

Parex Resources Announces Increase to PDP and 2P Per Share Reserves, Declaration of Increased Q1 2022 Dividend, and Provides NCIB Update

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT) is pleased to announce the results of its annual independent reserves assessment as at December 31, 2021, as well as provide an operational update. The Company also announces the declaration of a first quarter 2022 regular dividend of CAD\$0.14 per common share to be paid on March 30, 2022 to shareholders of record on March 15, 2022, representing a 12% increase from the Company's fourth quarter 2021 regular dividend. Also, in 2022, the Company expects to purchase the maximum allowable common shares pursuant to its normal course issuer bid program ("NCIB"). Parex has purchased the maximum allowable common shares under its NCIBs for the previous three years.

The financial and operational information contained below is based on the Company's unaudited estimated results for the year ended December 31, 2021. All currency amounts are in United States dollars, unless otherwise stated.

2021 Year-End Corporate Reserves Report: Highlights

"With an industry-leading balance sheet, a plan to return meaningful capital to shareholders, and a reserve life index exceeding 10 years, Parex is extremely well-positioned to generate shareholder value in 2022 and over the long term," commented Imad Mohsen, President and Chief Executive Officer.

For the year ended December 31, 2021, Parex:

- Added 25.3 million barrels of oil equivalent ("MMboe") proved developed producing reserves ("PDP") and 21.5 MMboe proved plus probable ("2P") reserves, replacing respectively 148% and 125% of total 2021 production (approximately 17.15 MMboe);
- Increased PDP and 2P reserves per share by 22% and 11%, respectively, with exploration activities complimented by the 2021 NCIB;
- Added 2P reserves of 7.8 MMboe at Arauca, which is a block that is new to Parex and located in the Northern Llanos basin, as well as added 2P reserves of 4.3 MMboe at Capachos;
- Realized estimated PDP finding, development & acquisition ("FD&A") costs of \$10.71/boe, resulting in a 3.4 times PDP FD&A recycle ratio (using estimated Q4 2021 funds flow from operations of \$36.76/boe);
- Achieved estimated 2P FD&A costs of \$18.35/boe, resulting in a 2.0 times 2P FD&A recycle ratio (using estimated Q4 2021 funds flow from operations of \$36.76/boe);
- Realized an after tax proved ("1P") net asset value ("NAV") per share of C\$29.03 and 2P NAV of C\$38.51 per share, discounted at 10% and using the GLJ 2021 Report price forecast, and includes estimated December 31, 2021 working capital of \$325 million.

This press release contains Forward-Looking Information and references to Non-GAAP and Other Financial Measures.

Significant related assumptions and risk factors, and reconciliations are described under the Non-GAAP and Other Financial Measures and Forward-Looking Statements sections of this press release, respectively.

2021 Year-End Corporate Reserves Report: Discussion of Reserves

The following tables summarize information contained in the independent reserves report prepared by GLJ Ltd. ("GLJ") dated February 3, 2022 with an effective date of December 31, 2021 (the "GLJ 2021 Report"), with comparatives to the independent reserves report prepared by GLJ dated February 4, 2021 with an

effective date of December 31, 2020 (the "GLJ 2020 Report"), and the independent reserves report prepared by GLJ dated February 5, 2020 with an effective date of December 31, 2019 ("GLJ 2019 Report", and collectively with the GLJ 2021 Report and the GLJ 2020 Report, the "GLJ Reports"). Each GLJ Report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form for the 2021 fiscal year which will be filed on SEDAR by March 31, 2022. Consistent with the Company's reporting currency, all amounts are in United States dollars unless otherwise noted.

The recovery and reserve estimates provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein. In certain of the tables set forth below, the columns may not add due to rounding.

All December 31, 2021 reserves presented are based on GLJ's forecast pricing effective January 1, 2022; all December 31, 2020 reserves presented are based on GLJ's forecast pricing effective January 1, 2021 and all December 31, 2019 reserves presented are based on GLJ's forecast pricing effective January 1, 2020.

Parex's reserves are located in the Llanos and Magdalena basins in the country of Colombia.

