

Parex Resources Announces Operational and Guidance Update, and Chief Financial Officer Transition



Calgary, Alberta, August 28, 2024 – Parex Resources Inc. (“Parex” or the “Company”) (TSX: PXT) provides an update on its current operations, corporate guidance, outlook, and announces Sanjay Bishnoi’s departure as Chief Financial Officer (“CFO”) to pursue another opportunity. *All amounts herein are in United States Dollars (“USD”) unless otherwise stated.*

Guidance Update Primarily Based on Arauca Underperformance – Return of Capital Focus Unchanged

Regular Dividend Underpinned by Base Assets and Excess Free Funds Flow to be Returned through Share Buybacks

Key Highlights

- QTD Q3 2024 average production is approximately 47,600 boe/d⁽¹⁾.
- Revised FY 2024 average production guidance midpoint to 49,000 boe/d from 57,000 boe/d and decreased midpoint capital expenditure guidance to \$380 million from \$410 million⁽²⁾.
- Production profiles at LLA-34, Cabrestero and Capachos for FY 2024 are broadly in line with previous Management budgeting⁽²⁾.
- Departure of CFO, Sanjay Bishnoi, effective September 20, 2024; Cameron Grainger has been appointed as Interim CFO.

“Today, we have announced revisions to our outlook, primarily driven by lower-than-expected results at Arauca, which have materially impacted our production view for 2024. Our long-term profiles at LLA-34, Cabrestero and Capachos underpin continued shareholder returns, and we are taking meaningful and immediate steps to position Parex to deliver,” commented Imad Mohsen, President & Chief Executive Officer.

“Moving forward, I am confident with the management team in place and their ability to deliver improved results following this reset. With continued belief in our strategy, I want to thank our team for their commitment to overcome current challenges as we work to build on our long-term track record of success in Colombia.”

The Company is taking steps to resolve current underperformance with the following actions taken:

- Decreasing capital expenditures where possible, in line with lower production;
- Reevaluating the portfolio to refine and prioritize lower-risk development and exploitation opportunities, complemented by a focus on higher chance of success exploration targets; and
- Proactively targeting sizable mature fields through farm-ins that add incremental lower-risk exploitation opportunities to the portfolio.

(1) See “Current Production” for additional details.

(2) See “2024 Corporate Guidance Update” for additional details.

Operational Update

Current Production

Since the July 31, 2024 news release, average production has been 46,300 boe/d⁽¹⁾, resulting in QTD Q3 2024 average production of approximately 47,600 boe/d⁽²⁾.

Key drivers for lower current average production are:

- Rapid productivity decline at Arauca;

- Slower-than-expected volume additions from LLA-32;
- Higher than originally budgeted downtime at LLA-34 and Cabrestero, as well as slower than Parex's expectations of the waterflood ramp-up at LLA-34;
- LLA-34 declines, specifically horizontal wells that have a higher decline than the vertical wells in the main producing reservoir; and
- Following outperformance in H1 2024 at Cabrestero, waterflood phasing has caused the overall decline to converge to the long-term trend and be in line with prior Management budgeting.

(1) Estimated average production relates to the 27-day period of August 1, 2024, to August 27, 2024 (light & medium crude oil: ~8,246 bbl/d, heavy crude oil: ~37,364 bbl/d, conventional natural gas: ~4,138 mcf/d).

(2) Estimated average production relates to the 58-day period of July 1, 2024, to August 27, 2024 (light & medium crude oil: ~8,478 bbl/d, heavy crude oil: ~38,413 bbl/d, conventional natural gas: ~4,255 mcf/d).

2024 Corporate Guidance Update

The table below illustrates Parex's key assets for FY 2024, as well as Arauca, and highlights that LLA-34, Cabrestero and Capachos remain broadly in line with previous Management budgeting, despite downtime experienced so far this year. Arauca performance is the primary driver of the production guidance update.

