



News Release

February 4, 2021

**Parex Delivers Reserve Additions from New Operated Fields,
Increases Reserves per Share and Extends RLI to 11 Years**

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, 2020 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, 2020. All currency amounts are in United States dollars, unless otherwise stated.

2020 Year-End Corporate Reserves Report

On a debt adjusted basis, proved developed producing ("PDP") reserves per share increased by 18% and proved plus probable ("2P") reserves per share increased by 14%. We exited 2020 with working capital of approximately \$320 million and no debt. In 2021, we have multiple opportunities for continued profitable 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, 2020, Parex:

- Added 18.5 million barrels of oil equivalent ("MMboe") PDP, 6.3 MMboe proved ("1P") reserves, and 13.1 MMboe 2P reserves replacing respectively 108%, 37% and 77% of total 2020 production (17.03 MMboe);
- Added significant new reserves, including 7 MMboe of 1P, 17 MMboe of 2P and 34 MMboe of proved plus probable plus possible ("3P") on blocks VIM-1 (La Belleza) and Fortuna (Cayena). With 3 of 14 planned wells drilled, the new reserves booking was achieved with a limited exploration program due to the COVID-19 pandemic;
- Increased PDP reserves by 2% year-over-year, from 71 MMboe to 72 MMboe (98% crude oil);
- Grew 3P reserves by 7% from 261 MMboe to 280 MMboe (92% crude oil);
- Increased debt adjusted reserves per share as follows: PDP 18%, 1P 7% and 2P 14% as the limited exploration activities was complimented by the share buyback program;
- Realized PDP finding, development & acquisition ("FD&A") costs of \$7.73 per barrel of oil equivalent ("boe"), resulting in a 2.5 times funds flow from operations netback recycle ratio using unaudited Q4 2020 funds flow from operations of \$19.15/boe;
- Achieved 2P finding & development ("F&D") costs and 2P FD&A costs of \$8.45/boe. Using the unaudited Q4 2020 funds flow from operations of \$19.15/boe, the 2P FD&A funds flow from operations netback recycle ratio was 2.3 times;
- Extended 2P reserve life index to 11 years;

- Realized an after tax 1P net asset value ("NAV") per share of C\$20.91 and 2P NAV of C\$27.43 per share, discounted at 10% and using the GLJ 2020 Report (as defined herein) price forecast;
- Using a constant \$50/bbl Brent oil price, achieved an after tax 1P NAV per share of C\$17.49 and 2P NAV of C\$22.47 per share, discounted at 10%; and
- Achieved average daily production of approximately 46,518 boe per day ("boe/d"), representing a 12% decrease over the 2019 daily average production using a conversion of six thousand cubic feet ("Mcf") of gas to one barrel of oil. Production was less in 2020 due to voluntary shut-in and less drilling activity due to the COVID-19 pandemic and the volatility in crude oil prices. Production consisted of 6,021 barrels per day ("bopd") of light crude oil and medium crude oil, 39,197 bopd of heavy crude oil and 7,800 Mcf per day ("Mcf/d") of conventional natural gas.

We estimate Q4 2020 production to average approximately 46,642 boe/d, up 5% from Q3 2020, consisting of 6,637 bopd of light crude oil and medium crude oil, 38,332 bopd of heavy crude oil and 10,038 Mcf/d of conventional natural gas.

2020 Gross Q4 & Year-End Production Volumes by Product Type

| Product Type | For the three months ended December 31, | | For the year ended December 31, | |
|---|---|---------------|---------------------------------|---------------|
| | 2020 ⁽²⁾ | 2019 | 2020 ⁽²⁾ | 2019 |
| Light & Medium Crude Oil (bbl/d) ⁽¹⁾ | 6,637 | 8,346 | 6,021 | 7,214 |
| Heavy Crude Oil (bbl/d) | 38,332 | 44,740 | 39,197 | 44,494 |
| Conventional Natural Gas (Mcf/d) | 10,038 | 6,810 | 7,800 | 5,874 |
| Oil Equivalent (boe/d) | 46,642 | 54,221 | 46,518 | 52,687 |

(1) Bbl/d is defined as barrels per day.

(2) Production volumes for the three months ended December 31, 2020 and for the year ended December 31, 2020 are estimated.

