

Parex Announces Strong Q1 2021 Performance: Top Tier Balance Sheet, Industry Leading Netbacks and Free Cash Flow

Calgary, Canada

Parex Resources Inc. ("Parex" or the "Company") (TSX:PXT), a company headquartered in Calgary, Alberta that focuses on sustainable, conventional oil and gas production, is pleased to announce its unaudited financial and operating results for the three months ended March 31, 2021 ("First Quarter" or "Q1"). **All amounts herein are in United States Dollars ("USD") unless otherwise stated.**

2021 First Quarter Highlights: Best-in-Class Balance Sheet

- Quarterly average production was 46,779 barrels of oil equivalent per day ("boe/d") (consisting of 8,131 barrels per day ("bbls/d") of light crude oil and medium crude oil, 36,948 bbls/d of heavy crude oil and 10,200 thousand cubic feet per day ("mcf/d") of conventional natural gas), an increase of approximately 3% on a per basic share basis over the previous quarter ended December 31, 2020. Production decreased 6% on a per basic share basis over the prior year comparative period ("Q1 2020") as a result of the Company reducing capital investment in the low oil price environment of 2020;
- Recognized net income of \$47.5 million (\$0.37 (or CAD \$0.47)⁽¹⁾ per share basic) compared to net income of \$56.2 million (\$0.42 (or CAD \$0.55)⁽¹⁾ per share basic) in the previous quarter ended December 31, 2020 and net loss of \$3.8 million (\$0.03 (or CAD \$0.04)⁽¹⁾ per share basic) in Q1 2020;
- Generated an operating netback⁽³⁾ of \$37.38 per barrel of oil equivalent ("boe") and funds flow provided by operations ("FFO")⁽³⁾ of \$29.98 per boe from an average Brent price of \$61.32 per barrel ("bbl");
- FFO of \$125.0 million (\$0.96 (or CAD \$1.22)⁽¹⁾ per share basic) as compared to \$97.3 million (\$0.69 (or CAD \$0.93)⁽¹⁾ per share basic) for Q1 2020. FFO increased in the current quarter due to higher global oil prices;
- Capital expenditures were \$39.6 million in the period resulting in free funds flow⁽³⁾ of \$85.4 million;
- Utilized a portion of free funds flow⁽³⁾ to purchase 3,501,685 of the Company's common shares for a total cost of \$60.1 million (average price of CAD\$21.11/share) pursuant to the Company's normal course issuer bid program ("NCIB");
- Working capital was \$341.7 million at March 31, 2021 compared to \$320.2 million at December 31, 2020 and \$330.4 million at March 31, 2020. The Company has an undrawn syndicated bank credit facility of \$200.0 million; and

- Participated in drilling 9 gross (5.05 net) wells⁽²⁾ in Colombia resulting in 6 oil wells, 1 disposal well, 1 well under test and 1 abandoned prior to total depth well, for a success rate of 86% compared to drilling 20 gross (13.05 net) wells in Q1 2020.

(1) Using USD-CAD Bank of Canada 2021 Q1 average rate of 1.2660, 2020 Q4 average rate of 1.3030 and 2020 Q1 average rate of 1.3449.

(2) Oil wells: Block LLA-34: Tigana-8, Tigana Norte-17, Jacana 38, Jacana 46 and Jacana 58; Boranda: Boranda Sur-2. Disposal well: Block LLA-34: Tigana Norte-35. Under test: Block LLA-32: Azogue-2. Abandoned prior to total depth: Boranda: Boranda Sur-1.

(3) See "Non-GAAP Terms" for further discussion.

	Three Months Ended		
	March 31, 2021	2020	Dec. 31, 2020
Operational			
Average daily production			
Light Crude Oil and Medium Crude Oil (bbl/d)	8,131	8,380	6,637
Heavy Crude Oil (bbl/d)	36,948	44,657	38,332
Crude oil (bbl/d)	45,079	53,037	44,969
Conventional Natural Gas (mcf/d)	10,200	7,548	10,038
Oil & Gas (boe/d) ⁽¹⁾	46,779	54,295	46,642
Average daily sales of produced oil & natural gas			
Oil (bbl/d)	44,618	50,589	44,845
Gas (Mcf/d)	10,200	7,548	10,038
Oil & Gas (boe/d)	46,318	51,847	46,518
Oil inventory - end of period (bbls)	140,916	250,405	99,426
Operating netback (\$/boe)⁽²⁾			
Reference price - Brent (\$/bbl)	61.32	51.05	45.26
Oil & natural gas revenue	52.80	38.47	36.95
Royalties	(6.13)	(4.71)	(3.19)
Net revenue	46.67	33.76	33.76
Production expense	(5.86)	(5.31)	(5.26)
Transportation expense	(3.43)	(4.04)	(3.74)
Operating netback (\$/boe) ⁽²⁾	37.38	24.41	24.76
Funds flow provided by operations (\$/boe)⁽²⁾	29.98	20.63	19.06
Financial (USD\$000s except per share amounts)			
Oil and natural gas revenue	222,058	193,618	167,264
Net income (loss)	47,460	(3,779)	56,192
Per share - basic	0.37	(0.03)	0.42
Funds flow provided by operations⁽²⁾	124,969	97,313	81,567
Per share - basic	0.96	0.69	0.61
Capital expenditures	39,592	71,266	46,932
Free funds flow⁽²⁾	85,377	26,047	34,635
Total assets	1,550,441	1,610,341	1,541,081
Working capital surplus	341,686	330,356	320,155
Bank debt⁽³⁾	—	—	—
Cash	369,756	397,424	330,564
Outstanding shares (000s)			
Basic (end of period)	128,589	139,801	130,873
Weighted average basic	129,715	141,805	133,812
Diluted (end of period) ⁽⁴⁾	131,084	144,211	134,351

(1) Reference to crude oil or natural gas production 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 - Standards of Disclosure for Oil and Gas Activities.

