

Parex Resources Enters into a Definitive Agreement to Acquire Frontera Energy's Colombian E&P Assets



Calgary, Alberta, March 10, 2026 – Parex Resources Inc. (“Parex” or the “Company”) (TSX: PXT) is pleased to announce that it has entered into a definitive agreement (the “Arrangement Agreement”) with Frontera Energy Corporation (“Frontera”) (TSX: FEC), whereby Parex will acquire 100% of Frontera Petroleum International Holdings B.V. (“Frontera E&P”), which holds all of Frontera’s exploration and production assets in Colombia, for upfront cash consideration of US\$500 million, the assumption of US\$225 million of net debt⁽¹¹⁾, and a contingent payment of US\$25 million (the “Transaction”).

The arrangement agreement between Frontera and GeoPark Limited (“GeoPark”) (NYSE: GPRK) that was entered into on January 29, 2026, has been terminated. The Frontera Board of Directors recommends that Frontera shareholders approve the Arrangement Agreement with Parex. Frontera will hold a special meeting of Frontera shareholders (the “Frontera Meeting”) to approve the Transaction. Completion of the Transaction will not become final until shareholder and court approval is obtained. Further details of the Frontera Meeting will be provided by Frontera in due course.

“The addition of Frontera E&P’s upstream business to our high-quality portfolio establishes Parex as the largest independent Colombia-focused upstream company, providing greater scale, enhanced capital efficiency, and a more resilient platform for long-term growth,” said Imad Mohsen, President & Chief Executive Officer.

“This Transaction follows Parex’s extensive due diligence history and ongoing engagement with Frontera, resulting in largely confirmatory diligence.”

“The acquisition aligns with our Colombia-focused strategy, nearly doubling production on a pro forma basis and driving meaningful accretion across all key metrics. Parex continues to be committed to Colombia, focused on maximizing shareholder value while maintaining safe operations and supporting local communities.”

Acquisition Overview

- 17 blocks in Colombia spanning over 1.1 million net acres⁽¹⁾, with estimated current average production of approximately 37,000 boe/d⁽²⁾.
- Acquisition cost is approximately US\$19,600 per flowing barrel⁽³⁾ compared to Parex’s current 2026 valuation of US\$33,150 EV/boe/d⁽⁴⁾.
- Reserves⁽⁵⁾⁽⁶⁾:
 - Total proved (“1P”) reserves of 99 mmboe (PXT: 113 mmboe) and total proved plus probable (“2P”) reserves of 147 mmboe (PXT: 178 mmboe).
 - EV/1P of \$7.31/boe (PXT: \$13.77/boe) and EV/2P of \$4.93/boe (PXT: \$8.75/boe)⁽⁷⁾.

Strategic Rationale

- **Creates the Largest Independent, Colombia-Focused E&P:** Size and scale will be significantly enhanced with pro forma 2026E production expected to be 80,000 to 88,000 boe/d⁽⁸⁾. Alongside a larger production foundation, greater portfolio scale enables enhanced operational efficiency and the broader deployment of proven technologies, including enhanced oil recovery (EOR), horizontal and multilateral drilling, and advanced seismic imaging, to improve overall capital efficiency.
- **Logical Combination with Parex as Operator:** Combines two high-quality, Colombian oil-weighted portfolios in basins where Parex is experienced and can apply its best-in-class technical knowledge to further optimize the portfolio. Additionally, Parex will have 100% working interest in VIM-1, where its existing partnership gives direct insight into Frontera’s assets and the exceptional quality of its people.

- **Attractive Per-Share Accretion:** The Transaction is expected to be immediately accretive to key per share metrics such as funds flow provided by operations per share (>40%)⁽⁹⁾⁽¹⁰⁾ and free funds flow per share (>25%)⁽⁹⁾⁽¹⁰⁾.
- **Free Funds Flow Generation and Optimized Capital Allocation:** The Transaction is expected to significantly increase free funds flow⁽¹¹⁾ to Parex (before synergies) that will be prudently allocated to the Company's deep portfolio of growth opportunities, including the Llanos Foothills, as well as debt reduction.
- **Material Synergy Potential:** The Transaction is expected to generate annual cost synergies of \$20 to \$50 million, comprised of administrative efficiencies, cost optimizations, as well as improved marketing opportunities. Parex also expects to realize synergies related to tax, financing, and broader portfolio optimization.
- **Potential Development Upside:** Parex has identified meaningful additional resources beyond its base valuation case, which are not included in the Transaction economics or guidance, and include:
 - The potential extension of the Quifa field, where Parex's longstanding partnership with Ecopetrol S.A. underpins its confidence in delivering a mutually beneficial outcome;
 - Optimizing development plans at the VIM-1 block and El Dificil block in the Lower Magdalena to further increase gas sales in an expanding gas market with strong pricing; and
 - Incremental opportunities to apply proven technology and achieve further optimization across a larger portfolio.
- **Strong Pro Forma Balance Sheet:** Parex's pro forma leverage is expected to be approximately 0.8x net debt to EBITDA⁽⁹⁾⁽¹²⁾ at closing of the Transaction, with ample liquidity available under its current credit facility.
 - The acquisition of high-quality assets that generate strong free funds flow⁽¹¹⁾ will allow Parex to gradually reduce leverage, while continuing to invest in growth and maintain its quarterly dividend of C\$0.385 per share⁽¹²⁾.
 - Additionally, with an effective Transaction date of January 1, 2026, the Company secures a full year of free funds flow⁽¹¹⁾ and benefits from the current attractive commodity price environment.

