

Parex Resources Announces Record First Quarter Results, Increased Production Guidance and 79% Increase to Regular Dividend

Parex Resources Inc. ("Parex" or the "Company") (TSX: PXT) is pleased to announce its financial and operating results for the three-month period ended March 31, 2022. The Company is also announcing updated 2022 guidance as well as the declaration of a second quarter 2022 regular dividend of C\$0.25 per share. *All amounts herein are in United States Dollars ("USD") unless otherwise stated.*

Highlights

- Net income of \$152.7 million and record first quarter 2022 funds flow from operations ("FFO")⁽¹⁾ of \$205.5 million.
- Quarterly regular dividend increased by 79% to C\$0.25 per share.
- Accelerated share buyback, repurchasing so far in 2022 nearly 50% of our planned 10% share buyback.
- FY 2022 midpoint production guidance increased from 53,000 boe/d to 55,000 boe/d, with projected 2022 exit production rate of over 60,000 boe/d.
- Updated capital expenditure⁽³⁾ guidance from \$425 million to \$550 million.

"With zero debt, surplus cash and a favorable commodity price environment, Parex remains steadily focused on execution and taking advantage of the opportunity that lies ahead. We are positioned to meaningfully grow production and free funds flow through quick payback projects in an environment where global oil supply is constrained – and build on our strong return of capital track record," commented Imad Mohsen, President and Chief Executive Officer. "It is paramount to Parex that that we continue to reward our shareholders while we make investments in our high-quality portfolio."

2022 First Quarter Results

- Quarterly average oil and natural gas production was 51,688 boe/d (96% crude oil and 4% natural gas), an increase of 10% over the first quarter of 2021 and a 4% increase over the fourth quarter of 2021.
- Net income of \$152.7 million or \$1.29 per share basic.
- Record quarterly FFO⁽¹⁾ of \$205.5 million, up by 64% from the first quarter of 2021 and up by 22% from the fourth quarter of 2021.
- Generated an operating netback⁽²⁾ of \$59.31/boe and an FFO netback⁽²⁾ of \$43.73/boe from an average Brent price of \$97.90/bbl.
- Incurred \$122.5 million of capital expenditures⁽³⁾, participating in the drilling of 17 gross (12.40 net) wells.
- Paid a C\$0.14 per share dividend, that represented a 12% percent increase from the fourth quarter 2021 dividend of C\$0.125 per share and repurchased 4.4 million shares through our normal course issuer bid ("NCIB"). In total, returned \$110.5 million in the quarter to shareholders.
- Working capital surplus⁽¹⁾ was \$286.7 million, which was reduced by \$39.1 million from the fourth quarter of 2021 predominantly through the acceleration of share buybacks and procurement of long-lead inventory items.

(1) "Capital management measure," which is not a standardized financial measure under International Financial Reporting Standards ("IFRS") and might not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures Advisory."

(2) "Non-GAAP ratio," which is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures Advisory."

(3) "Non-GAAP financial measure," which is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures Advisory."

Return of Capital - 79% Dividend Increase and Share Buyback Maximized

As previously disclosed, the Company's long-term capital allocation framework is to target the return of at least one third of annual FFO⁽¹⁾ to shareholders, with the remaining FFO⁽¹⁾ to be reinvested in the business. Under this framework, and with zero debt, Parex is positioned to target the return of 100% of annual free funds flow (FFO⁽¹⁾ less capital expenditures)⁽²⁾ to shareholders through dividends and share buybacks.

Parex's Board of Directors has approved a second quarter 2022 regular dividend of C\$0.25 per share to be paid on June 30, 2022 to shareholders of record on June 15, 2022, representing a 79% increase from the Company's first quarter 2022 regular dividend and a 100% increase from the Company's fourth quarter 2021 regular dividend. This quarterly dividend payment to shareholders is designated as an "eligible dividend" for purposes of the Income Tax Act (Canada).

