News Release **February 6, 2020**

Parex Resources Announces 13% Growth in Proved Developed Producing Reserves and 171% 2P Reserve Replacement

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, 2019 and to provide an operational update.

The financial and operational information contained below is based on the Company's unaudited expected results for the year ended December 31, 2019. All currency amounts are in United States dollars, unless otherwise stated.

2019 Year-End Corporate Reserves Report

On a debt adjusted basis, production per share grew 34% and proved plus probable ("2P") reserves per share increased by 18%. We exited 2019 with working capital of approximately $340 million and no debt. In 2020, we have multiple opportunities for continued growth and are expecting to generate significant free cash flow, in excess of capital expenditures and sufficient to support the Company's share buyback program.

For the year ended December 31, 2019, Parex:

- Added 27.6 million barrels of oil equivalent ("MMboe") proved developed producing reserves ("PDP"), 36.4 MMboe proved ("1P") reserves, and 33 MMboe 2P reserves replacing respectively 143%, 189% and 171% of total 2019 production (19.23 MMboe);
- Increased PDP reserves by 13% year-over-year, from 63 MMboe to 71 MMboe (98% crude oil);
- Grew 2P reserves 7% from 185 MMboe to 198 MMboe (97% crude oil);
- Realized PDP finding, development & acquisition ("FD&A") costs of $7.63 per barrel of oil equivalent ("boe"), resulting in a 3.8 times funds flow from operations netback recycle ratio using the unaudited 2019 funds flow from operations of $29.30/boe;
- Achieved 2P finding & development costs and 2P FD&A costs of $7.57/boe. Using the unaudited 2019 funds flow from operations of $29.30/boe, the 2P FD&A funds flow from operations netback recycle ratio was 3.9 times;
- Realized an after tax 1P net asset value ("NAV") per share of C$27.15 and 2P NAV of C$35.58 per share, discounted at 10% and using the 2019 GLJ Report price forecast;
- Using a constant $60/bbl Brent oil price, achieved an after tax 1P NAV per share of C$22.45 and 2P NAV of C$28.80 per share, discounted at 10%; and
- Produced on average approximately 52,687 barrels of oil equivalent per day ("boe/d"), representing a 19% increase over the 2018 daily average production using a conversion of six mcf of gas to barrel of oil. Production consisted of 51,708 barrels of oil per day ("bopd") and 5,874 Mcf per day ("Mcf/d) of natural gas.

We estimate Q4 2019 production at approximately 54,221 boe/d, up ~2% from Q3 2019, consisting of 53,086 bopd and 6,810 Mcf/d of natural gas.

2019 Year-End Reserves Report: Discussion of Reserves

The following tables summarize information contained in the independent reserves report prepared by GLJ Petroleum Consultants Ltd. ("GLJ") dated February 5, 2020 with an effective date of December 31, 2019 (the "GLJ 2019 Report"), with comparatives to the independent reserves report prepared by GLJ dated February 7, 2019 with an effective date of December 31, 2018 (the "GLJ 2018 Report"), and the independent reserves report prepared by GLJ dated February 2, 2018 with an effective date of December 31, 2017 ("GLJ 2017 Report", and collectively with the GLJ 2019 Report and the GLJ 2018 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 2019 fiscal year which will be filed on SEDAR by April 1, 2020. 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, 2019 reserves presented are based on GLJ's forecast pricing effective January 1, 2020; all December 31, 2018 reserves presented are based on GLJ's forecast pricing effective January 1, 2019; and all December 31, 2017 reserves presented are based on GLJ's forecast pricing effective January 1, 2018.

Parex' reserves are located in Colombia's Llanos and Middle Magdalena basins. Reserve additions in the GLJ 2019 Report were primarily generated from a successful oil exploration and appraisal drilling program.

The Company recorded material reserve increases due to the following corporate activities:

- Exploration discoveries on Boranda, Capachos, LLA-32 and LLA-34; and
- Appraisal and development drilling on Cabrestero, Capachos and LLA-34.

