

## Parex Resources Announces Record Second Quarter Results, Operational Update and Declaration of Q3 2022 Dividend



**Calgary, Alberta, August 3, 2022** – Parex Resources Inc. (“Parex” or the “Company”) (TSX: PXT) is pleased to announce its financial and operating results for the three-month period ended June 30, 2022. The Company is also providing an operational update as well as the declaration of its third quarter 2022 regular dividend of C\$0.25 per share. *All amounts herein are in United States Dollars unless otherwise stated.*

### Key Highlights

- Q2 2022 net income of \$143.1 million.
- Record Q2 2022 funds flow from operations (“FFO”)<sup>(1)</sup> of \$227.8 million.
- Declared Q3 2022 regular dividend of C\$0.25 per share or C\$1.00 per share annualized.
- Year-to-date Q2 2022 returned \$184.4 million to shareholders through dividends and share buybacks.
- On track to meet full-year 2022 production guidance of 54,000 to 56,000 boe/d.

“In the second quarter of 2022, Parex generated the highest quarterly FFO in the Company’s history of \$228 million,” commented Imad Mohsen, President and Chief Executive Officer.

“Over the last 18 months we have strategically increased our capital deployment in operated fields to increase production, allowing Parex to benefit from the current favorable commodity price environment. With increased cash flow and zero debt, we recently made the decision to accelerate our 2022 share buyback program given our compelling valuation. With several high impact wells expected online in the coming months, we are excited for the second half of 2022 as we build into our projected record production numbers.”

### 2022 Second Quarter Results

- Quarterly average oil and natural gas production was pre-released at 51,143 boe/d<sup>(4)</sup>, an increase of 16% over the second quarter of 2021; production was relatively consistent with the first quarter of 2022 primarily due to well timing as well as higher than expected downtime.
- Net income of \$143.1 million or \$1.24 per share basic.
- Record quarterly FFO<sup>(1)</sup> of \$227.8 million, up by 73% from the second quarter of 2021 and up by 11% from the first quarter of 2022.
- Generated a strong operating netback<sup>(2)</sup> of \$65.66 per boe and an FFO netback<sup>(2)</sup> of \$50.12 per boe from an average Brent oil price of \$111.98 per bbl.
- Incurred \$132.8 million of capital expenditures<sup>(3)</sup>, participating in the drilling of 15 gross (12.25 net) wells.
- Paid a C\$0.25 per share dividend and repurchased 2.7 million shares through the company’s normal course issuer bid.
- Working capital surplus<sup>(1)</sup> was \$311.5 million, which increased by \$24.8 million from the first quarter of 2022, but is expected to decrease in the third quarter of 2022 due to the timing of capital expenditures as well as the acceleration of share buybacks that were announced on July 13, 2022.

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

(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.”

(4) See “Operational and Financial Highlights” for a breakdown of production by product type.

