

Parex Resources and Ecopetrol Enter into Definitive Agreements to Explore Colombia's High-Potential Llanos Foothills Trend



Calgary, Alberta, April 11, 2024 – Parex Resources Inc. (“Parex” or the “Company”) (TSX: PXT) and its strategic partner Ecopetrol S.A. (“Ecopetrol”), are pleased to announce that they have entered into definitive agreements to consolidate their position along the Llanos Foothills trend in alignment with current Colombian government objectives to secure gas supply and support energy transition initiatives.

Parex and Ecopetrol are now strategically positioned with eight blocks, along with the creation of a mutual area of interest (“AMI”), to capitalize on the approximately 500-kilometer geological trend and explore for new sources of domestic gas and liquids. This trend boasts world-class discoveries at both ends, which cumulatively have produced over 1.4 million barrels of oil⁽¹⁾, and roughly 4 trillion cubic feet of natural gas⁽¹⁾, with the middle of the trend largely unexplored.

The agreements signify progress in Parex’s long-term gas strategy to pursue underexplored liquids-rich plays, which are within an area that has existing infrastructure that can be leveraged to accelerate exploration and development following new regulations that have been approved by the Colombian government.

“After extensive joint efforts, Parex and Ecopetrol are proud to announce the execution of definitive agreements to explore the high-potential Foothills of Colombia and harmonize our respective land positions. On behalf of Parex, I want to express my gratitude to Ecopetrol for their trust in our company, while reaffirming our commitment to the respectful treatment of community and stakeholder rights. This collaboration not only supports Colombia’s energy position and the current administration’s initiatives, but also marks a transformative frontier for Parex as we advance our gas strategy alongside our strategic partner,” commented Imad Mohsen, President & Chief Executive Officer.

“Over the last three years, Parex has strategically strengthened our asset portfolio, such as carrying out the Arauca & LLA-38 farm-in and acquiring 18 new blocks in the 2021 Colombia bid round. This further partnership with Ecopetrol is a continuation of those efforts to expand and high-grade our portfolio as we focus on executing near-field exploration prospects – while concurrently drilling high-impact targets with step-change potential.”

Key Highlights

- Assumed operatorship in all exploration and future development activities where Parex holds a newly acquired working interest (“W.I.”)⁽²⁾.
- Harmonized the LLA-4-1, LLA-16-1, and LLA-121 blocks⁽²⁾ to become 50-50 joint venture partners as well as the option to jointly participate in two additional blocks within the trend is under evaluation.
- Received a 50% participation share in the form of exploratory rights within the Siriri Convenio⁽²⁾, where the producing Gibraltar field is located, in exchange for drilling the *Gibraltar Profundo* exploration well and further capital investments of \$11 million (gross).
 - The Gibraltar field is currently producing from the Mirador formation⁽³⁾⁽⁴⁾, which is excluded from the definitive agreements⁽²⁾ and will remain 100% Ecopetrol W.I.
 - *Gibraltar Profundo* is a 3D-defined exploration prospect targeting gas and condensate below the Mirador formation, and becomes one of the highest-ranking prospects in Parex’s high-impact big ‘E’ exploration portfolio; with expected results in 2025, the prospect is located within the existing facilities of the Gibraltar field where a discovery could be fast-tracked to existing pipeline infrastructure.
- Created an AMI within the Foothills trend that includes the Niscota exploration area, whereby if either party acquires the rights within an area, each party has the right to acquire a 50% W.I. of the acquired area⁽⁵⁾⁽⁶⁾.
 - The Niscota area is on trend to the producing fields of Cusiana, Cupiagua, Floreña, and Pauto Sur, which together produced over 23,000 bbl/d of oil⁽⁴⁾ and roughly 1 bcf/d of natural gas⁽⁴⁾ in 2023 from discoveries made in the 1980s and 1990s; peak average production from the combined fields was approximately 450,000 bbl/d of oil⁽¹⁾ and roughly 3 bcf/d of natural gas⁽¹⁾.

- Continuing to work jointly to unlock transportation via recent changes in regulations that allow for the conversion of existing oil pipelines to multiphase pipelines, minimizing the need for new independent treatment facilities for each block, and accelerating commercial onstream time for successful gas production.

(1) Source: IHS – S&P Global.

(2) See “Block & Working Interest Summary” for additional information.

(3) The Gibraltar field currently produces approximately 37,000 mcf/d of natural gas and roughly 700 barrels of light crude oil from the Mirador formation (January 2024).

