

Parex Resources Announces Third Quarter Results, Arauca Drilling Success and Declaration of Q4 2023 Dividend



Calgary, Alberta, November 7, 2023 - Parex Resources Inc. ("Parex" or the "Company") (TSX: PXT) is pleased to announce its financial and operating results for the three-month period ended September 30, 2023, and the declaration of its Q4 2023 regular dividend of C\$0.375 per share.

All amounts herein are in United States Dollars ("USD") unless otherwise stated.

"With our inaugural well in Arauca, I take pride in our team's remarkable achievement in drilling the deepest onshore well in Colombia's history. This milestone not only serves as a testament to our operational capability, but also solidifies Parex's leading position as an operator capable of confidently exploiting higher productivity, deeper targets. In addition to Arauca, we are seeing a series of positive developments from exploitation and near-field exploration that are driving record quarterly production, which make us optimistic for the upcoming fourth quarter and the year ahead," commented Imad Mohsen, President & Chief Executive Officer.

Key Highlights

- Generated Q3 2023 funds flow provided by operations ("FFO")⁽¹⁾ of \$158 million and FFO per share⁽²⁾⁽³⁾ of \$1.49.
- Drilled the inaugural well on the Arauca Block (50% W.I.), Arauca-15, to a total depth of 22,350 feet; it is the deepest onshore well in Colombia's history and is expected to commence production following multi-zone testing.
- Spud the Arauca-8 big 'E' exploration well in late Q3 2023, which is at roughly 17,500 feet and expected to total depth in late Q4 2023.
- Reached all-time production rates of over 15,000 bbl/d⁽⁸⁾ of heavy crude oil from the Cabrestero Block (100% W.I.), supported by successful exploration efforts and continued success from waterflood injection.
- Recently drilled a well at Cabrestero (100% W.I.) that discovered a new oil pool, which is expected to begin production imminently.
- Declared a Q4 2023 regular dividend of C\$0.375 per share⁽⁷⁾ or C\$1.50 per share annualized; current dividend yield is roughly 5.4%⁽⁷⁾.
- Repurchased 4.95 million shares YTD 2023, fulfilling approximately 5% under the Company's current normal course issuer bid ("NCIB").
- Delivering strong production growth; current rates are approximately 59,000 boe/d⁽⁸⁾.

Q3 2023 Results

- Record quarterly average oil & natural gas production was 54,573 boe/d⁽⁶⁾, an increase of 7% from Q3 2022, and a 1% increase from the prior quarter.
- Increased production per share⁽³⁾⁽⁷⁾ by 13% compared to Q3 2022, from higher production and the reduction of outstanding shares through the current NCIB.
- Realized net income of \$120 million or \$1.13 per share basic⁽³⁾.
- Generated quarterly FFO⁽¹⁾ of \$158 million, a 24% decrease from Q3 2022, and FFO per share⁽²⁾⁽³⁾ of \$1.49, a 19% decrease from Q3 2022, which was primarily driven by lower crude oil pricing and increased tax, offset by higher production.
- Increased current taxes by \$14 million as the Company moved from an estimated 10% surtax to a projected 15% surtax with the appreciation of global oil prices in Q3 2023; Colombia has an income surtax, which is linked to the historical Brent oil price.
- Generated an operating netback⁽²⁾ of \$48.97/boe and an FFO netback⁽²⁾ of \$31.28/boe from an average Brent price of \$85.92/bbl. The FFO netback⁽²⁾ was impacted by higher current taxes, and increased production costs from workovers and higher energy input costs.
- Incurred \$157 million of capital expenditures⁽⁵⁾ while participating in the drilling of 16 gross (10.95 net) wells. Capital expenditures were higher than prior quarters in 2023, primarily driven by starting activity at Arauca (50% W.I.) where Parex agreed with its joint venture partner to solely fund the initial work plan in exchange for a 50% interest in the Arauca and LLA-38 blocks. Management expects Q4 2023 capital expenditures to be lower as the Company's costs associated with drilling at Arauca revert to a 50% working interest share per the farm-in agreement, as well as overall corporate activity being reduced with a lower rig count.
- Working capital deficit⁽¹⁾ was \$58 million, which increased by \$55 million from Q2 2023, primarily as a result of the timing of certain capital expenditures. Management expects working capital in Q4 2023 to be positive and build throughout 2024, with forecast production growth, declining capital expenditures and inventory deployment, subject to commodity prices remaining in line with Q3 2023.
- Paid a C\$0.375 per share regular quarterly dividend and repurchased 1,239,500 shares.

