Parex Resources Announces Record 2022 Full-Year Results

Calgary, Alberta, March 8, 2023 – Parex Resources Inc. ("Parex" or the "Company") (TSX: PXT) is pleased to announce its financial and operating results for the three- and twelve-month periods ended December 31, 2022. *All amounts herein are in United States dollars ("USD") unless otherwise stated.*

"Reflecting on my second year at Parex, I am extremely proud of our team's ability to deliver another year of record results. In 2022, we hit new corporate milestones, generating record cash flow, repurchasing 10% of the public float for the fourth consecutive year while materially increasing the regular dividend, and growing production per share by 23% year-over-year," commented Imad Mohsen, President & Chief Executive Officer.

"We have positioned the Company to deliver a step-change in capital efficiency and have outsized exploration potential from a world-class portfolio. Through optimization efforts, implementation of proven technology, and calculated exposure to transformational opportunities, we have built the strategic foundation for sustainable growth that should drive shareholder value in 2023 and beyond."

2022 Key Highlights

- Realized record net income of $611 million or $5.38 per share basic(5).
- Generated record annual funds flow provided by operations ("FFO") of $725 million(2), up 26% from 2021.
- Achieved full-year average production of 52,049 boe/d(6), up 11% from 2021.
- Production per share increased by 23% compared to 2021.
- Completed the 2022 normal course issuer bid ("NCIB"), marking the fourth consecutive year where Parex has purchased the maximum allowable shares per annum under its NCIB programs.
- Cumulatively, returned over C$1.3 billion to shareholders over the past five years through dividends and share repurchases, representing over 50% of the Company's current market capitalization.
- Strategically deployed working capital to complete a voluntary, internal corporate entity restructuring that increases 2023 FFO and free funds flow guidance by $65 million (midpoint) as well as provides the Company with an increased outlook through 2027.
- Grew reserves per share (on a boe basis) across proved developed producing reserves ("PDP"), proved reserves ("1P") and proved plus probable reserves ("2P") for the 12th consecutive year.
- Achieved 112% PDP, 128% 1P and 110% 2P reserves replacement ratios.

Key Highlights Subsequent to the Quarter

- Successfully started gas reinjection at the VIM-1 Block (50% W.I.), enabling the approximate doubling of liquids production to roughly 4,000 bbl/d in March 2023.
- Spud the Chirimoya well on the VIM-43 Block (100% W.I.) in the Magdalena basin, which is currently drilled to a depth of approximately 12,000 feet or roughly 66% completed drilling; this well represents the first of three wells in Parex's 2023 big 'E' exploration program.
- Spud the first well of a material, multi-year drilling campaign at the Arauca Block (50% W.I.) in the Northern Llanos.
- Parex's Board of Directors declared a Q1 2023 regular dividend of C$0.375 per share or C$1.50 per share annualized, representing a 50% increase from the Company's Q4 2022 regular dividend.
- Repurchased approximately 1.6 million shares year-to-date 2023 under the current NCIB.

2022 Full-Year Results

- Annual average oil and natural gas production was 52,049(6) boe/d, up 11% over 2021.
- Production per share increased by 23% compared to 2021, supported by development drilling and the reduction of 10% of outstanding shares via the completed 2022 NCIB.
- Realized record net income of $611 million or $5.38 per share basic(5).
- Generated record annual FFO of $725 million(2), up 26% from 2021.
- FFO per share(3)(5) of $6.38, up 38% from 2021, including the cost of the voluntary corporate restructuring.
- Produced an operating netback of $59.06/boe(3) and an FFO netback of $38.50/boe(3) from an average Brent price of $99.04/bbl.
- Incurred $512 million(1) of capital expenditures, participating in the drilling of 66 gross (48.9 net) wells.
- Paid $75 million or C$0.890 per share(4)(5) in regular dividends.
- Delivered on track record of shareholder returns by completing the 2022 NCIB, repurchasing the maximum allowable shares (11.8 million shares in 2022) for the fourth consecutive year.
- Strategically deployed $100 million of working capital to complete a voluntary, internal corporate entity restructuring that increases 2023 FFO and free funds flow guidance by $65 million (midpoint) as well as provides the Company with an increased outlook through 2027.