As at May 11, 2022, Parex has repurchased over 5.7 million shares and completed nearly 50% of the 2022 share buyback, with the continued expectation that under the current NCIB Parex will purchase the maximum allowable shares of 11.8 million during the year. This would mark the fourth year in a row where Parex has purchased the maximum allowable shares under its NCIBs, reducing the fully diluted share count from 165 million in 2017 to an expected 110 million by year end 2022.

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Updated FY 2022 Guidance - Forecast 29% Year-Over-Year Production Per Share Growth

To maximize shareholder value as well as reflect changes in the commodity price and industry environment, the Company's 2022 guidance, as originally announced on November 3, 2021, has been updated as follows:

2022F Corporate Guidance	Original	Updated
Capital Expenditures (\$ Millions) ⁽¹⁾	\$400-450	\$525-575
Production (Average) (boe/d)	52,000-54,000	54,000-56,000
Exit Production (boe/d)	n/a	>60,000

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The increase over the previous capital guidance at the midpoint is broken down in the below table, with the capital increase guided by our previously outlined long-term capital allocation framework. Most of the incremental capital is expected to be spent in the second half of 2022 and is expected to support Parex's second half 2022 and full year 2023 production, with the majority of capital directed towards operated activities.

2022F Capital Expenditure Guidance (\$ Millions)⁽¹⁾

Previous Guidance (Midpoint)	\$425
Acceleration of Infill Drilling and Waterflood Optimization (Llanos)	\$55
Short-Cycle Opportunistic Production Adds (Llanos)	\$30
Long-Lead Inventory Build	\$40
Updated Guidance (Midpoint)	\$550

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With the accelerated Llanos investments, Parex expects 2022 production to increase approximately 2,000 boe/d at the midpoint to a range of 54,000 boe/d to 56,000 boe/d. By the fourth quarter of 2022, Parex expects to achieve record production with an expected exit rate in excess of 60,000 boe/d that will provide a strong foundation for 2023. At the midpoint of updated 2022 production guidance, Parex is now forecasting to grow production by 17% year-over-year and combined with the Company's planned share repurchases, is forecasting production per share growth of 29% year-over-year.

Consistent with prior commodity cycles, Parex actively adjusts its capital allocation to maximize shareholder value. The acceleration of infill drilling and waterflood optimization, which is an additional \$55 million of capital, as well as adding \$30 million of capital focused on increasing short-cycle activity on existing Southern Llanos fields, is to accelerate production of our reserves in the current high price environment as well as add additional reserves by achieving higher recovery factors. More details regarding these two categories of capital increases can be found in our full 2022 Program Update table below.

Rising inflation as well as material and service cost increases are impacting operational costs industry wide. Parex has proactively worked to minimize the impact through previously securing rigs under long-term contracts, increasing critical organizational capabilities, as well as acquiring long-lead items for the foreseeable future. Long-lead inventory build represents roughly \$40 million of additional capital and includes, but is not limited to, steel casing, compressors, and turbines. Parex is extremely well positioned to execute our program and in total currently expects these inflationary and industry cost increases to account for less than 4% of the revised 2022 capital expenditure guidance.

