



News Release

October 5, 2020

## Parex Plans 10% Share Buy-Back & Executing Exploration Program

### Calgary, Canada

Parex Resources Inc. (“Parex” or the “Company”) (TSX:PXT), a company headquartered in Calgary, Alberta and focused on Colombian oil exploration and production, provides an operational update. **All currency amounts are in United States dollars, unless otherwise stated.**

**Share Buy-Back:** Pursuant to the normal course issuer bid (“NCIB”) that commenced on December 23, 2019, Parex has increased the maximum daily cumulative share purchase amount under the NCIB’s automatic share purchase plan to 111,500 shares. As of September 30, 2020, Parex has repurchased 7.5 million shares under the NCIB and has 137.0 million basic shares outstanding, compared to 155.0 million as of January 1, 2019.

Focused on generating long-term shareholder value, Parex has identified share buy-backs as a tool to acquire high quality proven barrels that generate a greater than two times recycle ratio at current Brent strip pricing. As such, Parex expects to purchase the maximum allowable 13.98 million shares under the NCIB, prior to its expiry in late December 2020.

**Production:** In response to COVID-19, Parex minimized its social interactions in its operating communities and to maximize shareholder value during periods of low oil pricing, Parex voluntarily reduced Q2 production. Following the increase in realized pricing, the Company resumed production and operational activities. The Company’s priority remains the health and safety of its employees, partners and the communities where we operate. The following table provides results for Q2 operations and estimates for Q3 and Q4 operations:

2020	Q2	Q3	Q4
Production	40,858 boe/d	~44,200 boe/d	44,000-48,000 boe/d
Brent Oil	\$33.39/bbl	\$43.34/bbl	\$40-\$45/bbl
Parex price differential including transportation expense	\$16.47/boe	\$12.50-\$13.00/boe	\$13.00-\$13.50/boe
Capital expenditures	\$5.3 million	\$15-\$20 million	\$40-\$50 million

Q2 2020 production of 40,858 boe/d is comprised of 39,664 bbls/d of crude oil and 7,164 mcf/d of conventional natural gas.

**2020 Capital Expenditures \$130-\$145 mm:** The Company has re-activated its development and exploration program. Total full-year 2020 capital is estimated at \$130-\$145 million with an H2 2020 capital program of \$55-\$70 million, contingent upon community safety. Along with a Block LLA-34 and Cabrestero development program, Parex is investing in growth opportunities through:

- Fortuna Block: Drill Cayena horizontal exploration well (spud October 1, 2020)
- Boranda Block: Drill 1 appraisal well
- Block LLA-94: Re-entry of Grulla well

**Financial Strength:** Parex is well-positioned for the challenges presented in the current business environment. The Company is debt-free and as at September 30, 2020 has a cash position of approximately \$350 million and an undrawn credit facility of \$200 million. As at June 30, 2020 the Company's working capital was \$339 million.

### **Q3 Results and Conference Call**

We anticipate releasing our Third Quarter 2020 unaudited financial results on Wednesday, November 4, 2020 after the close of markets.

The Company will discuss financial and operating results for the quarter ended September 30, 2020. To participate in the conference call or webcast, see details below:

Date/Time:	November 5, 2020 @9:30am – 10:30 am (MT)
Toll-free dial-in number (Canada/US):	1-866-696-5910
International dial-in number:	<a href="#">Click to access the dial-in number of your location</a>
Passcode:	4004257#
Webcast:	TBD

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## Advisory on Forward Looking Statements

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' position in the business environment; benefits to be derived from the share buy-backs; expected number of shares to be purchased under the NCIB and the timing therefor; Parex' Q3 2020 and Q4 2020 estimated production, estimated Brent oil price, estimated Parex price differential and transportation expense and estimated capital expenditures; estimated full-year 2020 capital expenditures and its expected allocation in H1 2020 and H2 2020; expected purposes of Parex' capital program; investment opportunities and the anticipated timing thereof; and anticipated timing for releasing Parex' Q3 2020 unaudited financial results.

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](http://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 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.

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