2020 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 4, 2021 with an effective date of December 31, 2020 (the "GLJ 2020 Report"), with comparatives to the independent reserves report prepared by GLJ dated February 5, 2020 with an effective date of December 31, 2019 (the "GLJ 2019 Report"), and the independent reserves report prepared by GLJ dated February 7, 2019 with an effective date of December 31, 2018 ("GLJ 2018 Report", and collectively with the GLJ 2020 Report and the GLJ 2019 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 2020 fiscal year which will be filed on SEDAR by March 31, 2021. 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, 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; and all December 31, 2018 reserves presented are based on GLJ's forecast pricing effective January 1, 2019.

Parex' reserves are located in Colombia's Llanos and Magdalena basins. Reserve additions in the GLJ 2020 Report were primarily generated from a successful oil exploration and appraisal drilling program.

The Company recorded material reserve increases in 3P reserves due to the following corporate activities:

- Exploration discovery with the La Belleza well on the VIM-1 Block.
- Drilling extensions with the Cayena well on the Fortuna Block.

2020 Year-End Gross Reserves Volumes

| Reserves Category | December 31, | | | Change over Dec 31, 2019 |
|--|--------------------------|--------------------------|-----------------------------|--------------------------|
| | 2018 Mboe ⁽¹⁾ | 2019 Mboe ⁽¹⁾ | 2020 Mboe ⁽¹⁾⁽²⁾ | |
| Proved Developed Producing (PDP) | 62,612 | 70,946 | 72,373 | 2% |
| Proved Developed Non-Producing | 7,246 | 6,699 | 15,087 | 125% |
| Proved Undeveloped | 51,835 | 61,180 | 40,623 | -34% |
| Proved (1P) | 121,693 | 138,825 | 128,083 | -8% |
| Probable | 62,982 | 59,599 | 66,408 | 11% |
| Proved + Probable (2P) | 184,674 | 198,423 | 194,491 | -2% |
| Possible ⁽³⁾ | 77,392 | 62,661 | 85,995 | 37% |
| Proved + Probable + Possible (3P) | 262,066 | 261,085 | 280,486 | 7% |

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

(2) All reserves are presented as Parex working interest before royalties. 2020 net reserves after royalties are: PDP 64,157 Mboe, proved developed non-producing 12,948 Mboe, proved undeveloped 35,589 Mboe, 1P 112,693 Mboe, 2P 167,986 Mboe and 3P 240,968 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.

2020 Gross Reserves by Block

| Block | Proved Mboe ⁽¹⁾ | Proved+ Probable Mboe ⁽¹⁾ | Proved + Probable + Possible Mboe ⁽¹⁾ |
|--------------|----------------------------|--------------------------------------|--|
| Cabrestero | 17,108 | 24,002 | 30,008 |
| Capachos | 6,886 | 10,904 | 15,665 |
| LLA-34 | 87,887 | 127,976 | 173,687 |
| VIM-1 | 5,306 | 12,893 | 24,050 |
| Other Blocks | 10,896 | 18,716 | 37,076 |
| Total | 128,083 | 194,491 | 280,486 |

(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.

2020 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 (Mbbbl) ⁽²⁾ | 5,883 | 16,433 | 31,330 | 59,095 |
| Heavy Crude Oil (Mbbbl) | 64,949 | 105,524 | 150,842 | 200,304 |
| Natural Gas Liquids (Mbbbl) | 147 | 353 | 569 | 765 |
| Conventional Natural Gas (MMcf) ⁽³⁾ | 8,363 | 34,637 | 70,501 | 121,931 |
| Oil Equivalent (Mboe) | 72,373 | 128,083 | 194,491 | 280,486 |

(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) Mbbbl is defined as thousands of barrels.

(3) MMcf is defined as millions cubic feet.

Reserve Life Index ("RLI")

| | Dec. 31, 2018 ⁽¹⁾ | Dec. 31, 2019 ⁽²⁾ | Dec. 31, 2020 ⁽³⁾ |
|----------------------------------|------------------------------|------------------------------|------------------------------|
| Proved Developed Producing (PDP) | 3.5 years | 3.6 years | 4.3 years |
| Proved (1P) | 6.8 years | 7.0 years | 7.5 years |
| Proved Plus Probable (2P) | 10.3 years | 10.0 years | 11.4 years |

- (1) Calculated by dividing the amount of the relevant reserves category by average Q4 2018 production of 49,300 boe/d annualized (consisting of 5,771 bopd of light crude oil and medium crude oil, 42,788 bopd of heavy crude oil and 4,446 Mcf/d of conventional natural gas).
- (2) 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 bopd of light crude oil and medium crude oil, 44,740 bopd of heavy crude oil and 6,810 Mcf/d of conventional natural gas).
- (3) Calculated by dividing the amount of the relevant reserves category by estimated average Q4 2020 production of 46,642 boe/d annualized (consisting of 6,637 bopd of light crude oil and medium crude oil, 38,332 bopd of heavy crude oil and 10,038 Mcf/d of conventional natural gas).

