

Parex Resources Announces 2025 Guidance and Production Update



Calgary, Alberta, January 14, 2025 – Parex Resources Inc. (“Parex” or the “Company”) (TSX: PXT) is pleased to publish its 2025 guidance, announce that its syndicated credit facility has been increased, as well as provide its Q4 2024 average production. *All amounts herein are in United States Dollars (“USD”) unless otherwise stated.*

Key Highlights

- Targeting FY 2025 average production of 45,000 boe/d and capital expenditures⁽¹⁾ of \$300 million⁽²⁾.
- Forecast FY 2025 funds flow provided by operations⁽⁵⁾ of \$445 million and free funds flow⁽¹⁾ of \$145 million based on \$70/bbl Brent⁽²⁾; after paying the Company’s annualized regular dividend of C\$1.54 per share⁽³⁾ or approximately \$105 million, estimated post-dividend free funds flow⁽¹⁾ is \$40 million.
- Recorded Q4 2024 average production of 45,297 boe/d⁽⁴⁾.

“Parex has aligned its 2025 program to focus on lower-risk activities with a high-graded opportunity set, in order to underpin shareholder returns while building momentum towards future growth, particularly the execution of prospects in the high-potential Llanos Foothills trend next year,” commented Imad Mohsen, President & Chief Executive Officer.

2025 Guidance Highlights

- Budget framework is based on the following fundamentals:
 - Diversified and lower-risk capital deployment, with flexibility to reduce capital in the event of lower commodity prices;
 - Focused on dividend sustainability and alignment with targeted long-term return of capital framework;
 - Targeting a growing H2 2025 production profile to position for 2026; and
 - Investing in future development and exploration for long-term, sustainable growth.
- Average annual production is expected to be approximately 43,000 to 47,000 boe/d⁽²⁾.
 - Represents stabilized average production at the 45,000 boe/d guidance midpoint relative to Q4 2024⁽²⁾.
- Program includes up to 30 gross wells, with capital expenditure⁽¹⁾ guidance of \$285 to \$315 million⁽²⁾.
 - Approximately 60% of capital is expected to be directed towards development and exploitation activity, primarily in LLA-34, Cabrestero, LLA-32 and the newly acquired Putumayo Blocks⁽²⁾.
 - Expecting to drill six higher chance of success, near-field exploration prospects that are on average less than \$10 million each (net)⁽²⁾.
 - Planning one high-impact, big ‘E’ exploration well, *Hidra*, at VIM-1 (50%)⁽²⁾, with an expected cost of roughly \$10 million (net)⁽²⁾.
 - Investing in permitting, access, seismic activity, civil works, and carry capital to drive future growth⁽²⁾.
- Strong funds flow provided by operations netback⁽⁶⁾ estimated to be \$26-28/boe at \$70/bbl Brent⁽²⁾.
 - Supported by an advantaged tax position that is expected to offset higher per unit expenses.
- Post-dividend, free funds flow⁽¹⁾ is expected to be used for share repurchases as well as further strengthening of the balance sheet.
 - Parex expects to submit a notice of intention to make a normal course issuer bid to the Toronto Stock Exchange for calendar 2025.

(1) Non-GAAP financial measure. See “Non-GAAP and Other Financial Measures Advisory”.

(2) See “2025 Corporate Guidance” and “2025 Capital Breakdown & Activity Overview”.

(3) Supplementary financial measure. See “Non-GAAP and Other Financial Measures Advisory”.

(4) See “Q4 2024 Production Update”.

(5) Capital management measure. See “Non-GAAP and Other Financial Measures Advisory”.

(6) Non-GAAP ratio. See “Non-GAAP and Other Financial Measures Advisory”.

2025 Corporate Guidance

Category	2025 Guidance
Brent Crude Oil Average Price	\$70/bbl
Average Production ⁽¹⁾	43,000-47,000 boe/d
Funds Flow Provided by Operations Netback ⁽¹⁾⁽²⁾	\$26-28/boe
Funds Flow Provided by Operations ⁽¹⁾⁽³⁾	\$425-465 million
Capital Expenditures ⁽⁴⁾	\$285-315 million
Free Funds Flow ⁽⁴⁾	\$145 million (midpoint)

(1) 2025 assumptions: operational downtime: ~5%; Vasconia differential: ~\$5/bbl; production expense: \$15-16/bbl; transportation expense: ~\$3.50/bbl; G&A expense: ~\$4.50/bbl; effective tax rate: 3-6%; see "Non-GAAP and Other Financial Measures Advisory".