2022 Fourth Quarter Results

- Quarterly average oil and natural gas production was 54,257 boe/d(6), an increase of 9% over Q4 2021 and 6% over Q3 2022.
- Net income of $250 million or $2.29 per share basic(5).
- FFO of $85 million(2), down by 49% from Q4 2021 as a result of the corporate restructuring, which has a cost, in the form of an increased current tax expense for Q4 2022, of $100 million, and FFO per share of $0.78(3)(5) down by 44% from Q4 2021. Adjusting for the effect of the voluntary restructuring, adjusted FFO was $185 million(2) and 10% higher than Q4 2021; adjusted FFO per share of $1.70(3)(5) was 22% higher than Q4 2021.
- Produced an operating netback of $51.29/boe(3) and an adjusted FFO netback of $37.00/boe(3) from an average Brent price of $88.63/bbl.
- Incurred $148 million of capital expenditures(1), participating in the drilling of 20 gross (14.35 net) wells.
- Paid a C$0.250 per share(4)(5) regular dividend.
- Working capital surplus was $85 million(2), which decreased by $145 million from Q3 2022 mainly related to the corporate restructuring, which had a cost, in the form of an increased current tax expense for Q4 2022, of approximately $100 million.

(1) Non-GAAP financial measure. See “Non-GAAP and Other Financial Measures Advisory.”
(2) Capital management measure. See “Non-GAAP and Other Financial Measures Advisory.”
(3) Non-GAAP ratio. See “Non-GAAP and Other Financial Measures Advisory.”
(4) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory."
(5) Based on weighted-average basic shares for the period.
(6) See "Operational and Financial Highlights" for a breakdown of production by product type.

Production Update

Northern Llanos - Arauca and Capachos Blocks (50% W.I.) Update

- In the Northern Llanos, on January 21, 2023, the Company proactively shut-in its Capachos Block (50% W.I.) and halted drilling operations at the Arauca Block (50% W.I.), due to heightened security concerns related to peace talks at the Federal Government level in Colombia.
- The Company is supportive of the peace process and is proactively working to resume operations by engaging stakeholders at all levels. Recent actions taken by Parex to address the current situation include:
  - Participating in ongoing meetings and discussions with federal and regional authorities;
  - Ongoing engagement with local communities and leadership; and
  - Maintaining business and operational readiness to resume activities once it is safe to do so.
- The Company's top priority remains the safety of its employees and contractors. If a timely resolution does not ensue, mitigation plans will be implemented and updated corporate guidance would be provided in due course.

2023 Corporate Guidance Update

- For the period of January 1, 2023, to February 28, 2023, estimated average production was approximately 50,700 boe/d; production was affected by the current suspension of operations in the Northern Llanos, specifically Capachos (approximately 6,500 boe/d net impact), less than expected production from LLA-34 (55% W.I.), as well as delays in the start of rig activity at VIM-1 (50% W.I.) and LLA-26 (100% W.I.).
- In March 2023, excluding the Northern Llanos (Arauca and Capachos Blocks) area, the Company expects to bring 3,000 to 5,000 boe/d of incremental net production on stream from LLA-26 (100% W.I.), VIM-1 (50% W.I.), and LLA-34 (55% W.I.).
- Parex's average production guidance of 57,000 to 63,000 boe/d for FY 2023 had been widened relative to previous years in order to better account for above ground factors that can at times impact Colombian operations.
- Parex's 2023 activity plan continues to progress strongly and thus the Company expects to be within its 2023 annual average production guidance range in Q2 2023 and for the FY 2023, assuming a timely resolution at Northern Llanos.

Big 'E' Program - Magdalena - VIM-43 (100% W.I.) - Chirimoya Well Update

"The Chirimoya prospect is in an area where there are stacked reservoirs that we believe highly increase the chance of success and is a transformational prospect that could be one of the most potentially impactful in our big 'E' exploration portfolio," commented Ryan Fowler, Senior Vice President of Exploration.

Chirimoya was spud in January 2023 and is drilling to plan. The well has been drilled to a depth of roughly 12,000 feet, on track to its target depth of approximately 18,000 feet. Initial results are expected in Q2 2023.

To learn more about the Chirimoya prospect at VIM-43, please see the following video.

Return of Capital Update

50% Increase to the Q1 2023 Dividend

As previously announced, Parex's Board of Directors has approved a Q1 2023 regular dividend of C$0.375 per share to be paid on March 31, 2023, to shareholders of record on March 15, 2023, representing a 50% increase from the Company's Q4 2022 regular dividend of C$0.25 per share. The Company first initiated a regular dividend at C$0.125 per share quarterly in 2021.

