



News Release

April 15, 2021

Parex Announces Expanded Growth Capex Program

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), is a company headquartered in Calgary that focuses on sustainable, profitable, conventional oil and gas production. **All currency amounts are in United States dollars, unless otherwise stated.**

Operational Update – Applying Free Cash Flow to Accelerate Colombian Appraisal & Exploration Portfolio

Higher Brent oil prices to date in 2021 and Parex' unhedged oil price exposure are expected to contribute to a significant increase to Parex' 2021 funds flow provided by operations (FFO), compared to the 2021 Budget Guidance released on November 4, 2020. With estimated higher FFO, an increasing cash position and a debt-free balance sheet, Parex is strategically accelerating assessment of its portfolio of operated assets, through increasing exploration and appraisal activity to provide for a strengthened future development inventory. Highlights of the capital expenditure increase are provided below:

- **Cabrestero Block** (100% WI, Operator): Continue the Bacano Field development and appraisal drilling program and expand the water injection pressure support program;
- **Boranda Block** (50% WI, Operator): The Boranda Sur-2 appraisal well, located 2.6 kilometers to the southwest of the Boranda-3 discovery is currently producing approximately 200 barrels of oil per day (bopd) in a new horizon. Testing of the main target will begin in approximately two weeks. Parex is also completing the Boranda Centro-1 well, which is the second well in the appraisal program, located 840 meters from Boranda-3 and structurally downdip. The company believes a successful oil test at Boranda Centro-1 would confirm a significant areal extent of the block;
- **VIM-1 Block** (50% WI, Operator): In Q2 2021 Parex anticipates commencing a two well exploration drilling program to further assess the VIM-1 block. The wells, Basilea and Planadas are located 2.6 and 6.3 kilometers respectively from the La Belleza-1 discovery. The Company is currently evaluating development plans for the La Belleza discovery that include the possible reinjection of gas to increase liquids recovery and maximize the project value, subject to partner approval;
- **Fortuna Block** (100% WI, Operator): Parex drilled the horizontal exploration well Cayena-1 to a depth of 8,560 feet and logged potential oil-bearing zones in multiple formations. The Company then successfully drilled 3,042 feet horizontally in the shallower Galembo Formation resulting in a current medium oil (24 API) production rate of approximately 340 bopd and approximately 54,900 cumulative barrels of oil. Building on the success of Parex' first horizontal well, the Company plans to drill 2 new horizontal wells targeting the Salada and Olini formations.

The 2021 capital expenditure budget increase targets operated assets and is summarized as follows:

Block	Capex Increase 2021	Activity Description
Cabrestero	\$25 mm	Drill 4-6 producer and water injection wells.
Boranda	\$10 mm	New civil works and drill 1-2 appraisal wells targeting the proven Lisama Formation subject to partner approval.
Fortuna	\$15 mm	Drill 2 appraisal wells into 2 prospective zones.
VMM-46	\$15 mm	Acquire 3D seismic on the block directly adjacent to Boranda discovery.
VIM-43	\$5 mm	Commence 3D seismic on block directly north of the VIM-1 La Belleza discovery with completion in 2022.
Capachos	\$5 mm	ESG – additional power generation turbines to reduce flaring.
Various	\$10 mm	Regulatory, permitting, pre-access, long lead items.
Total	\$85 mm	Additional Capex for 2021
<i>Original Guidance</i>	<i>\$165-\$185 mm</i>	<i>Released on November 4, 2020 based on \$45/bbl Brent.</i>
New Capex Guidance	\$250-\$270 mm	Based on \$55-\$60 Brent.

The increased 2021 capital expenditure program, along with the share buy-back program discussed below, is expected to be fully funded from funds flow provided by operations.