Approximate boe/d (net)	Original Guidance (January 2024)	2024 Updated Guidance (August 28, 2024)	Variance
LLA-34	28,000	27,000	(1,000)
Cabrestero	12,000	12,000	-
Capachos	4,000	3,500	(500)
Arauca	4,500	500	(4,000)
Other, Including VIM-1, Legacy Fields, and Near-Field Exploration	8,500	6,000	(2,500)
Average Production	57,000 boe/d	49,000 boe/d	(8,000) boe/d

FY 2024 average production guidance has been updated to 48,000 to 50,000 boe/d (49,000 boe/d midpoint) and concurrently, capital expenditure guidance for the year has been revised downward to \$370 to \$390 million (\$380 midpoint).

The updated production guidance range incorporates a range of technical outcomes, as well as contingency for downtime events. Inclusive of 2024 production to date, the low end of the production guidance range would be estimated to result from significant downtime events that include unforeseen longer-term operational suspensions.

Category	2024 Guidance (January 15, 2024)	2024 Updated Guidance (August 28, 2024)
Brent Crude Oil Average Price	\$75/bbl	\$80/bbl
Average Production	54,000-60,000 boe/d	48,000-50,000 boe/d
Funds Flow Provided by Operations Netback ⁽¹⁾⁽²⁾⁽³⁾	\$29-31/boe	\$30-32/boe
Funds Flow Provided by Operations ⁽⁴⁾	\$590-660 million	\$545-565 million
Capital Expenditures ⁽⁵⁾	\$390-430 million	\$370-390 million
Free Funds Flow ⁽⁵⁾	\$215 million (midpoint)	\$175 million (midpoint)

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

(2) 2024 updated assumptions: Vasconia differential: ~\$4/bbl; production expense: \$12-13/bbl; transportation expense: ~\$3.50/bbl; G&A expense: ~\$4.00/bbl; effective tax rate: 19-21%.

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

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

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

LLA-34 and Cabrestero⁽¹⁾⁽²⁾

At LLA-34, for the remainder of 2024, the Company's focus is on increasing injection rates and adding two additional waterflood patterns. The block's horizontal drilling program is being successfully executed, with current production of roughly 7,800 bbl/d⁽³⁾ of heavy crude oil (gross) from 10 wells, with the 11th well to come online in the coming weeks. There are four service rigs actively working, and Parex and its partner are reviewing adding a fifth rig to further support workovers and field optimization.

At Cabrestero, the Company continues to see constructive results from its polymer injection pilot, with a full field expansion being designed and economic valuations ongoing. Post-waterflooding implementation at LLA-34, Management expects to recommend a similar polymer injection scheme. For the remainder of 2024, the focus is to ramp up injection rates to flatten declines, while adding incremental oil production where possible. The block has a service rig planned to work through the end of 2024.

(1) LLA-34: 55% W.I.

(2) Cabrestero: 100% W.I.

(3) Estimated current production relates to the 27-day period of August 1, 2024, to August 27, 2024.

LLA-32⁽¹⁾

The first well of the appraisal and development program was an unbooked stepout well and is currently producing approximately 500 bbl/d⁽²⁾ of light crude oil (gross).

The second well, was a follow-up appraisal well targeting the two zones from the first well. The upper zone was successfully tested⁽³⁾ at roughly 600 bbl/d of light crude oil (gross) before being isolated. Following isolation, the lower zone commenced single-zone production, which is currently at roughly 600 bbl/d⁽⁴⁾ of light crude oil (gross), although at a high water-to-oil ratio. In the lower zone, the Company believes that productivity is being impacted by water intrusion. Based on initial positive test results from the upper zone, Parex is evaluating drilling a horizontal well to maximize reservoir contact and minimize water production.

Continuing with the appraisal and development program, the Company has spud a third well, which is expected to be onstream in Q4 2024.

(1) 87.5% W.I.

(2) Estimated production relates to the 27-day period of August 1, 2024, to August 27, 2024.