2019 Year-End Gross Reserves Volumes

	December 31,			Change
Reserves Category	**2017 Mboe(1)**	**2018 Mboe(1)**	**2019 Mboe (1)(2)**	**over Dec 31, 2018**
Proved Developed Producing (PDP)	50,506	62,612	70,946	**13%**
Proved Developed Non-Producing	2,089	7,246	6,699	-8%
Proved Undeveloped	42,930	51,835	61,180	18%
Proved (1P)	**95,525**	**121,693**	**138,825**	**14%**
Probable	66,711	62,982	59,599	-5%
Proved + Probable (2P)	**162,236**	**184,674**	**198,423**	**7%**
Possible(3)	78,698	77,392	62,661	-19%
Proved + Probable + Possible (3P)	**240,934**	**262,066**	**261,085**	**0%**

(1) Mboe is defined as thousand barrels of oil equivalent.
(2) All reserves are presented as Parex working interest before royalties. 2019 net reserves after royalties are: PDP 60,771 Mboe, proved developed non-producing 6,002 Mboe, proved undeveloped 51,767 Mboe, 1P 118,539 Mboe, 2P 169,068 Mboe and 3P 222,850 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.

2019 Gross Reserves by Block

Block	Proved Mboe(1)	Proved+ Probable Mboe(1)	Proved + Probable + Possible(1) Mboe
Aguas Blancas	4,005	6,792	13,615
Cabrestero	17,775	27,560	34,310
Capachos	7,716	11,840	16,666
LLA-34	103,487	142,666	181,326
Other Blocks	5,842	9,565	15,168
Total	**138,825**	**198,423**	**261,085**

(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.

2019 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)	8,065	13,922	24,312	42,093
Heavy Crude Oil (Mbbl)	61,787	121,648	169,124	212,363
Natural Gas Liquids (Mbbl)	277	369	593	732
Conventional Natural Gas (MMcf)(3)	4,898	17,313	26,368	35,381
Oil Equivalent (Mboe)	**70,946**	**138,825**	**198,423**	**261,085**

(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

Reserve Life Index ("RLI")

	Dec. 31, 2017(1)	Dec. 31, 2018(2)	Dec. 31, 2019(3)
Proved Developed Producing (PDP)	3.5 years	3.5 years	3.6 years
Proved (1P)	6.7 years	6.8 years	7.0 years
Proved Plus Probable (2P)	11.4 years	10.3 years	10.0 years

(1) Calculated by dividing the amount of the relevant reserves category by average Q4 2017 production of 39,007 boe/d annualized.
(2) Calculated by dividing the amount of the relevant reserves category by average Q4 2018 production of 49,300 boe/d annualized.
(3) Calculated by dividing the amount of the relevant reserves category by estimated average Q4 2019 production of 54,221 boe/d annualized.

Five Year Crude Oil Price Forecast – GLJ Report (January 2019 and 2020)

	2019	2020	2021	2022	2023	2024
ICE Brent (USD$/bbl) - January 1, 2019	63.25	68.50	71.25	73.00	75.50	78.00
ICE Brent (USD$/bbl) - January 1, 2020	64.21(1)	67.00	68.00	71.00	73.00	75.00

(1) Actual 2019 ICE Brent average price

Future Development Capital ("FDC") (000s) – GLJ 2019 Report (1)

Reserves Category	2020	2021	2022	2023	2024	2025+	Total FDC	Total FDC/boe
PDP	$14,948	$3,927	$0	$0	$0	$0	**$18,875**	**$0.27**
1P	$158,940	$111,991	$70,102	$19,303	$649	$1,098	**$362,084**	**$2.61**
2P	$171,050	$136,211	$102,669	$37,837	$649	$4,731	**$453,147**	**$2.28**

(1) FDC are stated in USD, undiscounted and based on GLJ January 1, 2020 price forecasts.