(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) Based on weighted-average basic shares for the period.

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

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

(6) See "Operational and Financial Highlights" for a breakdown of production by product type.

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

(8) Estimated average production for the six-day period of November 1, 2023 to November 6, 2023.

Operational and Financial Highlights (unaudited)	Three Months Ended			Nine Months Ended
	Sep. 30, 2023	Sep. 30, 2022	Jun. 30, 2023	Sep. 30, 2023
Operational				
Average daily production				
Light Crude Oil and Medium Crude Oil (bbl/d)	8,837	6,903	7,982	7,984
Heavy Crude Oil (bbl/d)	44,779	43,063	45,644	44,624
Crude Oil (bbl/d)	53,616	49,966	53,626	52,608
Conventional Natural Gas (mcf/d)	5,742	6,750	2,964	4,470
Oil & Gas (boe/d) ⁽¹⁾	54,573	51,091	54,120	53,353
Operating netback (\$/boe)				
Reference price - Brent (\$/bbl)	85.92	97.70	77.84	81.98
Oil & natural gas sales ⁽⁴⁾	75.98	88.13	67.26	70.96
Royalties ⁽⁴⁾	(13.72)	(17.92)	(11.15)	(12.38)
Net revenue ⁽⁴⁾	62.26	70.21	56.11	58.58
Production expense ⁽⁴⁾	(9.73)	(7.40)	(9.14)	(9.25)
Transportation expense ⁽⁴⁾	(3.56)	(3.35)	(3.51)	(3.39)
Operating netback (\$/boe)⁽²⁾	48.97	59.46	43.46	45.94
Funds flow provided by operations netback (\$/boe)⁽²⁾	31.28	45.07	31.86	32.44
Financial (\$000s except per share amounts)				
Net income	119,736	65,632	101,415	325,526
Per share - basic ⁽⁶⁾	1.13	0.59	0.95	3.05
Funds flow provided by operations⁽⁵⁾	157,839	206,412	154,842	474,405
Per share - basic ⁽²⁾⁽⁶⁾	1.49	1.85	1.45	4.44
Capital expenditures⁽³⁾	156,747	127,353	121,309	391,924
Free funds flow⁽³⁾	1,092	79,059	33,533	82,481
EBITDA⁽³⁾	221,271	185,911	139,881	539,711
Other long-term asset expenditures (long-lead material & equipment inventory)	(374)	65,725	20,903	40,296
Dividends paid	29,239	20,042	30,101	89,171
Per share - Cdn\$ ⁽⁴⁾	0.375	0.25	0.375	1.125
Shares repurchased	24,273	72,363	25,474	82,615
Number of shares repurchased (000s)	1,240	4,489	1,260	4,408
Outstanding shares (end of period) (000s)				
Basic	105,014	109,323	106,194	105,014
Weighted average basic	105,621	111,631	106,830	106,872
Diluted ⁽⁸⁾	105,722	110,159	106,962	105,722
Working capital (deficit) surplus⁽⁵⁾	(57,511)	229,763	(2,957)	(57,511)
Bank debt⁽⁷⁾	—	—	—	—
Cash	34,548	353,025	133,375	34,548

(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 - Standards 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. Dividends paid per share are based on the number of common shares outstanding at each dividend record date.

(7) Syndicated bank credit facility borrowing base of \$200.0 million as at September 30, 2023.

(8) Diluted shares as stated include common shares and stock options outstanding at period end; September 30, 2023 closing price was C\$25.49 per share.

Operational Update

Parex's estimated average production in October 2023 was 57,900 boe/d and November month-to-date is approximately 59,000 boe/d.