(3) The Azogue-4 well completed a production test for 13 hours in the Mirador formation. In natural flow, the test accumulated 319 bbls of 32 API light crude oil and 55 bbls of water. The average test rate was 589 bbl/d at an average drawdown of 7%. The maximum test rate was 766 bbl/d at 1% basic sediment and water, and 6% drawdown.

(4) Short-term production rate. See "Oil & Gas Matters Advisory."

Northern Llanos – Arauca & Capachos⁽¹⁾⁽²⁾

At Arauca, Parex continues to expect the Arauca-81 well to be onstream in late Q3 2024. Currently, reduced productivity from the Arauca-8 and Arauca-15 wells are contributing to lower corporate production.

At Capachos, the first of a three-well campaign was spud in late Q2 2024, which successfully reached total depth and matched the drilling performance of the previous pacesetter on the block. The well is expected to be onstream in late Q3 2024, in line with previous Management expectations.

The Northern Llanos region has recently faced greater instability that has led to heightened security concerns. While the Company has activated internal security protocols and is monitoring the situation closely, Parex's operations have not been impacted to date.

(1) Arauca: Business Collaboration Agreement with Ecopetrol S.A. (Parex 50% Participating Share); Ecopetrol S.A. currently holds 100% of the working interest in the Convenio Arauca while the assignment procedure is pending.

(2) Capachos: 50% W.I.

Big 'E' Exploration Update – High-Impact Targets with Transformational Potential

- Llanos Foothills – LLA-122 (50% W.I.): The drilling of the *Arantes* well in the high-potential Colombian Foothills is progressing on an extended timeline, with intermediate casing set. The next portion of the operation is to drill an additional roughly 2,000 feet and set a liner immediately above the zones of interest. Following the liner being set, Parex plans to drill and evaluate the prospective zones. Based on the current pace of operations, the well is expected to reach total depth of roughly 19,500 feet in Q4 2024, with preliminary results by YE 2024.
- Magdalena – VIM-1 (50% W.I.): The *Hidra* well, which was expected to spud Q3 2024, has been deferred by Parex. While the well is drill-ready, social-related issues have resulted in the decision to pause the spud of the well to limit and safeguard capital.
- Northern Llanos – Capachos (50% W.I.): As previously announced, Parex has postponed the drilling of the *Berilo Oeste* prospect at LLA-38 (50% W.I.), with capital being reallocated to an exploration commitment well in Capachos.

Return of Capital Update

Long-Term Capital Allocation Framework

Parex actively adjusts its capital allocation to maximize shareholder value. With the revised average production guidance for 2024, planned capital expenditures have been lowered in alignment to get near the targeted return of 33% of funds flow provided by operations⁽¹⁾, through dividends and share repurchases.

In the event that the Company generates higher free funds flow than current guidance due to production outperformance or commodity price increases, Management intends to enhance share buybacks when conditions warrant.

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

Share Buyback Program Under Current Normal Course Issuer Bid ("NCIB")

Parex believes that the Common Shares have been trading in a price range that does not adequately reflect their value in relation to the Company's current operations and its long-term growth prospects, with the view that purchasing shares for cancellation can provide an opportunity to enhance shareholder returns.

As at August 27, 2024, Parex has repurchased approximately 3.2 million shares under its current NCIB, for total consideration of roughly C\$68 million.

Q3 2024 Dividend

As previously announced, Parex's Board of Directors has approved a Q3 2024 regular dividend of C\$0.385 per share to shareholders of record on September 9, 2024, to be paid on September 16, 2024. This regular dividend payment to shareholders is designated as an "eligible dividend" for purposes of the Income Tax Act (Canada).

The Board of Directors and Management continue to view its regular quarterly dividend as a core part of its return of capital framework.

Three-Year Outlook Update

Parex has withdrawn its three-year plan for the 2024 through 2026 period⁽¹⁾.

The Company is actively assessing its short- and long-term development and exploration opportunities as it progresses through its 2025 budgeting and planning process.

(1) Arauca was one of the key growth drivers in the Company's long-term planning. The primary event and circumstance that led Parex to withdraw the plan is due to Arauca underperformance, with the drilling and subsequent results being materially lower than Management's expectations.

