



News Release

April 2, 2020

Parex Provides a Business Update in Response to COVID-19

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, announces measures to protect the Company's financial strength in response to the significant decrease in global energy prices and the COVID-19 pandemic. The Company's priority remains the health and safety of its employees, partners and the communities where we operate. **All currency amounts are in United States dollars, unless otherwise stated.**

Business Update: Proactive Steps to Protect Shareholder Value

In these challenging times, Parex continues to manage its production volumes, capital budget and cash costs in response to the current low and volatile price environment, further protecting its balance sheet and shareholder value.

Financial Strength: Parex is well-positioned for the challenges presented in the current business environment, as the Company is debt-free, has an approximate cash position of \$390 million and an undrawn credit facility of \$200 million. With low sustaining capital requirements, the Company is able to withstand a prolonged period of low and volatile energy pricing. As at December 31, 2019, the Company's working capital was \$344 million.

Capital Expenditure: The Company has suspended all remaining 2020 drilling programs. Total full-year 2020 capital is estimated at \$100-\$110 million with an estimated \$75-\$80 million invested in Q1 2020, leaving a capital program of \$25-\$30 million for the balance of 2020 as long as oil prices remain at current levels. Depending on market conditions and community safety, Parex has an option to invest \$15-\$20 million for the drilling of an appraisal well and up-front infrastructure on its VIM-1 block La Belleza high-impact discovery.

Operational Cost Structure: The cost structure of Parex' production provides significant resiliency in periods of low oil prices. Including the recent depreciation of the Colombian Peso and Canadian Dollar, Parex' corporate cost structure is approximately:

- Transportation: \$9/bbl
- Royalties: 9% (based on realized sales price)
- Operating Expenses: \$4/bbl
- G&A: \$2/bbl

We estimate that our 2020 base corporate production decline is approximately 15%-18% per annum.

Production: Parex' Q1 2020 average production is estimated at 54,290 boe/d compared to the Company's Q4 2019 average quarterly production of 54,221 boe/d (consisting of 53,086 bbls/d of crude oil and 6,810 mcf/d of conventional natural gas) (98% crude oil). As Parex' conventional reservoirs provide the optionality to vary production without material productivity degradation, we intend to reduce production in Q2 2020 in response to the recent significant decrease in global energy demand and pricing. Additionally, Parex has begun to voluntarily reduce oil production on legacy fields as part of its COVID-19 plan to minimize the social interactions in its operating communities and maximize shareholder value. The Company's April production is expected to be in the range of 45,000-50,000 boe/d.

Due to the significant decline in oil prices, resulting reductions in the Company's capital expenditures and the ongoing uncertainty in market conditions resulting from the COVID-19 pandemic, Parex announces the withdrawal of its fiscal year 2020 Brent pricing, production, funds flow, netback and capital expenditure guidance, as set out in our March 10, 2020 press release.

Share Buy-Back: As of April 1, 2020, Parex has purchased for cancellation 4,000,000 common shares of the Company at an average cost of CAD\$18.70 per share, pursuant to the normal course issuer bid ("NCIB") that commenced on December 23, 2019. Pursuant to the NCIB, Parex may purchase for cancellation up to 13,986,994 common shares prior to December 22, 2020. At current market conditions, Parex is not purchasing shares under its NCIB and is preserving cash to retain its best-in-class debt free balance sheet.

Executive Salary and Board Compensation Reductions

Parex continues to take steps to reduce its cash costs in 2020. Effective April 1, 2020 and for the remainder of 2020, Parex' Executive Leadership will take a 10 percent salary reduction. Similarly, Parex' Board of Directors will take a 10 percent reduction in cash retainer fees.

Annual General Meeting ("AGM" or "Meeting") – May 14, 2020

In response to the evolving global COVID-19 public health emergency and to mitigate against its risks, Parex will hold its AGM on Thursday, May 14, 2020 at 9:30 am (Calgary time), and not on May 5, 2020 as previously announced in the Company's 2019 year-end results press release. The **AGM will be held in a virtual-only format** at <https://web.lumiagm.com/224600086> and shareholders will not be able to attend physically. This format is being adopted to adhere to public safety measures and give shareholders the opportunity to participate regardless of their geographic location or the particular constraints, circumstances or risks they may be facing as a result of the pandemic. Following the formal portion of the Meeting, Management will respond to questions, however there will be no corporate presentation by the President and CEO.

Further details of the AGM will be made available in coming weeks at www.parexresources.com under the investors tab. We invite all interested parties to monitor the corporate website and encourage Parex' shareholders to provide voting instructions prior to the Meeting since in-person attendance will not be possible.

Board of Directors Renewal

Mr. Curtis Bartlett and Mr. Ron Miller have provided notice to the Company that they will not stand for re-election as directors at the 2020 AGM. Mr. Bartlett and Mr. Miller served on Parex' Board since the Company's inception in 2009 and were instrumental in the success of Parex and its predecessor, Petro Andina Resources Inc. We thank them for their many years of service and their contribution in building a world-class Company. Their expertise has served Parex well and we wish them much success in their future ventures.

Parex has nominated Mr. Sigmund Cornelius for election to its Board of Directors at the AGM. Currently, Mr. Cornelius serves as President and Chief Operating Officer of Freeport LNG Development L.P, a company based in Houston, Texas. From 1980 to 2010, he held various management and senior positions at ConocoPhillips Company, retiring as Chief Financial Officer in 2010. Mr. Cornelius is currently a member of the board of CARBO Ceramics Inc.

First Quarter 2020 Results

Parex anticipates releasing its Q1 2020 unaudited financial results on May 13, 2020 after the close of markets.

Supporting the Community During the COVID-19 Pandemic

Parex continues to work with the community during the COVID-19 pandemic to support the safety and wellness of people. The Company recently contributed to the local foodbank in Calgary in addition to sponsoring food deliveries to elderly people restricted from leaving their residences in some communities in Colombia. Furthermore, Parex has enhanced safety protocol in its operating fields and communities, where the Company has a footprint, to protect staff, contractors and local communities from coming into contact and the spread of the COVID-19 virus. Parex is continuing to look for ways to support its communities during this challenging time.

For more information, please contact:

Mike Kruchten

Senior Vice-President Capital Markets & Corporate Planning
Parex Resources Inc.
Phone: (403) 517-1733
investor.relations@parexresources.com

NOT FOR DISTRIBUTION OR FOR DISSEMINATION IN THE UNITED STATES

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; estimated 2020 capital expenditures; estimated amount of invested in Q1 2020 and amount remaining for balance of 2020 and underlying assumptions; investment opportunities; estimated 2020 base corporate production decline; Q4 estimated average production; expectations with respect to Q2 production; expected April 2020 production; and timing for the AGM.

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; 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.

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.