Five Year Crude Oil Price Forecast – GLJ Report (January 2020 and 2021)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------------|-------|-------|-------|-------|-------|
| ICE Brent (USD\$/bbl) - January 1, 2020 | 67.00 | 68.00 | 71.00 | 73.00 | 75.00 | 76.00 |
| ICE Brent (USD\$/bbl) - January 1, 2021 | 43.30 ⁽¹⁾ | 50.75 | 55.00 | 58.50 | 61.79 | 62.95 |

- (1) Actual 2020 ICE Brent average price.

Future Development Capital ("FDC") (000s) – GLJ 2020 Report ⁽¹⁾

| Reserves Category | 2021 | 2022 | 2023 | 2024 | 2025 | 2026+ | Total FDC | Total FDC/boe |
|-------------------|-----------|-----------|----------|---------|------|----------|-----------|---------------|
| PDP | \$20,519 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20,519 | \$0.28 |
| 1P | \$152,301 | \$104,756 | \$38,233 | \$1,136 | \$0 | \$2,142 | \$298,568 | \$2.33 |
| 2P | \$174,194 | \$147,745 | \$66,798 | \$7,599 | \$0 | \$26,407 | \$422,742 | \$2.17 |

- (1) FDC are stated in USD, undiscounted and based on GLJ January 1, 2021 price forecasts.

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

| Reserves Category | NPV10 December 31, 2019 (000s) ⁽²⁾ | NPV10 December 31, 2020 (000s) ⁽²⁾ | NPV10 December 31, 2020 (CAD/sh) ⁽³⁾ |
|--|--|--|--|
| Proved Developed Producing (PDP) | \$ 2,000,514 | 1,514,956 | 14.74 |
| Proved Developed Non-Producing | 183,610 | 248,729 | |
| Proved Undeveloped | 1,320,420 | 597,463 | |
| Proved (1P) | \$ 3,504,544 | 2,361,149 | 22.97 |
| Probable | 1,347,556 | 979,935 | |
| Proved + Probable (2P) | \$ 4,852,099 | 3,341,084 | 32.50 |
| Possible ⁽⁴⁾ | 1,478,283 | 1,284,690 | |
| Proved + Probable + Possible (3P) | \$ 6,330,382 | 4,625,774 | 45.00 |

- (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, 2020 and GLJ January 1, 2021 price forecasts, respectively. The GLJ January 1, 2021 price forecast will be included in the Company's Annual Information Form for the 2020 fiscal year.
- (2) Includes FDC as at December 31, 2019 of \$19 million for PDP, \$362 million for 1P, \$453 million for 2P and \$537 million for 3P and FDC as at December 31, 2020 of \$21 million for PDP, \$299 million for 1P, \$423 million for 2P and \$542 million for 3P.
- (3) NPV10 per share is calculated, as at December 31, 2020, as before tax NPV10 (converted at USDCAD 1.2732) divided by 131 million basic shares outstanding as at December 31, 2020.
- (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, 2019 (000s) ⁽²⁾ | NPV10 December 31, 2020 (000s) ⁽²⁾ | NAV December 31, 2020 (CAD/sh) ⁽³⁾ |
|----------------------------------|--|--|--|
| Proved Developed Producing (PDP) | \$ 1,630,512 | 1,261,769 | 15.39 |
| Proved Developed Non-Producing | 126,764 | 171,766 | |
| Proved Undeveloped | 896,013 | 395,908 | |

| | | | | |
|--|-----------|------------------|------------------|--------------|
| Proved (1P) | \$ | 2,653,289 | 1,829,443 | 20.91 |
| Probable | | 929,239 | 669,994 | |
| Proved + Probable (2P) | \$ | 3,582,528 | 2,499,437 | 27.43 |
| Possible ⁽⁴⁾ | | 1,022,739 | 882,572 | |
| Proved + Probable + Possible (3P) | \$ | 4,605,267 | 3,382,009 | 36.02 |