## Operational and Financial Highlights

	Three Months Ended			Six months ended
	June 30, 2022	March 31, 2021	June 30, 2022	June 30, 2022
<b>Operational</b>				
<b>Average daily production</b>				
Light Crude Oil and Medium Crude Oil (bbl/d)	6,734	5,881	5,687	6,214
Heavy Crude Oil (bbl/d)	42,373	36,308	43,865	43,114
Crude oil (bbl/d)	49,107	42,189	49,552	49,328
Conventional Natural Gas (mcf/d)	12,216	10,266	12,816	12,516
Oil & Gas (boe/d) <sup>(1)</sup>	51,143	43,900	51,688	51,414
<b>Operating netback (\$/boe)</b>				
Reference price - Brent (\$/bbl)	111.98	69.08	97.90	104.94
Oil & natural gas revenue <sup>(4)</sup>	98.22	59.68	86.24	92.08
Royalties <sup>(4)</sup>	(22.71)	(8.69)	(17.70)	(20.01)
Net revenue <sup>(4)</sup>	75.51	50.99	68.54	72.07
Production expense <sup>(4)</sup>	(6.82)	(6.70)	(6.24)	(6.48)
Transportation expense <sup>(4)</sup>	(3.03)	(3.00)	(2.99)	(3.01)
<b>Operating netback (\$/boe)<sup>(2)</sup></b>	<b>65.66</b>	<b>41.29</b>	<b>59.31</b>	<b>62.58</b>
<b>Funds flow provided by operations (\$/boe)<sup>(2)</sup></b>	<b>50.12</b>	<b>32.02</b>	<b>43.73</b>	<b>46.87</b>
<b>Financial</b> (\$000s except per share amounts)				
<b>Net income</b>				
Per share - basic <sup>(6)</sup>	1.24	0.72	1.29	2.53
<b>Funds flow provided by operations<sup>(5)(8)</sup></b>				
Per share - basic <sup>(4)(6)</sup>	1.98	1.03	1.73	3.71
<b>Capital expenditures<sup>(3)</sup></b>				
Free funds flow <sup>(3)</sup>	95,015	86,755	82,990	178,005
<b>Dividends paid</b>				
Per share - Cdn\$ <sup>(4)(6)</sup>	0.25	—	0.14	0.39
<b>Shares repurchased</b>				
Number of shares repurchased (000s)	2,686	4,212	4,425	7,111
<b>Outstanding shares (end of period) (000s)</b>				
Basic	113,810	124,938	116,413	113,810
Weighted average basic	115,134	127,346	118,541	116,828
Diluted <sup>(8)</sup>	114,648	126,818	117,331	114,648
<b>Working capital surplus<sup>(5)</sup></b>				
Bank debt <sup>(7)</sup>	—	—	—	—
<b>Cash</b>	<b>392,786</b>	<b>371,353</b>	<b>362,103</b>	<b>392,786</b>

(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."

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

(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 June 30, 2022.

(8) Diluted shares as stated include the effects of common shares and stock options outstanding at the period end; June 30, 2022, closing price was C\$21.80 per share.

## Operational Update – 2022 Program

### Drilling Schedule

- Seven drilling rigs on operated blocks.
- Three non-operated drilling rigs at Block LLA-34.

### Llanos Basin

- At the Cabrestero Block, accelerating infill drilling and waterflood optimization as previously announced as well as executing on near-field exploration.
- Drilling rigs are currently moving to execute on previously communicated short-cycle opportunistic production adds in the Southern Llanos; spudding of those wells expected in Q3 2022.
- At the Capachos Block, have successfully drilled into multiple prospective formations utilizing synthetic drilling fluid with testing actively underway. Debottlenecking of facility to increase capacity is expected to be completed in late 2022.
- At the Arauca Block, civil works is completed for the first well, with plans to mobilize a rig and begin drilling operations on the block before year end.

### Llanos Basin (Block LLA-34)

- Third drilling rig is now on the block, which is expected to start spudding wells in August 2022 to support the previously revised well program of 28-32 total wells and implementation of the initial waterflood pattern.

### Magdalena Basin

- Continuing to assess the exploitation potential of the Boranda Block. Successfully drilled the first ever horizontal well on the block in July 2022, with testing of this well to commence in August 2022.
- At the Fortuna Block, finalizing the drilling and assessment of the four prospective formations. Three of the four prospective formations have already been tested so far and once the final well is completed in Q3 2022, all wells will be put on beam pump. Full results of the Fortuna program will be assessed following the completion of the fourth formation, with a full evaluation to be completed prior to further investment.
- Parex believes that multiple technologies that have been utilized by the Company in the Boranda and Fortuna programs, such as horizontal drilling, advanced stimulations and synthetic drilling fluid, are already providing long-term benefits across the Company's inventory.
- At the VIM-1 Block, gas processing facilities were brought online in Q2 2022, which is expected to increase liquids production following the completion of a development well that is currently being drilled.

### Exploration

- Exploration has approximately four wells to be spud over the remainder of 2022, of which three are planned in the Southern Llanos and one in the Magdalena.