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

Reserves Category		NPV10 December 31, 2018 (000s)(2)	NPV10 December 31, 2019 (000s)(2)	NPV10 December 31, 2019 (CAD/sh)(3)
Proved Developed Producing (PDP)	$	1,742,166	2,000,514	18.14
Proved Developed Non-Producing		202,417	183,610	
Proved Undeveloped		1,134,017	1,320,420	
Proved (1P)	**$**	**3,078,600**	**3,504,544**	**31.79**
Probable		1,473,489	1,347,556	
Proved + Probable (2P)	**$**	**4,552,089**	**4,852,099**	**44.01**
Possible(4)		1,731,041	1,478,283	
Proved + Probable + Possible (3P)	**$**	**6,283,130**	**6,330,382**	**57.41**

(1) Net present values ("NPV10") are stated in USD and are discounted at 10 percent. 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, 2019 and GLJ January 1, 2020 price forecasts, respectively. The GLJ January 1, 2020 price forecast will be included in the Company's Annual Information Form for the 2019 fiscal year.
(2) Includes future development capital ("FDC") as at December 31, 2018 of $17 million for PDP, $297 million for 1P, $412 million for 2P and $518 million for 3P and FDC as at December 31, 2019 of $19 million for PDP, $362 million for 1P, $453 million for 2P and $537 million for 3P.
(3) NPV10 per share is calculated, as at December 31, 2019, as before tax NPV10 (converted at USDCAD 1.2997) divided by 143 million basic shares outstanding as at December 31, 2019.
(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.

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

Reserves Category		NPV10 December 31, 2018 (000s)(2)	NPV10 December 31, 2019 (000s)(2)	NAV December 31, 2019 (CAD/sh)(3)
Proved Developed Producing (PDP)	$	1,508,154	1,630,512	17.87
Proved Developed Non-Producing		138,364	126,764	
Proved Undeveloped		768,025	896,013	
Proved (1P)	**$**	**2,414,543**	**2,653,289**	**27.15**
Probable		1,014,349	929,239	
Proved + Probable (2P)	**$**	**3,428,892**	**3,582,528**	**35.58**
Possible(4)		1,194,881	1,022,739	
Proved + Probable + Possible (3P)	**$**	**4,623,773**	**4,605,267**	**44.85**

(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, 2019 and GLJ January 1, 2020 price forecasts, respectively. The GLJ January 1, 2020 price forecast will be included in the Company's Annual Information Form for the 2019 fiscal year.
(2) Includes FDC as at December 31, 2018 of $17 million for PDP, $297 million for 1P, $412 million for 2P and $518 million for 3P, and FDC as at December 31, 2019 of $19 million for PDP, $362 million for 1P, $453 million for 2P and $537 million for 3P.
(3) NAV is calculated, as at December 31, 2019, as after tax NPV10 plus estimated working capital of USD$340 million (converted at USDCAD=1.2997), divided by 143 million basic shares outstanding as at December 31, 2019.
(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.

Net Asset Value at December 31, 2019 - at a Constant $60 Brent Oil Price(1)(2)

	Proved Developed Producing	Proved	Proved+ Probable	Proved+ Probable+ Possible
After Tax NPV10% (CAD/Share)	12.45	19.37	25.72	32.73
Working Capital (CAD/Share)	3.08	3.08	3.08	3.08
NAV (CAD/Share)	**15.53**	**22.45**	**28.80**	**35.81**

(1) NAV is calculated as at December 31, 2019 as after tax NPV10 plus estimated working capital of USD$340 million (converted at USDCAD=1.2997), divided by 143 million basic shares outstanding as at December 31, 2019.
(2) At Parex' request, the GLJ 2019 Report was calculated using a constant $60/bbl Brent oil price.

2019 Year-End Gross Reserves Reconciliation Company

	Total Proved Mboe	Total Proved + Probable Mboe	Total Proved + Probable + Possible Mboe
December 31, 2018	121,693	184,674	262,066
Technical Revisions	5,643	(2,461)	(22,609)
Discoveries[(1)]	3,814	6,526	12,300
Extensions & Improved Recovery[(2)]	26,874	28,579	28,121
Improved Recovery	31	335	437
Production	(19,230)	(19,230)	(19,230)
December 31, 2019[(3)]	**138,825**	**198,423**	**261,085**

(1) Reserve discoveries are associated with the evaluations of the Boranda, Capachos, LLA-32, and LLA-34 blocks. The evaluation of La Belleza well on VIM-1 block was not included in the 2019 report.
(2) Reserve extensions & improved recovery are associated with the evaluations of the Cabrestero and LLA-34 blocks
(3) 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.