2022 Program Update

Drilling Schedule	<ul style="list-style-type: none"> • Currently have six drilling rigs on operated properties under long-term fixed rate contracts, with a seventh to be added in the second quarter of 2022. • Two non-operated drilling rigs currently at the LLA-34 Block, with a third to be added in the back half of 2022. • Rig optimization and specifically minimizing rig moves are a focus for the back half of 2022.
Llanos Basin	<ul style="list-style-type: none"> • Total well program expanded by 15 net wells to 33-35. • More than doubling the program at the Cabrestero Block to build on success over the past 12 months by accelerating previously planned infill wells and adding waterflood optimization. First quarter 2022 Cabrestero production was 10,850 bbl/d of heavy oil, up 85% year-over-year. • Short-cycle opportunistic production adds are focused on activities in the Southern Llanos that have a high probability of success where takeaway infrastructure is already in place, equipment is secured and Parex has 100% working interest. Adds are opportunistic based on rig availability and are expected to be quick payback projects (less than 90 days) at current operating netbacks. • Capital increases were partially offset by the deferral of four wells in the Northern Llanos to the 2023 program; deferrals were based on rig optimization. • At the Capachos Block, currently drilling as well as continue to track towards the installation of natural gas turbine generation in the second half of 2022 that are expected to improve infrastructure and increase capacity. • At the Arauca Block, civil works is currently underway as preparation begins to mobilize a rig and begin drilling operations in the second half of 2022.
Llanos Basin (LLA-34 Block)	<ul style="list-style-type: none"> • Total well program expanded by 8 wells to 28-32. • Primary reason for the program expansion is to begin pattern waterflood development on the block.
Magdalena Basin	<ul style="list-style-type: none"> • Development and exploitation plan proceeding as planned with minimal change. • Expect to complete and test all recently drilled Boranda Block and Fortuna Block wells in first half of 2022, with an update on go forward exploitation activities for those blocks planned for the second half of 2022. • At the VIM-1 Block, completed gas processing facilities in the first quarter of 2022, which is expected to increase liquids capture following the completion of a gas injection well in the second quarter of 2022.
Exploration Activity	<ul style="list-style-type: none"> • Exploration plan proceeding as planned with minimal change, with approximately 3 wells to be drilled over the remainder of the year. • To date, have drilled 3 wells in the plan, 1 being at VIM-1 Block (suspended; previously disclosed) and the other 2 being stratigraphic wells in the Southern Llanos that provided geological information validating internal geological models. • Of the 3 remaining wells, 2 are planned in the Southern Llanos and 1 in the Magdalena. • In the first quarter of 2022, completed 3D seismic on two Magdalena blocks and are currently evaluating the results.
Production	<ul style="list-style-type: none"> • Second quarter 2022 production is expected to be 52,000 boe/d to 53,000 boe/d.
Hedging	<ul style="list-style-type: none"> • Parex production volume is 100% unhedged.

Sustainability Update – Solar Farm Online

Subsequent to the first quarter of 2022, Parex brought its first ever solar farm project online. Located on the Cabrestero Block in the Southern Llanos, the system comprises of 7,200 individual panels and at full capacity will generate approximately 5.9 million kilowatts-hour per year of power. This is a significant sustainability milestone for Parex, creating approximately 50 local job opportunities during the construction phase and projecting to avoid approximately 3,500 tCO₂-e per year through the utilization of renewable power.

Netback Sensitivity Estimates

With the updated guidance, Parex is providing revised netback sensitivity estimates to reflect the higher oil price environment:

2022F Netback Sensitivity Estimates

Brent Crude Price (\$/bbl)	\$80	\$90	\$100
Operating Netback (\$/boe) ⁽¹⁾	\$48	\$54	\$61
Effective Tax Rate ⁽²⁾	20%	21%	23%
FFO Netback (\$/boe) ⁽¹⁾⁽³⁾	\$37	\$41	\$45

(1) "Non-GAAP ratio," which is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures Advisory."

(2) Effective tax rate is the expected current tax effective rate on FFO.

(3) Assumes a Brent/Vasconia crude differential of \$4.00/bbl.