Five-Year Crude Oil Price Forecast – GLJ Report (January 2021 and 2022)

	2021	2022	2023	2024	2025	2026
ICE Brent (US\$/bbl) - January 1, 2021	50.75	55.00	58.50	61.79	62.95	64.13
ICE Brent (US\$/bbl) - January 1, 2022	70.95 ⁽¹⁾	76.00	72.51	71.24	72.66	74.12

(1) Actual 2021 ICE Brent average price.

2021 Year-End Gross Reserves Volumes

Reserve Category	Dec. 31			Change over Dec. 31, 2020
	2019 Mboe ⁽¹⁾	2020 Mboe ⁽¹⁾	2021 Mboe ⁽¹⁾⁽²⁾	
Proved Developed Producing (PDP)	70,946	72,373	80,559	11%
Proved Developed Non-Producing	6,699	15,087	9,685	(36%)
Proved Undeveloped	61,180	40,623	35,022	(14%)
Proved (1P)	138,825	128,083	125,266	(2%)
Probable	59,599	66,408	73,559	11%
Proved + Probable (2P)	198,423	194,491	198,825	2%
Possible ⁽³⁾	62,661	85,995	88,102	2%
Proved + Probable + Possible (3P)	261,085	280,486	286,927	2%

(1) Mboe is defined as thousand barrels of oil equivalent.

(2) All reserves are presented as Parex working interest before royalties. 2021 net reserves after royalties are: PDP 68,703 Mboe, proved developed non-producing 8,336 Mboe, proved undeveloped 29,727 Mboe, 1P 106,765 Mboe, 2P 165,781 Mboe and 3P 238,441 Mboe.

(3) Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

2021 Year-End Gross Reserves Volumes Per Share

	2019	Dec. 31 2020	2021 ⁽¹⁾	Change over Dec. 31, 2019	Change over Dec. 31, 2020
Year-End Basic Outstanding Shares (000s)	143.3	130.9	120.3	(16%)	(8%)
Proved Developed Producing (PDP) (boe/share)	0.50	0.55	0.67	34%	22%
Proved (1P) (boe/share)	0.97	0.98	1.04	7%	6%
Proved + Probable (2P) (boe/share)	1.38	1.49	1.65	20%	11%
Proved + Probable + Possible (3P) ⁽²⁾ (boe/share)	1.82	2.14	2.39	31%	12%

(1) All reserves are presented as Parex working interest before royalties. 2021 net reserves after royalties are: PDP 68,703 Mboe, proved developed non-producing 8,336 Mboe, proved undeveloped 29,727 Mboe, 1P 106,765 Mboe, 2P 165,781 Mboe and 3P 238,441 Mboe.

(2) Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

2021 Gross Reserves by Area

Area	Proved Mboe ⁽¹⁾	Proved + Probable Mboe ⁽¹⁾	Proved + Probable + Possible Mboe ⁽¹⁾
LLA-34	80,243	119,724	160,096
Southern Llanos - Cabrestero, LLA-32	19,477	28,306	38,187
Northern Llanos - Capachos, Arauca	11,462	21,597	28,223
Magdalena - VIM-1, Fortuna	8,439	20,507	43,423
Other Areas	5,645	8,691	16,998
Total	125,266	198,825	286,927

(1) All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

2021 Gross Year-End Reserves Volumes by Product Type⁽¹⁾

Product Type	Proved Developed Producing	Total Proved	Total Proved + Probable	Total Proved + Probable + Possible
Light & Medium Crude Oil (Mbbl) ⁽²⁾	7,428	21,693	43,282	74,541
Heavy Crude Oil (Mbbl)	68,860	97,739	143,321	190,009
Natural Gas Liquids (Mbbl)	189	531	773	1,086
Conventional Natural Gas (MMcf) ⁽³⁾	24,492	31,817	68,703	127,749
Oil Equivalent (Mboe)⁽⁴⁾	80,559	125,266	198,825	286,927

(1) All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

(2) Mbbl is defined as thousands of barrels.

(3) MMcf is defined as one million cubic feet.

(4) Columns may not add due to rounding.

Summary of Reserve Metrics – Company Gross⁽¹⁾

USD\$	2021			3-Year
	Proved Developed Producing	Proved	Proved + Probable	Proved + Probable
F&D Costs (\$/boe)	10.71	25.71	23.76	11.47
FD&A Costs (\$/boe)	10.71	24.46	18.35	11.17
Recycle Ratio - F&D	3.4 x	1.4 x	1.5 x	2.4 x
Recycle Ratio - FD&A	3.4 x	1.5 x	2.0 x	2.4 x

(1) Please refer to "Unaudited Financial Information" and "Non-GAAP Terms". All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category.