Building on strong current production, the Company is positioned to bring online three key wells over the remainder of Q4 2023: Arauca-15 (50% W.I.); Cabrestero near-field (100% W.I.); and a horizontal well at LLA-34 (55% W.I.).

Northern Llanos Update

Arauca-15 Well (50% W.I.)

- Arauca-15 was drilled to a total depth of 22,350 feet, which encountered three prospective zones and is expected to commence production following testing.
- Once the rig on Arauca-15 has finished completion and initial testing, it will move to an adjacent development well, Arauca-11, to begin drilling.

Arauca-8 (Big 'E') Well (50% W.I.)

- Arauca-8 is a multi-zone, high-impact exploration prospect targeting light crude oil that was spud in late Q3 2023 and is at roughly 17,500 feet.
- The well is expected to reach total depth in late Q4 2023, with preliminary results expected in early 2024.

Capachos (50% W.I.)

- Following the previously announced shut-ins in H1 2023, production ramp-up has been slower than expected and remediation steps have been taken, including optimizing the workover program, in order to continue the production build up.
- During Q3 2023, the facility expansion from 15,000 to 25,000 bbl/d of fluid handling capacity was completed on time and on budget.

Southern Llanos, Foothills and LLA-34 Update

Southern Llanos - Cabrestero (100% W.I.)

- Supported by successful exploration efforts and continued success from the waterflood injection program, the block has reached all-time production rates of over 15,000 bbl/d of heavy crude oil.
- Recently drilled a well that discovered a new pool in the Mirador formation that is expected to begin production imminently.
- Continuing to ramp up total injected volume for pressure maintenance with a plan to commence a polymer flooding pilot by year-end 2023 to increase sweep efficiency.

Southern Llanos - LLA-81 (100% W.I.)

- Successfully drilled a follow-up horizontal well to maximize recovery from oil discovered in the Carbonera 7 ("C7") reservoir.
- The well was brought on stream in early October 2023 and has since averaged production of roughly 2,100 bbl/d of light & medium crude oil.

Llanos Foothills - LLA-122 - Arantes (Big 'E') (50% W.I.)

- Arantes is the first well within the Ecopetrol memorandum of understanding coverage ("MOU"), targeting gas and condensate.
- This is the first well to be drilled by Parex within the high-potential Foothills trend and is expected to spud in Q4 2023.

LLA-34 (55% W.I.)

- The first three horizontal wells are demonstrating strong performance and in aggregate are currently producing approximately 4,800 bbl/d of heavy crude oil (gross).
- The fourth horizontal well initiated testing in early November 2023 and is currently producing approximately 2,500 bbl/d of heavy crude oil (gross).
- The fifth horizontal well is drilling and expected to commence production in Q4 2023.

Corporate Guidance

Parex's 2023 average production guidance of 54,000 to 57,000 boe/d and capital expenditure guidance of \$450 to \$475 million remain unchanged. Building on strong current production, Parex expects its Q4 2023 average production to exceed 60,000 boe/d.

The Company expects to release its 2024 formal guidance in January 2024, alongside an updated three-year outlook.

Return of Capital Update

Q4 2023 Dividend

Parex's Board of Directors has approved a Q4 2023 regular quarterly dividend of C\$0.375 per share to be paid on December 29, 2023, to shareholders of record on December 15, 2023. The Company first initiated a regular quarterly dividend at C\$0.125 per share 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 Bids

As at November 6, 2023, Parex has repurchased 4.95 million shares year-to-date under its current NCIB at an average price of C\$25.00 per share, for total consideration of roughly C\$124 million.

From Q4 2017 to Q3 2023, the Company has reduced the fully diluted outstanding shares by 36%.