(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".

(3) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".

(4) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory".

2025 Netback Sensitivity Estimates

Brent Crude Oil Average Price (\$/bbl)	\$65	\$70	\$75	\$80	\$85
Effective Tax Rate	0-3%	3-6%	8-11%	13-16%	18-21%
Funds Flow Provided by Operations Netback ⁽¹⁾	\$24-26/boe	\$26-28/boe	\$28-30/boe	\$30-32/boe	\$31-33/boe
Free Funds Flow ⁽²⁾	\$110 million	\$145 million	\$175 million	\$210 million	\$225 million

(1) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".

(2) Assumes midpoint average production of 45,000 boe/d and midpoint capital expenditures of \$300MM at each funds flow provided by operations netback midpoint; see "Non-GAAP and Other Financial Measures Advisory".

2025 Capital Breakdown & Activity Overview

Category	Capital ⁽¹⁾	Notable Planned Activity
Development & Exploitation	\$175 million	<ul style="list-style-type: none"> Cabrestero (100% W.I.): 1-2 wells; investment in workovers, facilities, and polymer injection. LLA-34 (55% W.I.): 7-10 gross wells, including horizontal and vertical producers; investment in workovers, facilities, and progression of waterflood implementation. LLA-32 (87.5% W.I.): 5 gross wells and facility investments. Putumayo Blocks (50% W.I.)⁽²⁾: 6 gross wells and workovers to complete two injector patterns.
Near-Field Exploration	\$65 million	<ul style="list-style-type: none"> 6 gross wells total: 5 higher chance of success prospects in the Southern Llanos at 100% W.I. as well as one exploration well at Capachos (50% W.I.).
Big 'E' Exploration	\$10 million	<ul style="list-style-type: none"> VIM-1 (50% W.I.): <i>Hidra</i> exploration well targeting gas and condensate, which is located near Parex's producing La Belleza discovery.
Investing for the Future	\$50 million	<ul style="list-style-type: none"> Seismic acquisition program focused on the Southern Llanos. Farallones (50% W.I.)⁽²⁾: commence initial access work to prepare for civil works activity and the expected 2026 spud of the <i>Farallones</i> exploration well in the Llanos Foothills. Majority of carry capital relates to the newly acquired Putumayo Blocks⁽²⁾⁽³⁾.

Activity subject to partner approval where applicable.

(1) Capital expenditures; based on midpoint guidance; Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory".

(2) See December 11, 2024 news release; Putumayo Blocks: Orito, Area Sur, Occidente and Nororiental.

(3) Midpoint guidance includes ~\$25MM of carry capital related to the Putumayo Blocks, Capachos and Farallones.

Risk Management

For Q1 2025, Parex has entered a Brent crude oil price hedge to manage price risk on approximately 25% of planned net crude oil production, utilizing a bear Brent put spread at \$60/bbl and \$70/bbl. Parex plans to regularly evaluate market conditions, operational requirements, and other pertinent factors, to assess the need for any additional hedging actions as it progresses through 2025.

Syndicated Credit Facility Increase

The aggregate amount available with the Company's senior secured credit facility ("Credit Facility") has increased from \$200 million to \$240 million. In connection with the increase, the Company's banking syndicate has expanded to three Canadian banks. The Credit Facility is set to mature in May 2026.

Parex expects to draw on the Credit Facility at various times to manage timing differences associated with timing of vendor payments and oil sales collections, as well as return of capital initiatives.

Production Update

Q4 2024 Production Update

- Q4 2024 average production was 45,297 boe/d⁽¹⁾.
- Predominantly in December 2024, an approximately 14-day temporary shut in at Capachos occurred and since then full operational status has been regained; the estimated impact was approximately 1,100 boe/d on the month.

boe/d	For the three months ended December 31, 2024
Block LLA-34	23,633
Southern Llanos	15,227
Northern Llanos	3,260
Magdalena Basin	2,312
Natural Gas Production	865
Average Production	45,297⁽¹⁾

(1) See "Product Type Disclosure" for a breakdown of production by product type.

Monthly Production Breakdown⁽¹⁾⁽²⁾

boe/d	October 2024	November 2024	December 2024
Average Production	47,000	44,700	44,200

(1) See "Product Type Disclosure" for a breakdown of production by product type.

(2) Rounded for presentation purposes.

Q4 2024 Results - Conference Call & Webcast

Parex will host a conference call and webcast to discuss its Q4 2024 results on Thursday, March 6, 2025. Additional details will be available on the Company's website in due course.

