evaluator; that there is no certainty that any portion of the hydrocarbon resources will be discovered, or if discovered that it will be commercially viable to produce any portion thereof; 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's 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: 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; receipt of all required approvals for the Acquisition; royalty rates, future operating costs, 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's current and future operations and such information may not be appropriate for other purposes. Parex's 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.

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