- (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, 2020 and GLJ January 1, 2021 price forecasts, respectively. The GLJ January 1, 2021 price forecast will be included in the Company's Annual Information Form for the 2020 fiscal year.
- (2) Includes FDC as at December 31, 2019 of \$19 million for PDP, \$362 million for 1P, \$453 million for 2P and \$537 million for 3P, and FDC as at December 31, 2020 of \$21 million for PDP, \$299 million for 1P, \$423 million for 2P and \$542 million for 3P.
- (3) NAV is calculated, as at December 31, 2020, as after tax NPV10 plus estimated working capital of USD\$320 million (converted at USDCAD=1.2732), divided by 131 million basic shares outstanding as at December 31, 2020.
- (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, 2020 - at a Constant \$50 Brent Oil Price⁽¹⁾⁽²⁾

| | Proved Developed Producing | Proved | Proved+ Probable | Proved+ Probable+ Possible |
|------------------------------|---|---------------|-----------------------------|---|
| After Tax NPV10% (CAD/Share) | 10.45 | 14.38 | 19.36 | 25.66 |
| Working Capital (CAD/Share) | 3.11 | 3.11 | 3.11 | 3.11 |
| NAV (CAD/Share) | 13.56 | 17.49 | 22.47 | 28.77 |

- (1) NAV is calculated as at December 31, 2020 as after tax NPV10 plus estimated working capital of USD\$320 million (converted at USDCAD=1.2732), divided by 131 million basic shares outstanding as at December 31, 2020.
- (2) At Parex' request, the GLJ 2020 Report was calculated using a constant \$50/bbl Brent oil price.

2020 Year-End Gross Reserves Reconciliation Company

| | Total Proved Mboe | Total Proved + Probable Mboe | Total Proved + Probable + Possible Mboe |
|--|------------------------------|---|--|
| December 31, 2019 | 138,825 | 198,423 | 261,085 |
| Technical Revisions ⁽¹⁾ | (3,060) | (3,601) | 1,967 |
| Discoveries ⁽²⁾ | 5,306 | 12,893 | 24,050 |
| Extensions ⁽³⁾ | 4,038 | 3,802 | 10,410 |
| Production | (17,026) | (17,026) | (17,026) |
| December 31, 2020⁽⁴⁾ | 128,083 | 194,491 | 280,486 |

- (1) Reserves technical revisions are associated with the evaluation of LLA-34.
- (2) Reserve discoveries are associated with the evaluation of La Belleza well on VIM-1 block.
- (3) Reserve extensions are associated with the evaluations of the Cayena well on the Fortuna 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.

Calculation of Reserve Metrics – Company Gross⁽¹⁾

| | 2020 | | | 3 Year |
|---|---|---------------|-----------------------------|-----------------------------|
| USD\$ ('000) | Proved Developed Producing | Proved | Proved+ Probable | Proved+ Probable |
| Capital Expenditures ⁽¹⁾ | 141,000 | 141,000 | 141,000 | 651,539 |
| Capital Expenditures – change in FDC | 1,644 | (63,516) | (30,406) | (9,694) |
| Total Capital | 142,644 | 77,484 | 110,594 | 641,845 |
| Net Acquisitions | - | - | - | - |
| Net Acquisitions – change in FDC | - | - | - | - |
| Total Net Acquisitions | - | - | - | - |
| Total Capital including Acquisitions | 142,644 | 77,484 | 110,594 | 641,845 |

| | | | | |
|--|---------------|--------------|---------------|---------------|
| Reserve Additions | 18,453 | 6,284 | 13,094 | 84,720 |
| Net Acquisition Reserve Additions | - | - | - | - |
| Reserve Additions including Acquisitions⁽²⁾ (Mboe) | 18,453 | 6,284 | 13,094 | 84,720 |
| F&D Costs ⁽²⁾ (\$/boe) | 7.73 | 12.33 | 8.45 | 7.58 |
| FD&A Costs ⁽²⁾ (\$/boe) | 7.73 | 12.33 | 8.45 | 7.58 |
| Estimated 2020 Q4 funds flow per boe ⁽¹⁾⁽³⁾ (\$/boe) | 19.15 | 19.15 | 19.15 | 23.84 |
| Recycle Ratio - F&D⁽²⁾⁽³⁾ | 2.5x | 1.6x | 2.3x | 3.1x |
| Recycle Ratio - FD&A⁽²⁾⁽³⁾ | 2.5x | 1.6x | 2.3x | 3.1x |

(1) Calculated using unaudited estimated capital expenditures and unaudited estimated funds flow from operations as at December 31, 2020. 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. Three Year funds flow from operations on a per boe basis is calculated using weighted average sales volumes.