This quarterly dividend payment to shareholders is designated as an "eligible dividend" for purposes of the Income Tax Act (Canada).

Active Share Buyback Program under Current Normal Course Issuer Bid

As at March 7, 2023, Parex has repurchased approximately 1.6 million shares under its NCIB at an average price of C$22.35 per share, for total consideration of roughly C$36 million. Over and above the increased regular dividend, the Company intends on continuing to utilize its current NCIB to return free funds flow back to shareholders.

Sustainability Update

Parex continues to have an uncompromising commitment to ESG. Throughout 2022, we have continued to progress our sustainability strategy and drive ESG leadership, and are being recognized as a top-tier ESG performer. Recent highlights include:

- Consistent third-party recognition for Parex's leadership in ESG:
  - Recognized as a best performing ESG company rated by Sustainalytics;
  - Inclusion in the Jantzi Social Index;
  - One of three Canadian-listed exploration and production companies included in the 2023 Bloomberg Gender-Equality Index; and
  - Upgraded rating of "AA" through Morgan Stanley Capital International Inc. ("MSCI").
- Progressed the Company's commitment to Diversity, Equity and Inclusion, achieving a Board diversity target of 30% ahead of the Company's May 2023 aspiration.
- Completed the Company's first ever solar farm project, which is located on the Cabrestero Block (100% W.I.) in the Southern Llanos. The system projects to avoid approximately 3,500 tCO_2-e per year through the utilization of renewable power.

Operational and Financial Highlights	Three Months Ended Dec. 31, 2022	Dec. 31, 2021	Sep. 30, 2022	Year Ended December 31, 2022	2021	2020
Operational						
Average daily production						
Light Crude and Medium Crude Oil (bbl/d)	**10,511**	6,376	6,903	**7,471**	6,831	6,021
Heavy Crude Oil (bbl/d)	**42,746**	41,534	43,063	**43,008**	38,449	39,197
Crude oil (bbl/d)	**53,257**	47,910	49,966	**50,479**	45,280	45,218
Conventional Natural Gas (mcf/d)	**6,000**	11,214	6,750	**9,420**	10,308	7,800
Oil & Gas (boe/d)(1)	**54,257**	49,779	51,091	**52,049**	46,998	46,518
Operating netback ($/boe)						
Reference price - Brent ($/bbl)	**88.63**	79.66	97.70	**99.04**	70.95	43.30
Oil and gas revenue (excluding hedging)(4)	**74.81**	67.81	88.13	**86.88**	60.97	32.55
Royalties(4)	**(12.88)**	(11.69)	(17.92)	**(17.68)**	(9.12)	(3.28)
Net revenue	**61.93**	56.12	70.21	**69.20**	51.85	29.27
Production expense(4)	**(7.14)**	(6.61)	(7.40)	**(6.90)**	(6.29)	(5.15)
Transportation expense(4)	**(3.50)**	(2.72)	(3.35)	**(3.24)**	(3.03)	(3.28)
Operating netback ($/boe)(2)	**51.29**	46.79	59.46	**59.06**	42.53	20.84
Funds flow provided by operations ($/boe)(2)	**17.02**	36.41	45.07	**38.50**	33.56	17.52
Adjusted funds flow provided by operations ($/boe)(2)	**37.00**	36.41	45.07	**43.81**	33.56	17.52
Financial ($000s except per share amounts)						
Net income	**249,958**	96,041	65,632	**611,368**	303,105	99,322
Per share - basic(6)	**2.29**	0.80	0.59	**5.38**	2.42	0.72
Funds flow provided by operations(5)	**85,194**	168,261	206,412	**724,890**	577,545	297,041
Per share - basic(2)(6)	**0.78**	1.39	1.85	**6.38**	4.61	2.15
Adjusted Funds flow provided by operations(5)	**185,194**	168,261	206,412	**824,890**	577,545	297,041
Per share - basic(2)(6)	**1.70**	1.39	1.85	**7.26**	4.61	2.15
Capital expenditures(3)	**147,746**	114,268	127,353	**512,252**	272,234	144,987
Other long-term asset expenditures	**56,415**	4,239	65,725	**140,266**	5,001	(3,723)
Free funds flow(3)	**(62,552)**	53,993	79,059	**212,638**	305,311	152,054
Dividends paid	**20,108**	35,610	20,042	**75,491**	47,631	—
Per share – Cdn$(4)(6)	**0.250**	0.375	0.250	**0.89**	0.50	—
Shares repurchased	**—**	24,411	72,363	**221,464**	218,491	171,514
Number of shares repurchased (000s)	**220**	1,510	4,489	**11,821**	12,869	13,852
Outstanding shares (end of period) (000s)						
Basic	**109,112**	120,266	109,323	**109,112**	120,266	130,873
Weighted average basic	**109,107**	120,716	111,631	**113,572**	125,210	138,356
Diluted(8)	**109,939**	121,600	110,159	**109,939**	121,600	134,351
Working capital surplus(5)	**84,988**	325,780	229,763	**84,988**	325,780	320,155
Bank debt(7)	**—**	—	—	**—**	—	—
Cash	**419,002**	378,338	353,025	**419,002**	378,338	330,564