Reserve Life Index ("RLI")

	Dec. 31, 2019 ⁽¹⁾	Dec. 31, 2020 ⁽²⁾	Dec. 31, 2021 ⁽³⁾
Proved Developed Producing (PDP)	3.6 years	4.3 years	4.4 years
Proved (1P)	7.0 years	7.5 years	6.9 years
Proved Plus Probable (2P)	10.0 years	11.4 years	10.9 years

(1) Calculated by dividing the amount of the relevant reserves category by average Q4 2019 production of 54,221 boe/d annualized (consisting of 8,346 bbl/d of light crude oil and medium crude oil, 44,740 bbl/d of heavy crude oil and 6,810 mcf/d of conventional natural gas).

(2) Calculated by dividing the amount of the relevant reserves category by average Q4 2020 production of 46,642 boe/d annualized (consisting of 6,637 bbl/d of light crude oil and medium crude oil, 38,332 bbl/d of heavy crude oil and 10,038 mcf/d of conventional natural gas).

(3) Calculated by dividing the amount of the relevant reserves category by estimated average Q4 2021 production of 49,779 boe/d annualized (consisting of 6,376 bbl/d of light crude oil and medium crude oil, 41,534 bbl/d of heavy crude oil and 11,214 mcf/d of conventional natural gas).

Future Development Capital ("FDC") (000s) – GLJ 2021 Report⁽¹⁾

Reserve Category	2022	2023	2024	2025	2026+	Total FDC	Total FDC/boe
PDP	\$ 5,930	\$ 8,807	\$ —	\$ —	\$ —	\$ 14,737	\$ 0.18
1P	\$205,933	\$ 89,852	\$ 39,299	\$ 241	\$ 36,705	\$372,030	\$ 2.97
2P	\$243,886	\$140,173	\$ 66,638	\$ 65,862	\$ 23,270	\$539,829	\$ 2.72

(1) FDC are stated in USD, undiscounted and based on GLJ January 1, 2022 price forecasts.

Reserves Net Present Value After Tax Summary – GLJ Brent Forecast⁽¹⁾⁽²⁾

Reserve Category	NPV10 December 31, 2020 (000s) ⁽²⁾	NPV10 December 31, 2021 (000s) ⁽²⁾	NAV December 31, 2021 (CAD/sh) ⁽³⁾	CAD/sh Change over Dec. 31, 2020
Proved Developed Producing (PDP)	\$ 1,261,769	\$ 1,801,167	\$ 22.42	46%
Proved Developed Non-Producing	171,766	174,419		
Proved Undeveloped	395,908	452,933		
Proved (1P)	\$ 1,829,443	\$ 2,428,519	\$ 29.03	39%
Probable	669,994	899,434		
Proved + Probable (2P)	\$ 2,499,437	\$ 3,327,953	\$ 38.51	40%
Possible ⁽⁴⁾	882,572	1,096,001		
Proved + Probable + Possible (3P)	\$ 3,382,009	\$ 4,423,954	\$ 50.06	39%

(1) Net present values are stated in USD and are discounted at 10 percent. All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. The forecast prices used in the calculation of the present value of future net revenue are based on the GLJ January 1, 2021 and GLJ January 1, 2022 price forecasts, respectively. The GLJ January 1, 2022 price forecast will be included in the Company's Annual Information Form for the 2021 fiscal year.

(2) Includes FDC as at December 31, 2020 of \$21 million for PDP, \$299 million for 1P, \$423 million for 2P and \$542 million for 3P and FDC as at December 31, 2021 of \$15 million for PDP, \$372 million for 1P, \$540 million for 2P and \$658 million for 3P.

(3) NAV is calculated, as at December 31, 2021, as after tax NPV10 plus estimated working capital of USD\$325 million (converted at USDCAD=1.2678), divided by 120 million basic shares outstanding as at December 31, 2021. NAV per share is a Non-GAAP ratio, refer to "Non-GAAP Terms" section below for further details.

(4) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves.