Operational Update

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 horizontal wellbore in the Galembo Formation, one of the prospective oil-bearing zones identified on open hole logs. The well was completed open hole and tested under natural flowing after an initial cleanup flow on the well. During the 461-hour initial test, a total of 15,812 barrels of 24 API oil was recovered at a gas and oil ratio of 280 standard cubic feet per one barrel of oil ("scf/bbl") and an average production rate of 824 bopd. The maximum flow rate recorded during the test was 1,375 bopd and the flow rate during the last 24 hours of the test was 540 bopd. The flowing tubing pressure declined from 1,300 psi initially to 400 psi at the end of the test while the watercut remained at 0.4% throughout the test. Bottom hole pressure recorders indicated the maximum drawdown recorded at the end of the test was 55%. A well buildup was conducted for 25 days after the main flow after which the well resumed production at rates of 600-1000 barrels of oil per day. A total of 8,489 barrels of additional oil has been recovered after 253 hours for an average rate of 805 bopd with a constant watercut of 0.4%. To improve productivity, Parex will be installing artificial lift into the Cayena-1 well. To appraise the Cayena discovery, in Q3 2021, the Company plans to drill an additional 1-2 horizontal appraisal wells and will drill the wells underbalanced to minimize potential formation damage.

New CEO & President – Imad Mohsen

Effective February 4, 2021, Imad Mohsen, who is now residing in Calgary, has been appointed President and CEO and a director of the Company. Effective February 4, 2021, Dave Taylor has retired as a director of the Company. Mr. Taylor will remain with Parex as a Special Advisor to the CEO and assist with the transition until his retirement at our AGM on May 6, 2021.

NCIB Share Purchase Plan

As of January 31, 2021, Parex had purchased for cancellation 1,170,000 common shares of the Company at an average cost of C\$20.06 per share, pursuant to its normal course issuer bid that commenced on December 23, 2020. Basic shares outstanding as at January 31, 2021 were 129,784,485. Pursuant to the normal course issuer bid, Parex may purchase for cancellation up to an aggregate of 12,868,562 common shares prior to December 22, 2021.

2020 Year-end Results Conference Call & Webcast

We anticipate holding a conference call and webcast for investors, analysts and other interested parties on Thursday, March 4, 2021 at 9:30 am MT (11:30 am ET), conditional on the 2020 fourth quarter and year-end results being released on Wednesday, March 3, 2021 following the close of markets. To participate in the conference call or webcast, see access information below:

| | |
|-----------------------------------|---|
| Toll-free dial number (Canada/US) | 1-800-898-3989 |
| International dial-in number | Click to access the dial-in number of your location |
| Passcode | 6924016# |
| Webcast | https://edge.media-server.com/mmc/p/8gwx43wz |

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

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.

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.

This press release contains several oil and gas metrics, including F&D costs, FD&A costs, recycle ratio, reserve replacement, NAV, RLI and debt adjusted reserves per share. 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:

- 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.
- 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 costs or FD&A costs, 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.
- 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, 2020.
- RLI is calculated by dividing the applicable reserves category by the annualized fourth quarter production.
- Debt adjusted reserves per share is calculated by year-end reserves volume by debt adjusted shares for reserves. Debt adjusted shares for reserves is calculated by subtracting basic shares outstanding at December 31, 2020 from the division of estimated year-end working capital, converted from USD to CAD as applicable, by closing share price at December 31, 2020.

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, 2020, 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, 2020 on SEDAR on or before March 31, 2021.

The information contained in this press release in respect of the Company's expected capital expenditures and funds flow from operations for 2020 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 "Reserve 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, expectation the Company will generate significant free cash flow in excess of capital expenditures, expectation that the significant free cash flow is sufficient to support the Company's share buyback program, results of operations, production, business prospects and opportunities, Parex purchase under its normal course issuer bid 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; 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; 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; 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.