(1) Reference to crude oil or natural gas in the above table and elsewhere in this press release refer to the light and medium crude oil and heavy crude oil and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - Standard of Disclosure for Oil and Gas Activities.
(2) Non-GAAP ratio. See “Non-GAAP and Other Financial Measures Advisory”.
(3) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory" for the composition of such measure.
(4) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory" for the composition of such measure.
(5) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".
(6) Per share amounts (with the exception of dividends) are based on weighted average common shares.
(7) Borrowing limit of $200.0 million as of December 31, 2022.
(8) Diluted shares as stated include the effects of common shares and stock options outstanding at the period-end. The December 31, 2022 closing stock price was C$20.15 per share.

Q4 2022 Results - Conference Call & Webcast

Parex will host a conference call to discuss the 2022 fourth quarter and full-year results on Thursday, March 9, 2023, beginning at 8:00 am MT (10:00 am ET). To participate in the conference call or webcast, please see access information below:

Toll-free dial number (Canada/US)	1-800-806-5484
International dial-in numbers	https://www.confsolutions.ca/ILT?oss=7P1R8008065484
Passcode	8807145 #
Webcast	https://edge.media-server.com/mmc/p/b33h49qn

2022 Annual General Meeting

Parex anticipates holding its Annual General and Special Meeting of Shareholders on Thursday, May 11, 2023.

About Parex Resources Inc.

Parex is the largest independent oil and gas company in Colombia, focusing on sustainable, conventional production. Parex's corporate headquarters are in Calgary, Canada, and the Company has an operating office in Bogotá, Colombia. Parex is a member of the S&P/TSX Composite ESG Index and its 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 NI 52-112), which are described in further detail below. Such measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP measures as indicators of Parex' performance.

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.

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. In Q3 2022, the Company changed how it presents exploration and evaluation expenditures. Amounts have been restated for prior periods to conform to the current year's presentation, refer to note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2022.*

	For the three months ended			For the year ended		
	December 31		September 30,		**December 31,**	
($000s)	**2022**	2021	2022	**2022**	2021	2020
Property, plant and equipment expenditures	**$ 111,512**	$ 76,454	$ 101,253	**$ 389,979**	$ 212,153	$ 116,915
Exploration and evaluation expenditures	**36,234**	37,814	26,100	**122,273**	60,081	28,072
Capital expenditures	**$ 147,746**	$ 114,268	$ 127,353	**$ 512,252**	$ 272,234	$ 144,987

Free funds flow, *is a non-GAAP measure that is determined by funds flow provided by operations less capital expenditures. In Q3 2022, the Company changed how it presents exploration and evaluation expenditures. Amounts have been restated for prior periods to conform to the current year's presentation, refer to note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2022. The Company considers free funds flow or free cash flow to be a key measure as it demonstrates Parex' ability to fund return of capital, such as the NCIB and dividends, without accessing outside funds and is calculated as follows:*

	For the three months ended			For the year ended		
	December 31		September 30,		**December 31,**	
($000s)	**2022**	2021	2022	**2022**	2021	2020
Cash provided by operating activities	**$ 297,569**	$ 176,003	$ 250,643	**$ 983,602**	$ 534,301	290,018
Net change in non-cash working capital	**(212,375)**	(7,742)	(44,231)	**(258,712)**	43,244	7,023
Funds flow provided by operations	**85,194**	168,261	206,412	**724,890**	577,545	297,041
Capital expenditures, excluding corporate acquisitions	**147,746**	114,268	127,353	**512,252**	272,234	144,987
Free funds flow	**$ (62,552)**	$ 53,993	$ 79,059	**$ 212,638**	$ 305,311	$ 152,054

Operating netback

The Company considers operating netbacks to be a key measure as they demonstrate Parex' profitability relative to current commodity prices. Parex calculates operating netback as oil and natural gas sales from production less royalties, operating, and transportation expense.