Q1 2020 Update

- **Production:** Q1 2021 average production is estimated at 46,775 barrels of oil equivalent per day (boe/d) compared to Parex' guidance of 46,500-47,500 boe/d. Q1 2021 production rates were negatively impacted approximately 1,000 bopd by LLA-34 downtime averaging 6% compared to a historic average of 3%. The increase in downtime is primarily related to electrical system reliability. Parex expects LLA-34 downtime to average 4% for the remainder of 2021. We expect Q2 2021 production to average 47,000-48,000 boe/d. With the increase in 2021 capex, Parex expects H2 2021 production rates to be 48,000-50,000 boe/d. The additional Cabrestero oil wells are being drilled to capture the higher Brent pricing and the reduced transportation costs from the planned Cabrestero field pipeline tie-in;
- **Crude Quality Discount:** Parex continues to realize strong crude oil pricing. The Brent/Vasconia differential is currently approximately \$3.00/bbl;
- **Integrated ESG Strategy – Colombia's First Geothermal Project:** Demonstrating Parex' commitment to the environment and sustainable operations, the Company commissioned a geothermal unit at the Las Maracas field that utilizes hot produced water to generate power and reduce emissions. Parex is currently installing a second geothermal unit in the Rumba field; and
- **Industry Leading Balance Sheet:** Parex unaudited cash position at March 31, 2021 was approximately \$365 million. The Company remains debt-free with an undrawn credit facility of \$200 million.

Share Buy-Back – Committed to Another 10% Re-purchase in 2021

Since 2017 Parex has repurchased an aggregate of 35 million shares, returning CAD\$667 million to shareholders. Under the current NCIB which began on December 23, 2020, Parex has purchased 3.4 million shares of the maximum amount of 12.9

million shares. As of March 31, 2020, Parex had 128.6 million basic shares outstanding. Parex expects to purchase the maximum allowable 12.9 million shares under the NCIB, prior to its expiry in late December 2021.

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Advisory on Forward Looking Statements

Q1 2021 average production is estimated at 46,775 boe/d, consisting of approximately 7,807 bbls/d of light crude oil and medium crude oil, 36,945 bbls/d of heavy oil and 12,137 mcf/d of conventional natural gas (96% crude oil). Certain information regarding Parex set forth in this press release 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 Company's focus, plans, priorities and strategies; Parex capital expenditure increases, the timing thereof, the allocation of such capital expenditures and the benefits to be derived therefrom; Parex' new capital expenditure guidance and the assumptions underlying such capital expenditure guidance; funds flow provided by operations will fund the increased 2021 capital expenditure program and the share buy-back program; expected downtime average for LLA-34 block for the remainder of 2021; expected Q2 2021 and H2 2021 production; expected lower transportation costs and the reasons therefor; and Parex' commitment to purchase the maximum amount of shares under its NCIB. In addition, statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources 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; 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' 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 purchases fewer common shares under the NCIB 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; 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, including the anticipated Brent oil price; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; receipt of partner, regulatory and community approvals; royalty rates; future operating costs; uninterrupted access to areas of Parex' operations and infrastructure; recoverability of reserves and future production rates; the status of litigation; timing of drilling and completion of wells; on-stream timing of production from successful exploration wells; operational performance of non-operated producing fields; pipeline capacity; that Parex will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Parex' conduct and results of operations will be consistent with its expectations; that Parex will have the ability to develop its oil and gas properties in the manner currently contemplated; that Parex' evaluation of its existing portfolio of development and exploration opportunities is consistent with its expectations; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of Parex' production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that Parex will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; 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 contains future-oriented financial information and financial outlook information (collectively ("FOFI")) about the Company's expected capital expenditures. The FOFI has been prepared by management to provide an outlook of the Company's financial results and activities and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions including the assumptions discussed in this press release. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Company and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. FOFI contained in this press release was made as of the date of this press release and Parex disclaims any intent or obligation to update publicly the press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

Oil & Gas Matters Advisory

The term "Boe" means a barrel of oil equivalent on the basis of 6 thousand cubic feet ("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.

References to initial production test rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Parex. Parex cautions the short-term production rates should be considered preliminary.