Chief Financial Officer Transition

Sanjay Bishnoi has resigned as Chief Financial Officer ("CFO"), to pursue another opportunity. Mr. Bishnoi's departure is effective September 20, 2024, and the Company is retaining an executive recruitment firm to assist in identifying a successor candidate.

During this transition period, the Board of Directors has appointed Cameron Grainger as interim CFO. Mr. Grainger is a Chartered Professional Accountant and was appointed as Vice President, Finance & Controller in 2022. He has held the position of Controller since 2013 and has been with the Company since 2011.

About Parex Resources Inc.

Parex is an 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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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 June 30, 2024 dated July 31, 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. In Q3 2022, the Company changed how it presents exploration and evaluation expenditures, refer to note 2 of the Company's consolidated interim financial statements for the period ended September 30, 2022.

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 included in total capital expenditures. Amounts have been restated for prior periods to conform to the current year's presentation, refer to note 2 of the Company's consolidated interim financial statements for the period ended September 30, 2022. 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 or 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

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

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

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

Effective current tax rate as a per cent of funds flow provided by operations before tax is comprised of current income tax expense, as determined in accordance with IFRS, divided by funds flow provided by operations before tax.

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 FFO netbacks. 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 FFO netbacks is provided under "Non-GAAP and Other Financial Measures Advisory".

References in this press release to initial production test rates, initial "flow" rates, initial flow testing, and "peak" rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, investors are cautioned not to place reliance on such rates in calculating the aggregate production for Parex. Parex has not conducted a pressure transient analysis or well-test interpretation on the wells referenced in this press release. As such, all data should be considered to be preliminary until such analysis or interpretation has been done.

Any reference in this press release to short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determination of the rates at which such wells will continue production and decline thereafter and readers are cautioned not to place reliance on such rates in calculating the aggregate production of Parex.

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; Parex's FY 2024 average production guidance and midpoint average production guidance; Parex's FY 2024 capital expenditure guidance and midpoint capital expenditure guidance; Parex's anticipated means of resolving its underperformance and the anticipated benefits to be derived therefrom; Parex's 2024 guidance, including anticipated brent crude oil average prices, funds flow provided by operations netback; funds flow provided by operations, capital expenditures, free funds flow; the Company's focus and expectations at certain of its blocks and the anticipated results and timing thereof; that Parex will actively adjust its capital allocation to maximize shareholder value; the anticipated terms of the Company's Q3 2024 regular quarterly dividend; the anticipated benefits to be derived from the Company's NCIB; and the anticipated number of shares to be purchased per day through the Company's automatic share purchase plan and its expectation that it will adjust to match the targeted long-term capital allocation framework as required.

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 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; risk that other zones to be tested do not contain the expected hydrocarbon bearing formations; the risk that Parex's 2024 capital expenditures and planned exploration and development programs are different than expected, including in a manner adverse to Parex; the risk that Parex's financial and production results may be less favorable than anticipated; the risk that certain of Parex's wells may not spud or come onstream 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; that risk that Parex may not actively adjust its capital allocation or maximize shareholder value; the risk that the Company may purchase less shares per day through its automatic share purchase plan than anticipated and that it may not adjust to match its targeted long-term capital allocation framework as required; 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 FY 2024 capital expenditure guidance and midpoint capital expenditure guidance; Parex 2024 guidance, including anticipated Brent crude oil average prices, funds flow provided by operations netback; funds flow provided by operations, capital expenditures, free funds flow, capital reinvestment and return of capital (dividends and share repurchases); the anticipated terms of the Company's

Q3 2024 regular quarterly dividend; and the anticipated number of shares to be purchased per day through the Company's automatic share purchase plan and its expectation that it will adjust to match the targeted long-term capital allocation framework as required. 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 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 facilities.

Abbreviations

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

bbl	one barrel
bbl/d	barrels per day
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
W.I.	working interest