Non-GAAP Financial Ratios

Operating netback per boe

The Company considers operating netback per boe to be a key measure as they demonstrate Parex' profitability relative to current commodity prices. Parex calculates operating netback per boe as operating netback divided by the total equivalent sales volume including purchased oil volumes for oil and natural gas sales price and transportation expense per boe and by the total equivalent sales volume and excludes purchased oil volumes for royalties and operating expense per boe.

Funds flow provided by operations per boe or funds flow netback per boe*, 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 funds flow netback to be a key measure as it demonstrates Parex' profitability after all cash costs relative to current commodity prices.*

Adjusted funds flow provided by operations per boe or adjusted FFO netback per boe, *is a non-GAAP ratio that includes all cash generated from operating activities and is calculated before changes in non-cash working capital and by adding the increased current tax expense incurred as a result of the voluntary, internal corporate entity restructuring, divided by produced oil and natural gas sales volumes. The Company considers adjusted FFO excluding increased current tax expense netback per boe to be a key measure as it demonstrates Parex's profitability after all cash costs relative to current commodity prices and after adjustment for the increased current tax expense incurred as a result of the voluntary, internal corporate entity restructuring.*

Basic funds flow provided by operations per share *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.*

Basic adjusted funds flow provided by operations, *is a non-GAAP ratio that is calculated by dividing adjusted funds flow provided by operations by the weighted average number of basic shares outstanding. Parex presents basic adjusted 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.*

<u>Capital Management Measures</u>

Funds flow provided by operations, *is a non-GAAP capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. A reconciliation from cash provided by operating activities to funds flow provided by operations is as follows:*

	For the three months ended			**For the year ended**		
	December 31		September 30,	**December 31**		
($000s)	**2022**	2021	2022	**2022**	2021	2020
Cash provided by operating activities	**$ 297,569**	$ 176,003	$ 250,643	**$ 983,602**	$ 534,301	$ 290,018
Net change in non-cash working capital	**(212,375)**	(7,742)	(44,231)	**(258,712)**	43,244	7,023
Funds flow provided by operations	**$ 85,194**	$ 168,261	$ 206,412	**$ 724,890**	$ 577,545	$ 297,041

Adjusted 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 and by adding the increased current tax expense incurred as a result of the voluntary, internal corporate entity restructuring. The Company considers adjusted funds flow provided by operations excluding increased current tax expense to be a key measure as it demonstrates Parex' profitability after all cash costs relative to current commodity prices after adjustment for the increased current tax expense incurred as a result of the voluntary, internal corporate entity restructuring. A reconciliation from cash provided by operating activities to adjusted funds flow provided by operations excluding increased current tax expense is as follows:*

	For the three months ended			**For the year ended**		
	December 31		September 30,	**December 31**		
($000s)	**2022**	2021	2022	**2022**	2021	2020
Cash provided by operating activities	**$ 297,569**	$ 176,003	$ 250,643	**$ 983,602**	$ 534,301	$ 290,018
Net change in non-cash working capital	**(212,375)**	(7,742)	(44,231)	**(258,712)**	43,244	7,023
Funds flow provided by operations	**85,194**	168,261	206,412	**724,890**	577,545	297,041
Increased current tax cost related to the voluntary, internal corporate entity restructuring	**100,000**	—	—	**100,000**	—	—
Adjusted funds flow provided by operations	**$ 185,194**	**$ 168,261**	**$ 206,412**	**$ 824,890**	**$ 577,545**	**$ 297,041**

Working capital surplus, *is a non-GAAP capital management measure which the Company uses to describe its liquidity position and ability to meet its short term liabilities. Working Capital Surplus is defined as current assets less current liabilities.*

	For the three months ended			**For the year ended**		
	December 31		September 30,	**December 31**		
($000s)	**2022**	2021	2022	**2022**	2021	2020
Current assets	**$ 593,602**	$ 574,038	$ 613,900	**$ 593,602**	$ 574,038	$ 442,636
Current liabilities	**508,614**	248,258	384,137	**508,614**	248,258	122,481
Working capital surplus	**$ 84,988**	$ 325,780	$ 229,763	**$ 84,988**	$ 325,780	$ 320,155