### Production Guidance

- Third quarter 2022 production is expected to average 53,000 boe/d to 55,000 boe/d.
- Full-year 2022 production to be 54,000 to 56,000 boe/d, with a projected exit rate of over 60,000 boe/d.

## **Return of Capital Update**

### **Dividend**

Parex's Board of Directors has approved a third quarter 2022 regular dividend of C\$0.25 per share to be paid on September 30, 2022, to shareholders of record on September 15, 2022. This quarterly dividend payment to shareholders is designated as an "eligible dividend" for purposes of the Income Tax Act (Canada).

### **Share Buybacks**

As previously disclosed, starting June 23, 2022, Parex accelerated the pace of share buybacks under its current normal course issuer bid ("NCIB"). As at August 3, 2022, Parex has repurchased over 8.7 million shares and completed nearly 75% of its 2022 share buyback, with the continued expectation that under the current NCIB Parex will purchase the maximum allowable shares of 11.8 million during the year. This would mark the fourth year in a row where Parex has purchased the maximum allowable shares under its NCIBs, reducing the fully diluted share count by more than 32% from approximately 164 million in 2017 to an expected 110 million by year-end 2022.

## **2022 Second Quarter Conference Call & Webcast**

Parex will host a conference call to discuss the 2022 second quarter results on Thursday, August 4, 2022, beginning at 8:30 am MT (10:30 am ET). To participate in the conference call or webcast, please see access information below:

Toll-free dial number (Canada/US)	1-800-952-5114
International dial-in numbers	<a href="https://www.confolutions.ca/ILT?oss=7P1R8009525114">https://www.confolutions.ca/ILT?oss=7P1R8009525114</a>
Passcode	5806112#
Webcast	<a href="https://edge.media-server.com/mmc/p/f3hy7o9c">https://edge.media-server.com/mmc/p/f3hy7o9c</a>

## **About Parex Resources Inc.**

Parex is the largest independent oil and gas company in Colombia, focusing on sustainable, conventional production. The Company's corporate headquarters are in Calgary, Canada, with an operating office in Bogotá, Colombia. Parex 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.

(\$000s)	For the three months ended			For the six months ended
	June 30, 2022	2021	March 31, 2022	June 30, 2022
Property, plant and equipment expenditures	\$ 93,346	\$ 45,547	\$ 83,868	\$ 177,214
Exploration and evaluation expenditures	39,435	(700)	38,630	78,065
<b>Total capital expenditures</b>	<b>\$ 132,781</b>	<b>\$ 44,847</b>	<b>\$ 122,498</b>	<b>\$ 255,279</b>

**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' ability to fund return of capital, such as the NCIB, without accessing outside funds and is calculated as follows:

(\$000s)	For the three months ended			For the six months ended
	June 30, 2022	2021	March 31, 2022	June 30, 2022
Cash provided by operating activities	\$ 244,783	\$ 111,858	\$ 190,607	\$ 435,390
Net change in non-cash working capital	(16,987)	19,744	14,881	(2,106)
Funds flow provided by operations	227,796	131,602	205,488	433,284
Capital expenditures, excluding corporate acquisitions	132,781	44,847	122,498	255,279
Free funds flow	<b>\$ 95,015</b>	<b>\$ 86,755</b>	<b>\$ 82,990</b>	<b>\$ 178,005</b>

**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 per boe and by the total equivalent sales volume and excludes purchased oil volumes for royalties, operating, and transportation 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.

**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.

**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. A reconciliation from cash provided by operating activities to funds flow provided by operations is as follows:

(\$000s)	For the three months ended			For the six months ended
	June 30, 2022	2021	March 31, 2022	June 30, 2022
<b>Cash provided by operating activities</b>	\$ 244,783	\$ 111,858	\$ 190,607	\$ 435,390
Net change in non-cash working capital	(16,987)	19,744	14,881	(2,106)
<b>Funds flow provided by operations</b>	<b>\$ 227,796</b>	<b>\$ 131,602</b>	<b>\$ 205,488</b>	<b>\$ 433,284</b>

**Working capital surplus**, 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 is defined as current assets less current liabilities.