2021 Year-End Gross Reserves Reconciliation Company

	Total Proved Mboe	Total Proved + Probable Mboe	Total Proved + Probable + Possible Mboe
December 31, 2020	128,083	194,491	280,486
Technical Revisions ⁽¹⁾	4,205	(1,240)	(2,543)
Extensions ⁽²⁾	7,886	14,914	17,102
Acquisitions ⁽³⁾	2,246	7,814	9,036
Production	(17,154)	(17,154)	(17,154)
December 31, 2021⁽⁴⁾	125,266	198,825	286,927

(1) Reserves technical revisions are associated with the evaluation of additions on the Bacano on the Cabrestero block, La Belleza on the VIM-1 block and Capachos block offset by negative revisions in Tigana on the LLA-34 block.

(2) Reserve extensions are associated with the evaluations of LLA-34 and Capachos blocks.

(3) Reserve acquisitions are associated with the evaluations of the Arauca block.

(4) Subject to final reconciliation adjustments. All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities recovered will equal or exceed the sum of proved plus probable plus possible reserves. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Operational Update

2021 Gross Q4 & Year-End Production Volumes by Product Type

Product Type	For the three months ended Dec. 31		For the year ended Dec. 31	
	2021 ⁽¹⁾	2020	2021 ⁽¹⁾	2020
Light & Medium Crude Oil (bbl/d)	6,376	6,637	6,831	6,021
Heavy Crude Oil (bbl/d)	41,534	38,332	38,449	39,197
Conventional Natural Gas (mcf/d)	11,214	10,038	10,308	7,800
Oil Equivalent (boe/d)	49,779	46,642	46,998	46,518

(1) Production volumes for the three months ended December 31, 2021 and for the year ended December 31, 2021 are estimated.

- **FY 2021 Production:** Estimated to be approximately 46,998 boe/d (consisting of 6,831 bbl/d of light crude oil and medium crude oil, 38,449 bbl/d of heavy crude oil and 10,308 mcf/d of conventional natural gas).
- **Q4 2021 Production:** Estimated to be approximately 49,779 boe/d (consisting of 6,376 bbl/d of light crude oil and medium crude oil, 41,534 bbl/d of heavy crude oil and 11,214 mcf/d of conventional natural gas), up approximately 7% from fourth quarter 2020.
- **January 2022 Production:** Estimated to be approximately 51,500 boe/d, which is an approximately 14% increase over January 2021 production.
- **Hedging:** Parex production remains 100% unhedged and is benefiting from recent increases in global oil prices.
- **Southern Llanos (Cabrestero Block):** Executed a robust recompletions and delineation program that has doubled production from approximately 5,500 bbl/d of oil in January 2021 to approximately 11,000 bbl/d of oil in January 2022.
- **Southern Llanos (LLA-34 Block):** Continued focus on field delineation and development drilling; January 2022 production was approximately 32,200 bbl/d of oil, compared to January 2021 production of approximately 29,600 bbl/d of oil.

- **Northern Llanos** (Arauca Block): The first well of a four-well program is expected to spud in the first half of 2022 (full program subject to partner approval).
- **Northern Llanos** (Capachos Block): The first well of a six-well program is expected to spud in the first half of 2022 (full program subject to partner approval). Additionally, electric turbines that are expected to increase capacity by debottlenecking the facility are scheduled to be operational in the second half of 2022.
- **Magdalena** (Fortuna Block): Drilled two of three wells that targeted two of four zones and are currently in the testing phase of operations; following the completion of the three-well program, the Company will continue the appraisal of the other two zones.
- **Magdalena** (VIM-1 Block):
 - Production from La Belleza started in November 2021 with gross rates of approximately 2,400 boe/d (consisting of 1,400 bbl/d of light crude oil per day and 6,000 mcf/d of conventional natural gas), which is in line with previous guidance.
 - The Planadas-1 exploration well, located 6.3 kilometers west of the La Belleza-1 discovery, was drilled with partner participation and yielded no hydrocarbons. Parex, at sole risk, proceeded with a sidetracking operation to investigate a nearby updip target; drilling difficulties during sidetrack operations were encountered and at this time the well has been suspended.
- **Successful Colombia Bid Round in December 2021 with Procurement of 18 Blocks in Core Basins:** Acquisition was comprised of 13 blocks in the Llanos and 5 blocks in the Magdalena basins, adding over 4.3 million acres to the Company's land position and improving the depth and quality of its prospect inventory.
 - Increased Parex's land position in Colombia to approximately 5.9 million net acres, which is 3.7 times greater than the 1.6 million net acres had as at year end 2020.
 - The 18-block addition demonstrates Parex's commitment to Colombia as well as strategic growth; of the 18 blocks acquired, 16 were nominated by Parex in areas specifically targeted by the Company.
 - Commitments from the bid round are expected to be approximately \$100 million at a base royalty rate of 9%; such commitments are not incremental to the Company's current exploration capital plans.
- **Inaugural Task Force on Climate-Related Financial Disclosures ("TCFD") Report:** Released in December 2021 and fulfills a key corporate milestone to align the Company's ESG reporting with the recommendations of the TCFD.
 - Further enhances prior disclosures on the Company's climate-related governance and management practices in the 2021 CDP climate change response, for which Parex received a B score that compares to an average score in the oil & gas exploration and production activity group of C.
 - To see the full report, please see Parex's corporate website at: www.parexresources.com