(4) Source: National Hydrocarbons Agency of the Republic of Colombia (“ANH”).

(5) Excludes the extension of the existing discoveries from the Piedemonte Convenio, where Ecopetrol will keep 100% rights over such area.

(6) Subject to government approval.

Llanos Foothills Block & Working Interest Summary

| Block | Parex | Ecopetrol |
|------------------------------|--|--|
| <i>Updated</i> | | |
| Sirirí Convenio | 50% W.I. in Future Exploration ⁽¹⁾⁽⁴⁾ | 100% W.I. in Current Producing Area ⁽³⁾ 50% W.I. in Future Exploration |
| LLA-4-1 | 50% W.I. ⁽²⁾⁽⁴⁾ | 50% W.I. |
| LLA-16-1 | 50% W.I. ⁽²⁾⁽⁴⁾ | 50% W.I. |
| LLA-121 | 50% W.I. ⁽¹⁾⁽⁴⁾ | 50% W.I. |
| <i>Existing Partnerships</i> | | |
| Capachos | 50% W.I. ⁽²⁾ | 50% W.I. |
| Arauca | Parex 50% Participating Share ⁽²⁾⁽⁵⁾ | 50% W.I. |
| LLA-38 | 50% W.I. ⁽²⁾ | 50% W.I. |
| LLA-122 | 50% W.I. ⁽²⁾ | 50% W.I. |

(1) New Parex operatorship.

(2) Pre-existing Parex operatorship.

(3) Parex receives 50% participating share in future exploration; Ecopetrol retains 100% W.I. and operatorship of current production, with 50% participating share in future exploration.

(4) Subject to government approval.

(5) Business Collaboration Agreement with Ecopetrol (Parex 50% Participating Share); Ecopetrol currently holds 100% of the W.I. in the Convenio Arauca while the assignment procedure is pending.

About Parex Resources Inc.

Parex is the largest independent oil and gas company 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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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, priorities and strategies; the expected benefits of the definitive agreements, including that Parex and Ecopetrol are now strategically positioned to capitalize on the approximately 500-kilometer trend and explore for new sources of domestic gas and liquids; that Parex is to assume operatorship in all exploration and future development activities on the jointly held eight blocks where Parex holds a newly acquired W.I.; expected benefits from recent changes in regulations that allow for converting existing oil pipelines to multiphase pipelines; and the timing of results expected from the *Gibraltar Profundo* exploration well and that a discovery could be fast-tracked to existing pipeline infrastructure. 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.

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 the Organization of Petroleum Exporting Countries (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; the 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; the risk that Brent oil prices may be lower than anticipated; the risk that Parex's evaluation of its existing portfolio of development and exploration opportunities may not be consistent with its expectations; the risk that Parex may not realize the expected benefits from the definitive agreements; the risk that closing of the definitive agreements may be delayed or may not occur at all; the risk that necessary governmental and/or other approvals, as required, may not be granted in connection with the definitive agreements; risks associated with Parex's assumption of operatorship in all exploration and future development activities on the jointly held eight block where Parex holds a newly acquired W.I.; the risk that recent changes in regulations may not result in expected benefits; and risk that the timing of results from the Gibraltar Profundo exploration well may be delayed and risk that a discovery may not be fast-tracked to existing pipeline infrastructure. 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).

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'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's internal security protocols and engagements with its stakeholders and the Colombian national government will be successful; that closing of the definitive agreement will close; the anticipated benefits from the definitive agreements; receipt of all required regulatory approvals in respect of the definitive agreements; and other matters.

Management has included the above summary of assumptions and risks related to forward-looking statements provided in this document 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 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.

Analogous Information

Certain information in this press release may constitute "analogous information" as defined in National Instrument 51-101. Such information includes production estimates and other information retrieved from publicly available sources. Management of Parex believes the information is relevant as it may help to define the reservoir characteristics and production profile of lands in which Parex may hold an interest. Parex is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor and is unable to confirm that the analogous information was prepared in accordance with the COGE Handbook or with National Instrument 51-101. Such information is not an estimate of the production, reserves or resources attributable to lands held or to be held by Parex and there is no certainty that the production, reserves or resources data and economic information for the lands held or to be held by Parex will be similar to the information presented herein. The reader is cautioned that the data relied upon by Parex may be in error and/or may not be analogous to such lands held or to be held by Parex.

Abbreviations

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

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| bbl/d | barrels per day |
| bcf/d | billion cubic feet per day |