Financial and Operational Highlights	Three Months Ended		
	March 31, 2022	2021	Dec. 31, 2021
Operational			
Average daily production			
Light Crude Oil and Medium Crude Oil (bbl/d)	5,687	8,131	6,376
Heavy Crude Oil (bbl/d)	43,865	36,948	41,534
Crude oil (bbl/d)	49,552	45,079	47,910
Conventional Natural Gas (mcf/d)	12,816	10,200	11,214
Oil & Gas (boe/d) ⁽¹⁾	51,688	46,779	49,779
Production split (% crude oil)	96	96	96
Operating netback (\$/boe)			
Reference price - Brent (\$/bbl)	97.90	61.32	79.66
Oil & natural gas revenue ⁽⁴⁾	86.24	52.80	67.81
Royalties ⁽⁴⁾	(17.70)	(6.13)	(11.69)
Net revenue ⁽⁴⁾	68.54	46.67	56.12
Production expense ⁽⁴⁾	(6.24)	(5.86)	(6.61)
Transportation expense ⁽⁴⁾	(2.99)	(3.43)	(2.72)
Operating netback (\$/boe)⁽²⁾	59.31	37.38	46.79
Funds flow provided by operations (\$/boe)⁽²⁾	43.73	29.98	36.41
Financial			
(\$000s except per share amounts)			
Net income	152,650	47,460	96,041
Per share - basic ⁽⁶⁾	1.29	0.37	0.80
Funds flow provided by operations⁽⁵⁾⁽⁸⁾	205,488	124,969	168,261
Per share - basic ⁽⁴⁾⁽⁶⁾	1.73	0.96	1.39
Capital expenditures⁽³⁾	122,498	39,592	118,507
Free funds flow⁽³⁾	82,990	85,377	49,754
Dividends paid	13,115	—	35,610
Per share - Cdn\$ ⁽⁴⁾⁽⁶⁾	0.125	—	—
Shares repurchased	97,404	60,108	24,411
Number of shares repurchased (000s)	4,425	3,502	1,510
Outstanding shares (end of period) (000s)			
Basic	116,413	128,589	120,266
Weighted average basic	118,541	129,715	120,716
Diluted ⁽⁸⁾	117,331	131,084	121,600
Working capital surplus⁽⁵⁾	286,684	341,686	325,780
Bank debt⁽⁷⁾	—	—	—
Cash	362,103	369,756	378,338

(1) Reference to crude oil or natural gas in the above table and elsewhere in this press release refer to the light and medium crude oil and heavy crude oil and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - Standard of Disclosure for Oil and Gas Activities.

(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".

(3) Non-GAAP financial measure, which is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures Advisory" for the composition of such measure.

(4) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory" for the composition of such measure.

(5) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".

(6) Per share amounts (with the exception of dividends) are based on weighted average common shares.

(7) Borrowing limit of \$200.0 million as of March 31, 2022.

(8) Diluted shares as stated include the effects of common shares and stock options outstanding at the period-end. The March 31, 2022 closing stock price was CAD25.65 per share.

2022 First Quarter Conference Call & Webcast

Parex will host a conference call to discuss the 2022 first quarter results on Thursday, May 12, 2022, beginning at 8:30 am MT (10:30 am ET). To participate in the conference call or webcast, please see access information below:

Toll-free dial number (Canada/US)

1-800-952-5114

International dial-in numbers

[Click to access the dial-in number of your location](#)

Passcode

7300823 #

Webcast

<https://edge.media-server.com/mmc/p/anop4pfk>

2022 Annual General Meeting

Parex will hold its Annual General Meeting of Shareholders on Thursday, May 12, 2022 at 9:30 am MT (11:30 am ET) in a virtual-only format that provides all shareholders an opportunity to participate.

The meeting will be conducted via webcast through the following link: <https://meetnow.global/M29ZXQF>

About Parex Resources Inc.

Parex is the largest independent oil and gas company in Colombia, focusing on sustainable, conventional production. Parex's corporate headquarters are in Calgary, Canada, and the Company has an operating office in Bogotá, Colombia. Parex is a member of the S&P/TSX Composite ESG Index and its shares trade on the Toronto Stock Exchange under the symbol PXT.

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Non-GAAP and Other Financial Measures Advisory

This press release uses various “non-GAAP financial measures”, “non-GAAP ratios”, “supplementary financial measures” and “capital management measures” (as such terms are defined in NI 52-112), which are described in further detail below. Such measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP measures as indicators of Parex' performance.

These measures facilitate management's comparisons to the Company's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Company's performance. Further, management believes that such financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities.

Set forth below is a description of the non-GAAP financial measures, non-GAAP ratios, supplementary financial measures and capital management measures used in this press release.

Non-GAAP Financial Measures

Capital Expenditures, is a non-GAAP financial measure which the Company uses to describe its capital costs associated with Oil and Gas expenditures. The measure considers both Property, Plant and Equipment expenditures and Exploration and Evaluation asset expenditures which are items in the Company's statement of Cash Flows for the period.