Calculation of Reserve Metrics – Company Gross[(1)]

	2019			3 Year
USD$ ('000)	**Proved Developed Producing**	**Proved**	**Proved+ Probable**	**Proved+ Probable**
Capital Expenditures[(1)]	208,200	208,200	208,200	717,192
Capital Expenditures – change in FDC	2,074	64,655	41,414	106,651
Total Capital	**210,274**	**272,855**	**249,614**	**823,843**
Net Acquisitions	-	-	-	5,697
Net Acquisitions – change in FDC	-	-	-	-
Total Net Acquisitions	**-**	**-**	**-**	**5,697**
Total Capital including Acquisitions	**210,274**	**272,855**	**249,614**	**829,540**
Reserve Additions	27,565	36,363	32,980	133,841
Net Acquisition Reserve Additions	-	-	-	1,090
Reserve Additions including Acquisitions[(2)] (Mboe)	**27,565**	**36,363**	**32,980**	**134,931**
F&D Costs[(2)] ($/boe)	7.63	7.50	7.57	6.16
FD&A Costs[(2)] ($/boe)	7.63	7.50	7.57	6.15
Estimated 2019FY funds flow per boe[(1)(3)] ($/boe)	29.30	29.30	29.30	25.31
Recycle Ratio - F&D[(2)(3)]	**3.8x**	**3.9x**	**3.9x**	**4.1x**
Recycle Ratio - FD&A[(2)(3)]	**3.8x**	**3.9x**	**3.9x**	**4.1x**

(1) Calculated using unaudited estimated capital expenditures and unaudited estimated funds flow from operations as at December 31, 2019. See advisory "Unaudited Financial Information". All reserves are presented as Parex working interest before royalties**.** Please refer to the "Reserve Advisory" section for a description of each reserve category.
(2) 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 finding and development costs related to reserves additions for that year.
(3) Recycle ratio is calculated as funds flow from operations per boe divided by F&D or FD&A as applicable. 3 Year funds flow from operations on a per boe basis is calculated using weighted average sales volumes.

Operational Update

VIM-1 (Parex WI 50% Operator, Frontera Energy WI 50%): The La Belleza-1 exploration well was drilled to a total depth of 11,680 feet. A total of 179 feet (155 feet total vertical depth) of potential hydrocarbon bearing reservoir was encountered in the Cienaga De Oro formation and drilling operations were stopped to allow testing of the 179 feet open hole section. The well was tested under natural flowing conditions and over a 328-hour period, the well produced a total of 32,728 barrels of 43 API oil, 147 MMCF of natural gas and 3,996 barrels of water. The average flow rate during the test was 2,395 bopd and 10.7 MMcfd of gas (4,183 boe/d combined) at an average water cut of 12%. The flow rate during the final 24 hours of the test was 2,696 bopd and 11.8 MMcfd of gas (4,663 boe/d combined) at an average watercut of 10%. The initial shut in wellhead pressure recorded at the start of the test was 4,700 psi and the wellhead pressure during the test period remained relatively flat at 3,700 psi with the producing rate during the test limited by the testing facilities on location. Bottom hole flowing pressures during the test remained relatively stable at approximately 6,000 psi indicating an average drawdown of 14%. The initial bottom hole pressure recorded at the start of the test was 7,031 psi and the final extrapolated pressure at the end of the 174-hour buildup was 7,011 psi. The well will be flow tested for one additional week followed by an extended 30-day buildup period which will provide additional information on the final reservoir pressure. Note that the La Belleza test results were not included in the GLJ 2019 Report.