Q1 2022 Regular Dividend Increased by 12%

Parex's Board of Directors has declared a first quarter 2022 regular dividend of CAD\$0.14 per common share to be paid on March 30, 2022 to shareholders of record on March 15, 2022, representing a 12% 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).

Normal Course Issuer Bid – Expect to Purchase Maximum Allowable Shares in 2022

Over the past three years Parex has purchased the maximum number of common shares it is authorized to purchase pursuant to its NCIBs. From 2017 to January 31, 2022, Parex has repurchased an aggregate of 46 million common shares and returned over CAD\$900 million to shareholders through share repurchases.

During 2021, Parex purchased 12.9 million of the Company's common shares for a total cost of CAD\$273 million at an average price of CAD\$21.25 per share. As at December 31, 2021, Parex had 120.3 million basic common shares outstanding.

Under the current NCIB, Parex anticipates purchasing the maximum allowable shares of 11.8 million in 2022. Year to date 2022, Parex has purchased for cancellation 1,350,000 of its common shares at an average cost of C\$24.35. As at January 31, 2022, Parex had 119.2 million basic common shares outstanding.

President & Chief Executive Officer Perspective

For information on the Company's 2021 accomplishments and 2022 outlook, please see the following [video](#) for the perspective of Imad Mohsen, President & Chief Executive Officer.

2021 Year-End Results Conference Call & Webcast

We anticipate holding a conference call and webcast for investors, analysts and other interested parties on Wednesday, March 2, 2022 at 9:30 am MT (11:30 am ET), conditional on the 2021 fourth quarter and year-end results being released on Tuesday, March 1, 2022 following the close of markets. 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	3997132 #
Webcast	https://edge.media-server.com/mmc/p/jezv2otm

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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.

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Reserve Advisory

The recovery and reserve estimates of crude oil reserves provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may eventually prove to be greater than, or less than, the estimates provided herein. All December 31, 2021 reserves presented are based on GLJ's forecast pricing effective January 1, 2022. All December 31, 2020 reserves presented are based on GLJ's forecast pricing effective January 1, 2021. All December 31, 2019 reserves presented are based on GLJ's forecast pricing effective January 1, 2020.

It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves.

"Proved Developed Producing Reserves" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Proved Developed Non-Producing Reserves" are those reserves that either have not been on production or have previously been on production but are shut-in and the date of resumption of production is unknown.

"Proved Undeveloped Reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g. when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

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.

Light crude oil is crude oil with a relative density greater than 31.1 degrees API gravity, medium crude oil is crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity, and heavy crude oil is crude oil with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity.

With respect to F&D costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total F&D costs related to reserve additions for that year.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

This press release contains several oil and gas metrics, including reserve replacement and RLI. In addition, the following non-GAAP financial measures and non-GAAP ratios, as described below under "Non-GAAP and Other Financial Measures", can be considered to be oil and gas metrics: F&D costs, FD&A costs, FD&A funds flow from operations netback recycle ratio, F&D funds flow from operations netback recycle ratio, reserve replacement, reserve additions including acquisitions and NAV. Such 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 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. A summary of

the calculations of reserve replacement and RLI are as follows, with the other oil and gas metrics referred to above being described herein under "Non-GAAP and Other Financial Measures":

- Reserve replacement is calculated by dividing the annual reserve additions by the annual production.
- RLI is calculated by dividing the applicable reserves category by the annualized fourth quarter production.