Transaction Details

Under the Transaction, Parex will acquire all the issued and outstanding shares of Frontera E&P for aggregate cash consideration of US\$525 million ("Cash Consideration"), comprising of:

- US\$500 million payable at closing, subject to customary closing adjustments; and
- US\$25 million contingent payment payable upon the execution of the contractual amendment, or other binding agreement, extending the term of the Quifa Association Contract, within 12 months.

Additionally, Parex (or an affiliate thereof) will assume at closing of the Transaction all obligations under Frontera's outstanding US\$310 million senior unsecured notes due 2028 (7.875% coupon), the US\$80 million outstanding under Frontera's prepayment facility with Chevron Products Company, and cash of approximately US\$165 million. Parex expects to assume an estimated working capital deficit⁽¹³⁾, excluding cash, of US\$90 million, subject to closing adjustments.

Parex will fund the Cash Consideration through a combination of existing cash and credit facilities, and an underwritten financing commitment from Scotiabank. No equity issuance is contemplated in connection with the Transaction.

Timing and Approvals

The Transaction has been approved by the Board of Directors of both Parex and Frontera and is expected to close in the second quarter of 2026, subject to customary closing conditions, including the receipt of necessary Frontera shareholder approval.

The Transaction has an effective date of January 1, 2026, and will be implemented by way of a court approved plan of arrangement under the Business Corporations Act (British Columbia), which will require the approval of 66 2/3% of the votes cast by the holders of Frontera's common shares present in person, or represented by proxy, at the Frontera Meeting.

Updated 2026 Guidance Timing

Upon closing of the Transaction, Parex intends to provide revised FY 2026 guidance, reflecting the acquired assets, commodity prices, and any updates to its operating plans.

Advisors and Counsel

Scotiabank is acting as financial advisor to Parex. Norton Rose Fulbright Canada LLP; Paul, Weiss, Rifkind, Wharton & Garrison LLP; and Brigard Urrutia are serving as legal counsel to Parex.

Footnotes

- (1) As at December 31, 2025; the Transaction also includes the SAARA reverse osmosis water treatment facility and the ProAgrollanos palm oil plantation.
- (2) Based on Frontera E&P's estimated January 2026 average production of 37,100 boe/d (light & medium crude oil: ~8,798 bbl/d, heavy crude oil: ~25,805 bbl/d, conventional natural gas: 4,197 mcf/d, and natural gas liquids: ~1,761 boe/d); rounded for presentation purposes; source: National Hydrocarbons Agency of the Republic of Colombia (ANH).
- (3) Enterprise value per flowing boe/d based on Company forecast 2026E 37,000 boe/d average production and enterprise value estimated as US\$725 million.
- (4) Enterprise value per flowing boe/d based on 2026E 47,000 boe/d average production and enterprise value equaling US\$1.6 billion market capitalization (based on March 9, 2026 closing share price) and US\$33 million bank debt, less cash of US\$112 million.
- (5) Frontera reserves: Frontera reserves information contained in the independent reserves report prepared by DeGolyer and MacNaughton Corp ("D&M") dated March 10, 2025, with an effective date of December 31, 2024; see "Reserves Advisory."
- (6) Parex reserves: Parex reserves information contained in the independent reserves report prepared by GLJ Ltd. ("GLJ") dated March 3, 2026, with an effective date of December 31, 2025; see "Reserves Advisory."
- (7) Enterprise value for Frontera estimated as US\$725 million and Parex as US\$1.6 billion.
- (8) Based on current Parex's FY 2026 production guidance of 45,000 to 49,000 boe/d and Parex's 2026E estimate for Frontera E&Ps production of approximately 37,000 boe/d.
- (9) Pro forma calculations are based on a constant US\$70/bbl Brent oil price with no synergies assumed.
- (10) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory."
- (11) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory."
- (12) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory."
- (13) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory."