(\$000s)	For the three months ended		
	March 31, 2022	2021	December 31, 2021
Property, plant and equipment expenditures	\$ 83,868	\$ 38,515	\$ 76,454
Exploration and evaluation expenditures	38,630	1,077	42,053
Total Capital expenditures	\$ 122,498	\$ 39,592	\$ 118,507

Free funds flow, is a non-GAAP financial measure that is determined by funds flow provided by operations less capital expenditures. The Company considers free funds flow to be a key measure as it demonstrates Parex' ability to fund return of capital, such as the NCIB, without accessing outside funds and is calculated as follows:

(\$000s)	For the three months ended		
	March 31, 2022	2021	December 31, 2021
Cash provided by operating activities	\$ 190,607	\$ 128,142	\$ 176,003
Net change in non-cash working capital	14,881	(3,173)	(7,742)
Funds flow provided by operations	205,488	124,969	168,261
Capital expenditures, excluding corporate acquisitions	122,498	39,592	118,507
Free funds flow	\$ 82,990	\$ 85,377	\$ 49,754

Operating netback

The Company considers operating netbacks to be a key measure as they demonstrate Parex' profitability relative to current commodity prices. Parex calculates operating netback as oil and natural gas sales from production less royalties, operating, and transportation expense.

Non-GAAP Financial Ratios

Operating netback per boe

The Company considers operating netback per boe to be a key measure as they demonstrate Parex' profitability relative to current commodity prices. Parex calculates operating netback per boe as operating netback divided by the total equivalent sales volume including purchased oil volumes for oil and natural gas sales price per boe and by the total equivalent sales volume and excludes purchased oil volumes for royalties, operating, and transportation expense per boe.

Funds flow provided by operations per boe or funds flow netback per boe, is a non-GAAP ratio 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. The Company considers funds flow netback to be a key measure as it demonstrates Parex' profitability after all cash costs relative to current commodity prices.

Basic funds flow provided by operations per share is calculated by dividing funds flow provided by operations by the weighted average number of basic shares outstanding. Parex presents basic funds flow provided by operations per share whereby per share amounts are calculated using weighted-average shares outstanding, consistent with the calculation of earnings per share.

Capital Management Measures

Funds flow provided by operations, is a non-GAAP capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. A reconciliation from cash provided by operating activities to funds flow provided by operations is as follows:

	For the three months ended		
	March 31, 2022	2021	December 31, 2021
(\$000s)			
Cash provided by operating activities	\$ 190,607	\$ 128,142	\$ 176,003
Net change in non-cash working capital	14,881	(3,173)	(7,742)
Funds flow provided by operations	\$ 205,488	\$ 124,969	\$ 168,261

Working Capital Surplus, is a non-GAAP capital management measure which the Company uses to describe its liquidity position and ability to meet its short term liabilities. Working Capital Surplus is defined as current assets less current liabilities.

	For the three months ended		
	March 31, 2022	2021	December 31, 2021
(\$000s)			
Current Assets	\$ 626,916	\$ 471,744	\$ 574,038
Current Liabilities	340,232	130,058	248,258
Working Capital Surplus	\$ 286,684	\$ 341,686	\$ 325,780

"Oil and natural gas revenue per boe" is determined by sales revenue excluding risk management contracts, as determined in accordance with IFRS, divided by total equivalent sales volume including purchased oil volumes.

"Production expense per boe" is comprised of production expense, as determined in accordance with IFRS, divided by the total equivalent sales volume and excludes purchased oil volumes.

"Transportation expense per boe" is comprised of transportation expense, as determined in accordance with IFRS, divided by the total equivalent sales volumes including purchased oil volumes.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the total equivalent sales volume and excludes purchased oil volumes.

"Dividends paid per share" is comprised of dividends declared, as determined in accordance with IFRS, divided by the number of shares outstanding at the dividend record date.

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 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 and FFO netbacks. 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 metrics 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.

Distribution Advisory

The Company's future shareholder distributions, including but not limited to the payment of dividends and the acquisition by the Company of its shares pursuant to its NCIB, if any, and the level thereof is uncertain. Any decision to pay further dividends on the common shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) or acquire shares of the Company will be subject to the discretion of the Board of Directors of Parex and may depend on a variety of factors, including, without limitation the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on the Company under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that the Company will pay dividends or repurchase any shares of the Company in the future.