About Parex Resources Inc.

Parex is one of the largest independent oil and gas companies in Colombia, focusing on sustainable conventional production. The Company's corporate headquarters are in Calgary, Canada, with an operating office in Bogotá, Colombia. Parex shares trade on the Toronto Stock Exchange under the symbol PXT.

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Non-GAAP and Other Financial Measures Advisory

This press release uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" and "capital management measures" (as such terms are defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure*). Such measures are not standardized financial measures under IFRS, and might not be comparable to similar financial measures disclosed by other issuers. Such financial measures should not be considered as alternatives to, or more meaningful than measures determined in accordance with GAAP. These measures facilitate management's comparisons to the Company's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Company's performance. Further, 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.

Please refer to the Company's Management's Discussion and Analysis of the financial condition and results of operations for the period ended September 30, 2024 dated November 5, 2024, which is available at the Company's website at www.parexresources.com and on the Company's profile on SEDAR+ at www.sedarplus.ca for additional information about such financial measures, including reconciliations to the nearest GAAP measures, as applicable.

Set forth below is a description of the non-GAAP financial measures, non-GAAP ratios, supplementary financial measures and capital management measures used in this press release.

Non-GAAP Financial Measures

Capital expenditures, is a non-GAAP financial measure which the Company uses to describe its capital costs associated with oil and gas expenditures. The measure considers both property, plant and equipment expenditures and exploration and evaluation asset expenditures which are items in the Company's statement of cash flows for the period.

Free funds flow, is a non-GAAP financial measure that is determined by funds flow provided by operations less capital expenditures. The Company considers free funds flow to be a key measure as it demonstrates Parex's ability to fund return of capital, such as the NCIB and dividends, without accessing outside funds.

Non-GAAP Ratios

Funds flow provided by operations netback ("FFO netback"), is a non-GAAP ratio that includes all cash generated from operating activities and is calculated before changes in non-cash working capital, divided by produced oil and natural gas sales volumes. The Company considers FFO netback to be a key measure as it demonstrates Parex's profitability after all cash costs relative to current commodity prices.

Capital Management Measures

Funds flow provided by operations, is a capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. The Company considers funds flow provided by operations to be a key measure as it demonstrates Parex's profitability after all cash costs relative to current commodity prices.

Supplementary Financial Measures

Dividends per share, is comprised of dividends declared as determined in accordance with IFRS, divided by the number of shares outstanding at the applicable dividend record date.

G&A expense per bbl, is comprised of G&A expense, as determined in accordance with IFRS, divided by the Company's total oil sales volumes.

Production expense per bbl, is comprised of production expense, as determined in accordance with IFRS, divided by the Company's total oil sales volumes.

Transportation expense per bbl, is comprised of transportation expense, as determined in accordance with IFRS, divided by the Company's total oil sales volumes.

Oil & Gas Matters Advisory

The term "Boe" means a barrel of oil equivalent on the basis of 6 thousand cubic feet ("Mcf") of natural gas to 1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

This press release contains a number of oil and gas metrics, including funds flow provided by operations netback. These oil and gas metrics have been prepared by management and do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide security holders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this news release, should not be relied upon for investment or other purposes. A summary of the calculation of funds flow provided by operations netback is provided under "Non-GAAP and Other Financial Measures Advisory".

Product Type Disclosure

Product Type	October 2024	November 2024	December 2024
Light & Medium Crude Oil (bbl/d)	10,095	9,398	9,160
Heavy Crude Oil (bbl/d)	35,951	34,370	34,329
Conventional Natural Gas (mcf/d)	5,725	5,597	4,270
Oil Equivalent (boe/d)	47,000⁽¹⁾	44,700⁽¹⁾	44,200⁽¹⁾

(1) Rounded for presentation purposes.

Product Type	For the three months ended December 31, 2024
Light & Medium Crude Oil (bbl/d)	9,550
Heavy Crude Oil (bbl/d)	34,882
Conventional Natural Gas (mcf/d)	5,190
Oil Equivalent (boe/d)	45,297