Unaudited Financial Information

Certain financial and operating results included in this news release, including capital expenditures, production information, funds flow from operations and operating costs are based on unaudited estimated results. These estimated results are subject to change upon completion of the Company's audited financial statements for the year ended December 31, 2021, and any changes could be material. Parex anticipates filing its audited financial statements and related management's discussion and analysis for the year ended December 31, 2021 on SEDAR on or before March 31, 2022.

The information contained in this press release in respect of the Company's expected capital expenditures, working capital and funds flow from operations for 2021 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 intention or obligation to update or revise any FOFI, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

Non-GAAP and Other Financial Measures

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.

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.

Non-GAAP Financial Measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation.

The non-GAAP financial measures used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies. 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. Set forth below is a description of the non-GAAP financial measures used in this press release.

Non-GAAP Terms

This report contains financial terms that are not considered measures under GAAP such as funds flow provided by operations, funds flow netback per boe, capital expenditures, working capital, F&D costs, FD&A costs, and F&D and FD&A recycle ratios that 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 Provided by Operations, is a non-GAAP financial measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital.

	For the three months ended December 31,		For the year ended December 31,	
(\$000s)	2021 (estimate, unaudited)	2020	2021 (estimate, unaudited)	2020
Cash provided by operating activities	\$ 176,070	\$ 86,988	\$ 534,368	\$ 290,018
Net change in non-cash working capital	(6,170)	(5,421)	44,816	7,023
Funds flow provided by operations	\$ 169,900	\$ 81,567	\$ 579,184	\$ 297,041

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 and is calculated as follows:

	For the three months ended December 31,		For the year ended December 31,	
(\$000s)	2021 (estimate, unaudited)	2020	2021 (estimate, unaudited)	2020
Funds flow provided by operations	\$ 169,900	\$ 81,567	\$ 579,184	\$ 297,041

Company produced oil and natural gas sales in period	4,621,528	4,279,656	17,207,142	16,954,264
Funds flow provided by operations per boe	\$ 36.76	\$ 19.06	\$ 33.66	\$ 17.52

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.

	For the three months ended December 31,		For the year ended December 31,	
(\$000s)	2021 (estimate, unaudited)	2020	2021 (estimate, unaudited)	2020
Property, plant and equipment expenditures	\$ 76,454	\$ 34,893	\$ 212,153	\$ 116,915
Exploration and evaluation expenditures	42,053	12,039	65,082	24,349
Capital expenditures	\$ 118,507	\$ 46,932	\$ 277,235	\$ 141,264

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

(\$000s)	For the three months ended December 31,		For the year ended December 31,	
	2021 (estimate, unaudited)	2020	2021 (estimate, unaudited)	2020
Current Assets	\$ 574,038	\$ 442,636	\$ 574,038	\$ 442,636
Current Liabilities	248,869	122,481	248,869	122,481
Working Capital	\$ 325,169	\$ 320,155	\$ 325,169	\$ 320,155

Finding & Development Costs (F&D costs) and Finding, Development and Acquisition Costs (FD&A costs), is a non-GAAP ratio that helps to explain the cost of finding and developing additional oil and gas reserves. F&D costs are determined by dividing capital expenditures plus the change in FDC in the period divided by BOE reserve additions in the period. FD&A costs are determined by dividing capital expenditures in the period plus the change in FDC plus acquisition costs divided by BOE reserve additions in the period.

USD\$('000)	2021			3-Year
	Proved Developed Producing	Proved	Proved + Probable	Proved + Probable
Capital Expenditures ⁽¹⁾	277,235	277,235	277,235	626,695
Capital Expenditures - change in FDC	(5,782)	33,662	47,605	58,613
Total Capital	271,453	310,897	324,840	685,308
Net Acquisitions	—	—	—	—
Net Acquisitions - change in FDC	—	39,800	69,482	69,482
Total Net Acquisitions	—	39,800	69,482	69,482
Total Capital including Acquisitions	271,453	350,697	394,322	754,790
Reserve Additions	25,340	12,091	13,674	59,748
Net Acquisitions Reserve Additions	—	2,246	7,814	7,814
Reserve Additions including Acquisitions⁽²⁾ (Mboe)	25,340	14,337	21,488	67,562
F&D Costs (\$/boe)	10.71	25.71	23.76	11.47
FD&A Costs (\$/boe)	10.71	24.46	18.35	11.17

(1) Calculated using unaudited estimated capital expenditures for the period ended December 31, 2021. All reserves are presented as Parex working interest before royalties. Please refer to the "Reserve Advisory" section for a description of each reserve category.