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and sometimes referred to in this press release as Generally Accepted Accounting Principles ("GAAP"), 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. 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.

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. Please refer to the Company's Management's Discussion and Analysis of the financial condition and results of operations for the period ended December 31, 2025 dated March 3, 2026, 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.

Non-GAAP Financial Measures

EBITDA, is a non-GAAP financial measure that is defined as net income (loss) adjusted for finance income and expense, other expense, income tax expense (recovery) and depletion, depreciation and amortization. The Company considers EBITDA to be a key measure as it demonstrate Parex's profitability before finance income and expenses, taxes, depletion, depreciation and amortization and other non-cash items.

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 dividends, without accessing outside funds.

Net debt, is a non-GAAP financial measure that is the sum of long-term debt less non-restricted cash. It is used by management to analyze the financial position and leverage of the Company.

Non-GAAP Ratios

Funds flow provided by operations per share, is a non-GAAP ratio that is calculated by dividing funds flow provided by operations by the weighted average number of basic shares outstanding. Parex presents basic funds flow provided by operations per share whereby per share amounts are calculated using weighted-average shares outstanding, consistent with the calculation of earnings per share. The Company considers basic funds flow provided by operations per share to be a key measure as it demonstrates Parex's profitability after all cash costs relative to the weighted average number of basic shares outstanding.

Free Funds flow per share, is a non-GAAP ratio that is calculated by dividing free funds flow by the weighted average number of basic and diluted shares outstanding. The Company uses free funds flow per share to demonstrate Parex's ability to fund return of capital, such as dividends, without accessing outside funds relative to the weighted average number of basic shares outstanding.

Capital Management Measures

Working capital surplus (deficit), is a capital management measure which the Company uses to describe its liquidity position and ability to meet its short-term liabilities. Working capital surplus (deficit) is defined as current assets less current liabilities.

Supplementary Financial Measures

Net Debt to EBITDA, is a liquidity measure used by the Company to assess its ability to repay debt, assuming that EBITDA remains consistent. This measure is calculated as net debt, as determined in accordance with IFRS, divided by EBITDA, a non-GAAP financial measure that is defined as net income (loss) adjusted for finance income and expense, other expense, income tax expense (recovery) and depletion, depreciation and amortization.

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

Oil & Gas Matters Advisory

The Frontera reserves information presented in this press release are from the independent reserves report prepared for Frontera by D&M dated March 10, 2025, with an effective date of December 31, 2024 (the "D&M Report"); such report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

The Parex reserves information presented in this press release are from the independent reserves report prepared by GLJ Ltd. ("GLJ") dated March 3, 2026, with an effective date of December 31, 2025 (the "GLJ Report"); such report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

"Proved" or "1P" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable.

"Probable" or "2P" reserves are those additional reserves that are less certain to be recovered than proved 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.

Information Regarding Frontera

This press release includes certain information relating to Frontera. Unless otherwise indicated, such information was derived from the Frontera annual information form and other publicly available documents of Frontera, as well as certain other third-party sources. Information regarding Frontera's reserves and production was provided by Frontera. Although Parex has no knowledge that would indicate that any information provided by Frontera or in any documents filed by Frontera is untrue or incomplete, Parex does not assume any responsibility for the accuracy or completeness of the information contained in such documents, or for any failure by Frontera to disclose events that may have occurred or that may affect the significance or accuracy of any such information, which are unknown to Parex.

Dividend Advisory

The Company's future shareholder distributions, including but not limited to the payment of dividends, if any, 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) 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. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that the Company will pay dividends in the future.

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", "intend", "believe", "should", "anticipate" or other similar words, or statements that certain events or conditions "may" or "will" occur, are intended to identify forward-looking statements. These statements are only predictions, and actual events or results may differ materially. Many factors could cause actual events 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 regarding, the intent, belief or current expectations, regarding various matters including our pro forma production, NAV accretion, net debt to EBITDA, free funds flow generation, the current commodity price environment, commercial, operational and administrative synergies, closing of the Transaction and the accretive value of the Transaction. These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the completion of the Transaction, obtaining the requisite court and Frontera shareholder approvals, satisfaction of the conditions to closing the Transaction, the risk that the anticipated benefits of the Transaction may not be realized, and general business, market and economic conditions. Readers are cautioned that the foregoing list of factors is not exhaustive. 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 events will be consistent with these forward-looking statements. 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.