Supplementary Financial Measures

"Oil and natural gas revenue per boe" *is determined by sales revenue excluding risk management contracts,* as determined in accordance with IFRS, *divided by total equivalent sales volume including purchased oil volumes.*

"Royalties per boe" *is comprised of royalties*, as determined in accordance with IFRS, *divided by the total equivalent sales volume and excludes purchased oil volumes.*

"Production expense per boe" *is comprised of production expense,* as determined in accordance with IFRS, *divided by the total equivalent sales volume and excludes purchased oil volumes.*

"Transportation expense per boe" *is comprised of transportation expense,* as determined in accordance with IFRS, *divided by the total equivalent sales volumes including purchased oil volumes.*

"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.*

"Production per share growth" *is comprised of the Company's total oil and natural gas production volumes divided by the weighted average number of basic shares outstanding, whereby per share amounts are calculated using weighted-average shares outstanding, consistent with the calculation of earnings per share. Growth is determined in comparison to the comparative year.*

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 conversation 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, operating netbacks, FFO netbacks and reserve replacement ratios. 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.

Reserves Advisory

The reserves information contained in this press release are derived from the independent reserves report prepared by GLJ Ltd. ("GLJ") dated February 2, 2023 with an effective date of December 31, 2022, the independent reserves report prepared by GLJ dated February 3, 2022 with an effective date of December 31, 2021, and the independent reserves report prepared by GLJ dated February 4, 2021 with an effective date of December 31, 2020. Each 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 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. All December 31, 2022 reserves presented are based on GLJ's forecast pricing effective January 1, 2023, all December 31, 2021 reserves presented are based on GLJ's forecast pricing effective January 1, 2022, and all December 31, 2020 reserves presented are based on GLJ's forecast pricing effective January 1, 2021.

Reserve replacement is calculated by dividing the annual reserve additions by the annual production.

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 conversation 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.

Dividend Advisory

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 an NCIB, 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. 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 or repurchase any shares of the Company in the future.

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", “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' 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' 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 operational and financial position; the Company's plan, strategy and focus; the anticipated benefits to be derived from the Company's voluntary, internal corporate entity restructuring, including the Company's estimated incremental FFO and free funds flow guidance; the anticipated terms of the Company's Q1 2023 quarterly dividend including its expectation that it will be designated as an "eligible dividend"; the Company's 2023 average production guidance and its anticipated incremental net production from certain of the Company's blocks; Parex's expectations that it will be within its 2023 annual average production guidance range in Q2 2023 and for the full year 2023; Parex's expectations that Chirimoya could be one of the most potentially impactful in its big 'E' exploration portfolio; the Company's expectation that it will continue to utilize its current NCIB; the anticipated benefits to be derived from the Company's solar farm project on the Cabrestero Block; the anticipated date and time of Parex's 2023 Annual General and Special Meeting of Shareholders; and the anticipated date of its conference call. In addition, statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources 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; 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; 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; 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; risk that Parex' evaluation of its existing portfolio of development and exploration opportunities is not consistent with its expectations; that production test results may not necessarily be indicative of long term performance or of ultimate recovery; failure to reach production targets; the risk that the Company's recent actions to help address the heightened security concerns in Colombia may not be successful; the risk that Chirimoya may not be one of the most impactful in Parex's big 'E' exploration portfolio; the risk that the Company's solar farm project on the Cabrestero Block may avoid less tCO_2-e than anticipated; 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; 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, including anticipated Brent oil prices; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; receipt of partner, regulatory and community approvals; royalty rates; effective tax rates on FFO; 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; 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; 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 and production 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 the Company's recent actions to help address the heightened security concerns in Colombia will be successful; 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. This press release contains information that may be considered a financial outlook under applicable securities laws about the Company's potential financial position, including, but not limited to: the anticipated benefits to be derived from the Company's voluntary, internal corporate entity restructuring, including the Company's estimated incremental FFO and free funds flow guidance; the anticipated terms of the Company's Q1 2023 quarterly dividend including its expectation that it will be designated as an "eligible dividend"; and the Company's expectation that it will continue to utilize its current NCIB; all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Company and the resulting financial results will vary from the amounts set forth in this press release and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such financial outlook. The financial outlook contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Company's potential future business operations. Readers are cautioned that the financial outlook contained in this press release is not conclusive and is subject to change.