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", "guidance", "budget" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Parex's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Parex's 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 press release include, but are not limited to, statements with respect to the Company's focus, plans, priorities and strategies and the benefits to be derived from such plans; the focus of Parex's 2025 program, the fundamentals thereof and the anticipated benefits to be derived therefrom; Parex's 2025 guidance, including its anticipated brent crude oil average price, funds flow provided by operations netback, funds flow provided by operations, capital expenditures (including the allocation thereof), free funds flow, surplus and the aggregate amount of dividends that may be paid; Parex's 2025 netback sensitivity estimates; Parex's 2025 capital expenditure breakdown and specific overview of its planned development and exploration activities, near-field exploration, Big 'E' exploration and future investments, including the anticipated timing thereof and the anticipated benefits to be derived therefrom; expectations that Parex's tax position will offset higher production and G&A per unit expenses; expectations that excess free funds flow will be used for share repurchases and further strengthening its balance sheet; expectations that the Company will submit a notice of intention to make a normal course issuer bid to the Toronto Stock Exchange in 2025; anticipated risk management activities; expectations that the Company will draw on its Credit Facility to manage timing differences associated with timing of vendor payments and oil sales collections, as well as return of capital initiatives; and the anticipated timing for Parex's webcast to discuss its Q4 2024 results.

Although the forward-looking statements contained in this press release 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 press release, 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's 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's 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's 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's 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; that Parex will have sufficient financial resources in the future to pay a dividend and repurchase its shares in the future; that the Board will declare dividends in the future; and other matters.

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; 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's 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 or ultimate recovery; the risk that other zones to be tested do not contain the expected hydrocarbon bearing formations; the risk that Parex's 2025 program may not lead to the benefits anticipated; the risk that Parex's 2025 financial and operating results may be less favorable than anticipated; the risk that Parex's tax position may not offset higher production and G&A per unit expenses; the risk that Parex's excess free funds flow may not be used for share repurchases or to further strengthen its balance sheet; the risk that the Company may not submit a notice of intention to make a normal course issuer bid to the Toronto Stock Exchange in 2025; the risk that the Company may not draw on its Credit Facility when anticipated; the risk that Parex's webcast to discuss its Q4 2024 results may not occur when anticipated, or at all; the risk that Parex may not have sufficient financial resources in the future to pay a dividend or repurchase its shares; the risk that the Board may not declare dividends in the future or that Parex's dividend policy changes; 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's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedarplus.ca).

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide shareholders with a more complete perspective on Parex's current and future operations and such information may not be appropriate for other purposes. Parex's 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 press release and Parex disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains a financial outlook, in particular: Parex's 2025 guidance, including its anticipated brent crude oil average price, funds flow provided by operations netback, funds flow provided by operations, capital expenditures (including the allocation thereof), free funds flow, surplus and the aggregate amount of dividends that may be paid; Parex's 2025 netback sensitivity estimates; Parex's 2025 capital expenditure breakdown; expectations that Parex's tax position will offset higher production and G&A per unit expenses; and expectations that excess free funds flow will be used for share repurchases and further strengthening the balance sheet. Such financial outlook has been prepared by Parex's management to provide an outlook of the

Company's activities and results. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed above and assumptions with respect to the costs and expenditures to be incurred by the Company, capital equipment and operating costs, foreign exchange rates, taxation rates for the Company, general and administrative expenses and the prices to be paid for the Company's production.

Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth in the analysis presented in this press release, and such variation may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management's knowledge and opinion, Parex's expected expenditures and results of operations. However, because this information is highly subjective and subject to numerous risks including the risks discussed above, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Parex undertakes no obligation to update such financial outlook.

Distribution Advisory

The proposed aggregate annualized regular dividend payments of approximately US\$105 million in 2025 remain subject to the approval of the Board of Directors of Parex and the declaration of any such dividends is subject to a number of other assumptions and contingencies, including commodity prices. The Company's future shareholder distributions, including but not limited to the payment of dividends and the acquisition by the Company of its shares pursuant to a normal course issuer bid, if any, and the level thereof is uncertain. Any decision to pay further dividends on the common shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) or acquire shares of the Company will be subject to the discretion of the Board of Directors of Parex and may depend on a variety of factors, including, without limitation the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on the Company under applicable corporate law. Any purchases of common shares pursuant to a normal course issuer bid is subject to all required regulatory approvals. There can be no assurance that the Company will pay dividends or repurchase any shares of the Company in the future. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the Company's ability to pay dividends or acquire shares now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Company has incurred or may incur in the future, including the terms of the Credit Facility.

Abbreviations

The following abbreviations used in this press release have the meanings set forth below:

bbl	one barrel
boe	barrels of oil equivalent of natural gas; one barrel of oil or natural gas liquids for six thousand cubic feet of natural gas
boe/d	barrels of oil equivalent of natural gas per day
mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MM	million
W.I.	working interest