(2) The table above contains Non-GAAP measures. See "Non-GAAP Terms" for further discussion.

(3) Borrowing limit of \$200.0 million as of March 31, 2021.

(4) Diluted shares as stated include the effects of common shares and in-the-money stock options outstanding at the period-end. The March 31, 2021 closing stock price was Cdn\$22.41 per share.

2021 Corporate Guidance

As per the Company's normal annual disclosure practices, provided below is Parex' corporate guidance for 2021:

	2020 Results	2021 Guidance
Production (average for period)	46,518 boe/d ⁽²⁾	47,000-49,000 boe/d
Total capital expenditures ⁽¹⁾	\$141 million	\$250-\$270 million
Current tax effective rate on FFO at \$65/bbl Brent	—	16-18%
Share buy-back program (shares repurchased)	13.9 million	12.9 million
Outstanding shares (end of period)	131 million	119-120 million

(1) 2021 work program is dependent on ensuring the health and safety of staff and the communities where the Company operates, therefore, planned capital expenditures may only be partially completed.

(2) Consisting of 6,021 bbls/d of light crude oil and medium crude oil, 39,197 bbls/d of heavy crude oil and 7,800 mcf/d of conventional natural gas.

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 FFO. With 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.

The planned 2021 capital expenditures are split between maintenance, development/appraisal and exploration/new growth programs. The mid-point of the 2021 production guidance reflects year-over-year production growth of approximately 3% as compared to 2020 average production. The increased 2021 capital expenditure program, as announced by Parex on April 15, 2021, along with the share buy-back program discussed below, is expected to be fully funded from FFO.

The Company's 2021 priority remains the health and safety of its employees, partners and the communities where we operate. Parex will continue to be responsive to changes in commodity prices by managing its production volumes, capital budget and cash costs, further protecting its balance sheet and shareholder value.

Share Buy-Back

As of April 30, 2021, the Company has repurchased for cancellation 4,578,250 common shares, under its NCIB, which commenced on December 23, 2020, at an average cost of CAD\$21.44 per share. As of April 30, 2021, Parex has 127,986,773 basic shares outstanding. Parex expects to purchase the maximum allowable 12.9 million shares under the NCIB, prior to its expiry on December 22, 2021.

Annual General Meeting ("AGM" or "Meeting") - May 6, 2021 at 9:30am (Calgary Time)

In response to COVID-19 and to mitigate against its risks, Parex will hold its AGM on Thursday, May 6, 2021 at 9:30am MST online through the link found below. The AGM will be held virtually and there will be no in-person attendance to adhere to the restrictions of large gatherings. There will be a corporate presentation by the President and CEO.

We invite all interested parties to access the Meeting related materials and corporate presentation on the corporate website at <https://parexresources.com/investors/annual-general-meeting/>.

Annual General Meeting Link: <https://web.lumiagm.com/286028367>

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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Non-GAAP Terms

The Company discloses several financial measures ("non-GAAP Measures") herein that do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS"). These financial measures include operating netback per boe, FFO per boe, FFO per share and free funds flow. 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.

The Company considers operating netback per boe to be a key measure as it demonstrates Parex' profitability relative to current commodity prices. The following is a description of each component of the Company's operating netback per boe and how it is determined:

- Oil and natural gas sales per boe is determined by sales revenue excluding risk management contracts divided by total equivalent sales volume including purchased oil volume;
- Royalties per boe is determined by dividing royalty expense by the total equivalent sales volume and excludes purchased oil volumes;

- Production expense per boe is determined by dividing production expense by total equivalent sales volume and excludes purchased oil volumes; and
- Transportation expense per boe is determined by dividing transportation expense by the total equivalent sales volumes including purchased oil volumes.

Funds flow provided by operations is a non-GAAP measure that includes all cash generated (used in) from operating activities and is calculated before changes in non-cash working capital. In Q2 2019, the Company changed how it presents FFO to present a more comparable basis to industry presentation.

FFO per boe, is a non-GAAP measure that includes all cash generated (used in) from operating activities and is calculated before changes in non-cash working capital, divided by produced oil and natural gas sales volumes.

FFO per share is determined by FFO divided by basic shares outstanding.

Free funds flow is determined by FFO mid-point less capital expenditures mid-point.

Shareholders and investors should be cautioned that these measures should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with IFRS. Parex' method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Company's most recent Management's Discussion and Analysis, which is available at www.sedar.com for additional information about these financial measures.

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 bbl. Boe 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. 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.

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' internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Parex' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to the Company's focus, plans, priorities and strategies; expectation that Parex will purchase the maximum allowable shares under its NCIB; 2021 average production and total capital expenditures and the allocation of such capital expenditures; 2021 tax effective rate of FFO and the 2021 estimated for Brent crude price; number of shares repurchased under the NCIB and outstanding shares at end of 2021; significant increase to Parex 2021 FFO and the reasons therefor; year-over-year production growth of approximately 3% in 2021; Parex' 2021 share buy-back program in 2021 and the sources of funding; expectation that FFO will fully fund the increased 2021 capital expenditure program and the NCIB; and anticipated timing for 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' 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; 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 Corporation's prospective 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.