Parex is evaluating options to drill one or two additional delineation wells in H2 2020 from the La Belleza pad. The Company is also evaluating several options for gas commercialization and infrastructure requirements and does not plan to include La Belleza volumes in its 2020 production forecast.

Aguas Blancas (WI 50%): AB-24 and AB-11 were drilled on a new pad to evaluate a southern extension of the field. Parex plans to complete and test the wells. In 2020, Parex expects to drill 9 development and 3 injection wells.

CPO-11 (WI 50%): The Daisy-1 exploration well was drilled, tested and abandoned. Parex expects the Montuno-1 exploration prospect to be drilled in February 2020.

NCIB Share Purchase Plan

As of January 31, 2020, Parex had purchased for cancellation 1,345,000 common shares of the Company at an average cost of C$23.59 per share, pursuant to its normal course issuer bid that commenced on December 23, 2019. Basic shares outstanding as at January 31, 2020 were 142,299,231. Pursuant to the normal course issuer bid, Parex may purchase for cancellation up to an aggregate of 13,986,994 common shares prior to December 22, 2020.

2019 Year-end Results Conference Call & Webcast

We anticipate holding a conference call and webcast for investors, analysts and other interested parties on Wednesday, March 11, 2020 at 9:30 am MT (11:30 am ET), conditional on the 2019 fourth quarter and year-end results being released on Tuesday, March 10, 2020 following the close of markets. To participate in the conference call or webcast, see access information below

Toll-free dial number (Canada/US)	1-800-806-5484
International dial-in number	Click to access the dial-in number of your location
Passcode	8822777#
Webcast	TBC

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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, 2019 reserves presented are based on GLJ's forecast pricing effective January 1, 2020. All December 31, 2018 reserves presented are based on GLJ's forecast pricing effective January 1, 2019. All December 31, 2017 reserves presented are based on GLJ's forecast pricing effective January 1, 2018.

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 conversation 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 finding and development 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 finding and development costs related to reserve additions for that year.

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 that short-term production rates should be considered preliminary.

This press release contains several oil and gas metrics, including F&D costs, FD&A costs, recycle ratio, reserve replacement, NAV and RLI. 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 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 such metrics are as follows:

- Finding and development (“F&D”) costs are calculated by dividing capital expenditures by the change in reserves within the applicable reserves category. F&D costs, including FDC, include all capital expenditures in the year as well as the change in FDC required to bring the reserves within the specified reserves category on production.
- Finding, development and acquisition ("FD&A”) costs represent the costs of property acquisition, exploration, and development incurred. 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 finding and development costs related to reserves additions for that year.
- FD&A costs are calculated as capital expenditures plus net acquisition costs plus change in FDC. FD&A per boe is calculated as FD&A costs divided by reserves additions for the applicable period.
- Recycle ratio is calculated as funds flow from operations netback divided by F&D or FD&A, as applicable.
- Funds flow from operations, is a non-GAAP measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital.

- Funds flow from operations netback or funds flow from operations per boe is calculated by dividing funds flow from operations by sales volumes for the period.
- Reserve replacement is calculated by dividing the annual reserve additions by the annual production.
- Net asset value ("NAV") per share is calculated as before or after tax NPV10 plus estimated year-end working capital, converted from USD to CAD as applicable, divided by basic shares outstanding at December 31, 2019.
- Reserves life index 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, 2019, 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, 2019 on SEDAR on or before March 30, 2020.

The information contained in this press release in respect of the Company's expected capital expenditures, funds flow from operations and operating costs for 2019 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.

Funds flow from operations and funds flow netback are not recognized measures under International Financial Reporting Standards ("IFRS") and do not have a standardized meaning. 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. Investors should be cautioned that such measures should not be construed as an alternative to other measures of financial performance as determined in accordance with IFRS. The Company's method of calculating funds from operations may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies. See the heading "Reserves Advisory" for how to calculate funds flow from operations and funds flow from operations netback.

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, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, business prospects and opportunities and the date on which the conference call will be held. 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; 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; 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; 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; 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.