Q3 2023 Results - Conference Call & Video Webcast

Parex will host a conference call and video webcast to discuss the Q3 2023 results on Wednesday, November 8, 2023, beginning at 9:30 am MT (11:30 am ET). To participate in the conference call or video webcast, please see the access information below:

Conference ID:	1 335 335
Participant Toll-Free Dial-In Number:	1-888-550-5584
Participant Toll Dial-In Number:	1-646-960-0157
Webcast:	https://events.q4inc.com/attendee/210615525

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’s 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 nine months ended
	Sep. 30, 2023	Sep. 30, 2022	Jun. 30, 2023	Sep. 30, 2023
Property, plant and equipment expenditures	\$ 93,957	\$ 101,253	\$ 82,999	\$ 260,180
Exploration and evaluation expenditures	62,790	26,100	38,310	131,744
Capital expenditures	\$ 156,747	\$ 127,353	\$ 121,309	\$ 391,924

Free funds flow, is a non-GAAP financial measure that is determined by funds flow provided by operations less capital expenditures. The Company considers free funds flow to be a key measure as it demonstrates Parex’s ability to fund return of capital, such as the NCIB and dividends, without accessing outside funds and is calculated as follows:

(\$000s)	For the three months ended			For the nine months ended
	Sep. 30, 2023	Sep. 30, 2022	Jun. 30, 2023	Sep. 30, 2023
Cash provided by (used in) operating activities	\$ 87,568	\$ 250,643	\$ (36,612)	\$ 182,229
Net change in non-cash working capital	70,271	(44,231)	191,454	292,176
Funds flow provided by operations	157,839	206,412	154,842	474,405
Capital expenditures	156,747	127,353	121,309	391,924
Free funds flow	\$ 1,092	\$ 79,059	\$ 33,533	\$ 82,481

EBITDA, is a non-GAAP financial measure that is defined as net income adjusted for interest, taxes, depletion, depreciation and amortization. The Company considers EBITDA to be a key measure as it demonstrates Parex' profitability before interest, taxes, depletion, depreciation and amortization. A reconciliation from net income to EBITDA is as follows:

(\$000s)	For the three months ended			For the nine months ended
	Sep. 30, 2023	Sep. 30, 2022	Jun. 30, 2023	Sep. 30, 2023
Net income	\$ 119,736	\$ 65,632	\$ 101,415	\$ 325,526
Adjustments to reconcile net income to EBITDA:				
Finance income	(2,496)	(2,235)	(5,106)	(12,246)
Finance expense	5,219	931	4,253	13,176
Income tax expense (recovery)	49,995	85,413	(6,308)	76,859
Depletion, depreciation and amortization	48,817	36,170	45,627	136,396
EBITDA	\$ 221,271	\$ 185,911	\$ 139,881	\$ 539,711

Non-GAAP Ratios

Operating netback per boe, is a non-GAAP ratio that the Company considers to be a key measure as it demonstrates Parex' profitability relative to current commodity prices. Parex calculates operating netback per boe as operating netback (calculated as oil and natural gas sales from production, less royalties, operating, and transportation expense) 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 excluding purchased oil volumes for royalties and operating expense per boe.

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

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

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. A reconciliation from cash provided by (used in) operating activities to funds flow provided by operations is as follows:

(\$000s)	For the three months ended			For the nine months ended
	Sep. 30, 2023	Sep. 30, 2022	Jun. 30, 2023	Sep. 30, 2023
Cash provided by (used in) operating activities	\$ 87,568	\$ 250,643	\$ (36,612)	\$ 182,229
Net change in non-cash working capital	70,271	(44,231)	191,454	292,176
Funds flow provided by operations	\$ 157,839	\$ 206,412	\$ 154,842	\$ 474,405

Working capital (deficit) 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 (deficit) surplus is defined as current assets less current liabilities.

(\$000s)	For the three months ended			For the nine months ended
	Sep. 30, 2023	Sep. 30, 2022	Jun. 30, 2023	Sep. 30, 2023
Current assets	\$ 240,559	\$ 613,900	\$ 322,146	\$ 240,559
Current liabilities	298,070	384,137	325,103	298,070
Working capital (deficit) surplus	\$ (57,511)	\$ 229,763	\$ (2,957)	\$ (57,511)

Supplementary Financial Measures

"Oil and natural gas sales 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.

"Net revenue per boe" is comprised of net revenue, 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.