(\$000s)	For the three months ended			For the six months ended
	June 30, 2022	2021	March 31, 2022	June 30, 2022
Current assets	\$ 695,053	\$ 505,781	\$ 626,916	\$ 695,053
Current liabilities	383,557	153,593	340,232	383,557
<b>Working capital surplus</b>	<b>\$ 311,496</b>	<b>\$ 352,188</b>	<b>\$ 286,684</b>	<b>\$ 311,496</b>

## **Supplementary Financial Measures**

Throughout this press release, the Company presents certain financial figures, in accordance with IFRS, stated in dollars per boe. These figures are determined by dividing the applicable financial figure as prescribed under IFRS by the Company's total production for the respective period. Below is a list of figures which have been presented in this press release in \$ per boe:

**"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.

**"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.

**"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.

**"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.

## **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 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, operating netbacks and 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.

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

bbl	one barrel
bbls	barrels
bbls/d	barrels per day
boe	barrels of oil equivalent of natural gas; one barrel of oil or NGLs 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

## **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 its 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 focus, plans, priorities and strategies; the terms of the dividends payable on September 30, 2022; Parex' anticipated dividends per annum; Parex' expectation that it will purchase the maximum allowable shares under its NCIB; Parex' anticipated fully diluted share count by year-end 2022; Parex' third quarter 2022 and full-year 2022 production guidance; Parex' expectations that it will experience record production in the second half of 2022 and its anticipated exit production rate; Parex' expectations that it will have several high impact wells come online and the anticipated timing thereof; the anticipated timing of the spudding of Parex' wells in Southern Llanos; the anticipated timing of the debottlenecking of Parex' facility at the Capachos Block; Parex' expectations of when its third drilling rig on the Llanos Basin (Block LLA-34) will start spudding and the anticipated benefits to be derived therefrom; Parex' expectations of when testing will commence on the Boranda Block; Parex' expectations of when its final well at the Fortuna Block will be completed; Parex' expectations that the full results of the Fortuna program will be assessed following the completion of the fourth formation and that it will conduct a full evaluation prior to any further investment; the anticipated benefits to be derived from the completed gas processing facilities at the Magdalena Basin (VIM-1 Block); the anticipated timing of Parex' drilling programs and targeted formations; the anticipated timing of the rig mobilization and drilling operations at the Arauca block; and the anticipated timing for Parex' quarterly conference call and webcast.

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;



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; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; obtaining required approvals of regulatory authorities in Canada and Colombia; the risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs relating to the oil industry; changes to pipeline capacity; ability to access sufficient capital from internal and external sources; failure of counterparties to perform under contracts; the risk that Brent oil prices are lower than anticipated; the risk that Parex' 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; the risk that other formations do not contain the expected oil bearing sands; risk that Parex does not have sufficient financial resources in the future to provide distributions to its shareholders; the risk that the Board does not declare dividends in the future or that Parex' dividend policy changes; the risk that Parex' increased short-cycle activity will not be successful or maximize value for its shareholders; the risk that Parex' gas processing facilities at the VIM-1 block will experience delays in operations; the risk that Parex may not experience record production in the second half of 2022; the risk that Parex' wells in the Southern Llanos and its third drilling rig on the Llanos Basin (Block LLA-34) may not spud when anticipated, or at all; the risk that Parex' final well at the Fortuna Block may not be completed when anticipated, or at all; 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](http://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 the 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 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' 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' 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' 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' 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 to pay dividends and acquire shares pursuant to its NCIB in the future; 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 terms of the dividends payable on September 30, 2022; Parex' anticipated dividends per annum; Parex' expectation that it will purchase the maximum allowable shares under its NCIB; and Parex' anticipated fully diluted share count by year-end 2022; 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.