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", "guidance", "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'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's 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 Company's focus, plans, priorities and strategies; that Parex will meaningfully grow production and free funds flow through quick payback projects and build on its strong return of capital track record; that Parex will return free funds flow to shareholders through dividends and share repurchases under its NCIB, including the expected amounts and timing thereof; the terms of the dividends payable on June 30, 2022; Parex's expectation that Parex will purchase the maximum allowable shares under its NCIB and the anticipated number of shares outstanding by year end 2022; Parex's plans to reward its shareholders while making investments in its high-quality portfolio; Parex's anticipated 2022 capital expenditure guidance, 2022 production guidance and 2022 exit production rate; Parex's forecasted year-over-year production per share growth; Parex's expectations as to when it will spend the majority of its incremental capital and its effect on Parex's 2022 and 2023 production profiles; the focus of the Company's capital expenditures; Parex's expectations that its production in 2022 will provide a strong foundation for 2023; that Parex will be responsive to changes in commodity prices; the anticipated effect of increased short-cycle activity on shareholder value; the focus of Parex's future activities; Parex's expectations as to the effect that inflationary and industry cost increases will have on the revised 2022 capital expenditure guidance; the anticipated timing of Parex's drilling programs and targeted formations; drilling plans, including the anticipated timing

of rig mobilization and drilling operations in the areas in which Parex operates; Parex' plans for opportunistic production additions and the anticipated timing of payback from such additions; the anticipated timing of the installation of electric turbines and the anticipated benefits to be derived therefrom; the anticipated timing of the completion and testing of Parex's wells in at the Magdalena basin; anticipated second quarter 2022 production; the anticipated benefits to be derived from Parex's solar panel project; Parex's 2022 netback sensitivity estimates; and the anticipated timing for Parex's quarterly conference call and webcast.

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; impact of the COVID-19 pandemic and the ability of the Company to carry on its operations as currently contemplated in light of the COVID-19 pandemic; determinations by OPEC and other countries as to production levels; 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's 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; risk that Parex does not have sufficient financial resources in the future to provide distributions to its shareholders; risk that the Board does not declare dividends in the future or that Parex's dividend policy changes; the risk that Parex may not be responsive to changes in commodity prices; risk that Parex's anticipated 2022 capital expenditure guidance, 2022 production guidance, 2022 exit production rate and second quarter 2022 production are less than anticipated; risk that the Company is unable to return the expected amount of free funds flow to shareholders; risk that the anticipated timing of Parex's drilling plans change; the risk that Parex's increased short-cycle activity will not be successful or maximize value for its shareholders; the risk that inflationary and industry cost increases will account for more of the revised 2022 capital expenditure guidance than anticipated; the risk that Parex will not realize the anticipated benefits from Parex's solar panel project; 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, among other things: current and anticipated commodity prices and royalty regimes; the impact (and the duration thereof) that COVID-19 pandemic will have on the demand for crude oil and natural gas, Parex's supply chain and Parex's ability to produce, transport and sell Parex's crude oil and natural; gas; 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's 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's 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's 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's 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 Parex will have sufficient financial resources to pay dividends and acquire shares pursuant to its NCIB in the future; 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.

This press release contains information that may be considered a financial outlook under applicable securities laws about the Company's potential financial position, including, but not limited to: the amount of free funds flow expected to be returned to shareholders through dividends and share repurchases under its NCIB; the number of shares expected to be purchased under the NCIB; Parex's anticipated 2022 capital expenditure guidance, including the components of such capital expenditures; and Parex's 2022 netback sensitivity estimates; all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Company and the resulting financial results will vary from the amounts set forth in this press release and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. The financial outlook contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Company's potential future business operations. Except as required by applicable securities laws, the Company undertakes no obligation to update such financial outlook. Readers are cautioned that the financial outlook contained in this press release is not conclusive and is subject to change.