Recycle ratio, is a non-GAAP ratio that measures the profit per barrel of oil to the cost of finding and developing that barrel of oil. The recycle ratio is determined by dividing the fourth quarter funds flow from operations per boe by the F&D costs and FD&A costs in the period.

	2021			3-Year
USD\$	Proved Developed Producing	Proved	Proved + Probable	Proved + Probable
Estimated 2021 Q4 funds flow per boe (\$/boe)	36.76	36.76	36.76	27.08
F&D Costs ⁽²⁾ (\$/boe)	10.71	25.71	23.76	11.47
FD&A Costs ⁽²⁾ (\$/boe)	10.71	24.46	18.35	11.17
Recycle Ratio - F&D⁽¹⁾	3.4 x	1.4 x	1.5 x	2.4 x
Recycle Ratio - FD&A⁽¹⁾	3.4 x	1.5 x	2.0 x	2.4 x

(1) Recycle ratio is calculated as funds flow from operations per boe divided by F&D or FD&A as applicable. Three-year funds flow from operations on a per boe basis is calculated using weighted average sales volumes.

Net Asset Value Per Share, is a non-GAAP ratio that combines the 51-101 NPV10 value after tax with the Company's estimated working capital at the period end date divided by common shares outstanding at the period end date. The Company uses the Net Asset Value per share as a way to reflect the Company's value considering both existing working capital on hand plus the NPV10 after tax value on Oil and Gas Reserves. NAV per share is stated in CAD dollars using an exchange rate of USDCAD=1.2678.

Dividend Advisory

Future dividend payments, if any, and the level thereof is uncertain. The Company's dividend policy and any decision to pay further dividends on the common shares, including any special dividends, will be subject to the discretion of the Board 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. 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 dividends will be paid at the intended rate or at any rate 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" 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: the Company's strategy, plans and focus; the Company's anticipated results of operations, production, business prospects and opportunities; terms of the dividends payable on March 30, 2022; the Company's expectation that Parex will purchase the maximum allowable shares under its NCIB; the Company's plan to return meaningful capital to its shareholders; the Company's estimated reserve life balance; that Parex is well positioned to generate shareholder value in 2022 and over the long term; anticipated future crude oil prices and future development capital; expectations that the first well of a four-well program in Arauca and the first well in a six-well program in Capachos, will each spud in the first half of 2022; expectations that the Company's electric turbines will facilitate increased capacity and the anticipated timing thereof; the Company's plans to move to a new well pad in Fortuna and the anticipated timing thereof; expected commitments from the bid round; and that the Company will hold a conference call and webcast for investors, analysts and other interested parties and the anticipated timing thereof. 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 addition, forward-looking statements contained in this document include, statements relating to "reserves", which are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the 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; 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; prolonged volatility in commodity prices; risk of delay in completing or non-competition of required transfers of the applicable operating and environmental permits; failure of counterparties to perform under contracts; 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; failure of counterparties to perform under the terms of their contracts; risk that Parex does not have sufficient financial resources in the future to pay a dividend; risk that the Board does not declare dividends in the future or that Parex' dividend policy changes; that Parex will not purchase the maximum allowable shares under its NCIB; that Parex will not generate shareholder value in 2022 or over the long term; that the first wells in Arauca and Capachos will not spud when anticipated; that the Company's electric turbines will not facilitate increased capacity; that commitments from the bid round will at less favorable terms 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: current 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' supply chain and Parex' ability to produce, transport and sell Parex' crude oil and natural gas; 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; 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; 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; 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; that Parex will have sufficient financial resources in the future to pay a dividend; that the Board will declare dividends in the future; that Parex will have sufficient financial resources to purchase the maximum allowable shares under its NCIB; 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.