"Dividend yield" is defined as annualized dividends per share dividend by Parex's share price.

"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. Parex presents production per share 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 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.

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 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'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 document include, but are not limited to, statements with respect to: the Company's focus, plans, priorities and strategies; Parex's expectations that two of the prospective zones at the Arauca block have exploration upside; the anticipated timing of when production will commence at the Arauca-15 well; the anticipated timing of when the Arauca-8 big 'E' exploration well will reach total depth; Parex's expectations that its capital expenditures will be lower in the fourth quarter; Parex's forecasted increases in working capital, forecasted production growth, declining capital expenditures and inventory deployment and the anticipated timing thereof; Parex's anticipated average production at the Capachos block in the fourth quarter; the anticipated timing of when Parex will start a polymer flooding pilot project at the Cabrestero block and the anticipated benefits to be derived therefrom; the anticipated benefits to be derived from Parex's follow-up horizontal well at block LLA-81; the anticipated timing of when the Arantes well will spud; the anticipated timing of when the fourth and fifth horizontal wells at block LLA-34 will reach total depth; Parex's 2023 average production guidance and capital expenditure guidance; Parex's anticipated average production in Q4 2023; the anticipated timing of when Parex will release its 2024 formal guidance and updated three-year outlook; the anticipated terms of the Company's Q4 2023 regular quarterly dividend including its expectation that it will be designated as an "eligible dividend"; and the anticipated date and time of Parex's conference call to discuss third quarter 2023 results.

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; the risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs relating to the oil industry; changes to pipeline capacity; ability to access sufficient capital from internal and external sources; failure of counterparties to perform under contracts; the risk that Brent oil prices may be lower than anticipated; the risk that Parex's evaluation of its existing portfolio of development and exploration opportunities may not be consistent with its expectations; the risk that Parex may not have sufficient financial resources in the future to provide distributions to its shareholders; the risk that the Board may not declare dividends in the future or that Parex's dividend policy changes; the risk that Parex may not be responsive to changes in commodity prices; the risk that Parex may not meet its production guidance for the year ended December 31, 2023; the risk that Parex's 2023 capital expenditures may be greater than anticipated; the risk that working capital does not increase and/or production growth does not occur as forecasted, or at all; the risk that the Arauca block may have less prospective zones with exploration upside than anticipated; the risk that production may not commence at the Arauca-15 well when anticipated, or at all; the risk that the Arauca-8 big 'E' exploration well may not reach total depth when anticipated, or at all; the risk that Parex's average production at the Capachos block in the fourth quarter may be less than anticipated; the risk that Parex may not start a polymer flooding pilot project at the Cabrestero block when anticipated, or at all; the risk that the Arantes well may not spud when anticipated, or at all; the risk that the fourth and fifth horizontal wells at block LLA-34 may not reach total depth 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's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca).

Although the forward-looking statements contained in this document are based upon assumptions which Management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, Parex has made assumptions regarding, among other things: current and anticipated commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil, including the anticipated Brent oil price; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; receipt of partner, regulatory and community approvals; royalty rates; future operating costs; uninterrupted access to areas of Parex's operations and infrastructure; recoverability of reserves and future production rates; the status of litigation; timing of drilling and completion of wells; on-stream timing of production from successful exploration wells; operational performance of non-operated producing fields; pipeline capacity; that Parex will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Parex's conduct and results of operations will be consistent with its expectations; that Parex will have the ability to develop its oil and gas properties in the manner currently contemplated; that Parex's evaluation of its existing portfolio of development and exploration opportunities is consistent with its expectations; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that initial findings from the Arauca-15 well are an accurate reflection of future results; 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 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's current and future operations and such information may not be appropriate for other purposes. Parex's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits Parex will derive. These forward-looking statements are made as of the date of this document and Parex disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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: Parex's expectations that its capital expenditures will be lower in the fourth quarter; Parex's 2023 capital expenditure guidance; and the anticipated terms of the Company's Q4 2023 regular quarterly dividend including its expectation that it will be designated as an "eligible dividend", 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.

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

bbl	one barrel
bbls	barrels
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