Parex Announces Drilling Success on Aguas Blancas and Cabrestero Blocks and Continued Production Growth on LLA-34

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CALGARY, January 09, 2017 - 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: Q4 2016 production was approximately 31,000 boe/d (99% crude oil) compared to 29,754 boed/d in the prior quarter. Full year 2016 production was approximately 29,700 boe/d, representing 8% year-over-year production growth. For Q1 2017, we expect production to average 32,000 boe/d.

Aguas Blancas (working interest ("WI") 50%): Parex has completed the drilling of the first 4 wells of an initial 15 well drilling program at Aguas Blancas. Two development wells (AB-26 and AB-32) and two appraisal wells (AB-9 and AB-14) have been drilled, logged and have indications of oil in the Mugrosa B and Mugrosa C formations. The AB-9 and AB-14 appraisal wells have been drilled in areas not included in the GLJ Petroleum Consultants Ltd. ("GLJ 2015 Report") December 31, 2015 2P reserves assessment. Further, the GLJ 2015 Report only assessed the Mugrosa C Formation.

The AB-9 well was completed and tested in two stages in the Mugrosa C Formation. The first completion and test was from 400 feet of perforations over the entire Mugrosa C interval. The well was tested over a 29 hour period and delivered average oil production of 130 bopd (40-50 API) with associated gas production of 2.3 MMCFD and final water-cut of 5%. Bottom hole pressure recorders indicated an average reservoir pressure of 3,400 psi and a drawdown of 50% during the flow test. The second test isolated the upper 200 feet of perforations. The upper sands were swab tested at a rate of approximately 40-50 BOPD with a final water-cut of 1.5% and a gas rate of 0.3-0.5 MMCFD. Bottom hole pressure recorders indicated drawdown of approximately 85% during this swab test with 35 API oil recovered during the test. The well is now being equipped with artificial lift for further production testing. The light oil and gas produced from the first test appear to be producing from a high quality basal sand that has not been previously encountered in the field and provides a potential new productive zone on the block.

The AB-26, 14 and 32 wells will be tested in Q1 2017. Parex plans to operate a continuous 10 well drilling program through Q1 and Q2 2017 at Aguas Blancas, and upon receiving the environmental permits for new drilling pads, Parex plans to drill an additional 5-8 other wells prior to year-end 2017.

Dave Taylor, President stated, "We originally didn't anticipate that we would be able to operate in the Aguas Blancas Block until 2017. Drilling 4 wells in Q4 2016 was a significant milestone for Parex as it represented our first operations in the Middle Magdalena Basin. Following the drilling and logging of our first 4 wells, we are encouraged by the thick reservoir intervals that appear to be oil bearing. We look forward to the results of our comprehensive 2017 drilling and testing program."

Cabrestero (WI 100%): The Bacano-2 exploration well has been drilled to a total depth of 13,680 feet to test the Guadalupe Formation, which is productive to the north on block LLA-34. The well is located 3.8 kilometers southwest of the Jacana oil field on LLA-34 and 2 kilometers west of the Akira oil field on the Cabrestero block.

Logs from the Bacano-2 well indicate three potential oil bearing sands and to ensure conclusive test results, Parex began completing and testing the zones independently. A completion was conducted using the drilling rig on the uppermost zone only. The well was tested using an ESP from December 23, 2016 to December 29, 2016. A total of 2,595 barrels of 17 API crude oil was recovered from the test with a final oil rate of approximately 520 bopd and a watercut of 0.4%, with a drawdown of approximately 50%.

We expect Bacano-2 to be placed on production in the next few weeks and we are in the process of building a new drilling pad to enable the drilling of additional appraisal wells commencing in March 2017.

Llanos 34 (WI 55%): The Jacana-6 well was drilled to test the western edge of the Jacana field. In November 2016 the Jacana-6 was perforated in all three of the Guadalupe sands and tested with the use of an ESP. Over the period of November 19th to December 2nd the well was tested at rates up to 1,900 barrels of fluid per day ("bfpd") with an average rate of 1,291 bfpd. The water cut increased throughout the test from an initial 9% watercut to 49% at the time of shut in. A total of 11,979 barrels of 16 API oil and 5,741 barrels of formation water was produced during the test. Pressure sensors on the ESP pump indicated no depletion during the test and relatively steady bottom hole producing pressure.

In December 2016, the Jacana-6 well was subsequently recompleted to test the upper two Guadalupe sands in isolation. From December 25 to January 8, 2017, a total of 7,756 barrels of oil and 593 barrels of water has been recovered from the test for an average watercut of 7%. Production on January 8, 2017 was 625 bopd at a watercut of 9% with bottom hole producing pressure of approximately 2,300 psi for a drawdown of approximately 45%.

Additional testing from Jacana-6 and further delineation drilling will be required to evaluate the full extent of the Jacana Field and the source of the water production. Anomalous water production at Jacana-2 has been shown to originate from an extraneous source, not related to the downdip oil-water-contact at Jacana. The furthermost downdip well in the Jacana field, Jacana-5, is producing at a rate of 3,900 bopd at a watercut of under 1%.

Civil works is complete on the Jacana Sur pad at the southwest current mapped limit of the field. During Q1 2017 Parex expects to drill 3 delineation wells in the Jacana Sur area.

The Tigana Sur-4 development well was drilled and is currently producing approximately 1,600 bopd at a watercut of 1% The Tigana Sur-6 development well is currently drilling.

The Chiricoca-1 exploration well has been drilled and cased and is currently being tested.

Llanos 32 (WI 70%): The exploration well Xorop-1 was drilled and tested in Q4 2016. The well recovered minor amounts of oil before watering out and will be abandoned.

VIM 1 (WI 100%): a 525 km2 3D seismic program is currently being processed and we expect the interpretation to be concluded during Q2 2017. Parex expects to drill an exploration prospect on the block during 2017.

2017 Guidance: As previously released on November 10, 2016, the 2017 guidance highlights for the full year include:

- Production: 34,000-36,000 boe/d;

- Capital Expenditures: $200-$225 million fully funded from cash flow, including drilling 39-44 wells.

Upcoming News Events: We look forward to releasing the results of our 2016 independent engineers' reserves report on February 6, 2017 and our 2016 audited financial results on March 7, 2017.

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.

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", "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; the Company's expected 2016 full year average production rate, forecasted 2017 average production based on certain oil *prices, and anticipated production growth; the Company's 2017 capital expenditure budget, including the amount thereof and the expected allocations of such expenditures to each of maintenance and development capital, appraisal growth capital and exploration growth capital; the Company's anticipated drilling, development, exploration and other growth plans within its capital expenditure budget, including the Company's plans to fulfill certain farm-in and other earning commitments; the Company's belief that its capital budget will be fully funded from funds flow from operations at current Brent strip pricing; Parex' anticipated debt levels; the Company's anticipated cash netbacks; financial and business prospects and financial outlook; 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; risks related to the lawsuit brought in Texas against Parex and certain foreign subsidiaries; 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 the amounts of operating netbacks, G&A, finance expenses and tax expenses are higher or lower than anticipated; 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).

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; 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; 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 not consistent with its expectations; anticipated operating netbacks, G&A, finance expenses and tax expenses for 2017; 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.

This press release and, in particular the information in respect of the Company's expected capital expenditures, funds flow from operations and netbacks for 2017, 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 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.*

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

This press release contains certain oil and gas metrics, including cash netback, which 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 metrics should not be unduly relied upon. Cash netback is calculated as operating netback less G&A, finance expenses and tax expenses.

Cash netback is not a recognized measure 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 this 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 these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies.

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.

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