

Parex Resources Announces Achievement of 60,000 BOE/D Production Milestone, Provides Business Update and Publishes 2023 Guidance Ahead of Capital Markets Day in Bogotá, Colombia



Calgary, Alberta, December 6, 2022 – Parex Resources Inc. (“Parex” or the “Company”) (TSX: PXT) is pleased to announce a fulsome business update, alongside its 2023 budget and guidance. The Company is hosting a capital markets day, which will be presented by members of Parex’s senior leadership team. The event will be webcast on December 6, 2022, with a link available at www.parexresources.com, beginning at 1:30 pm EST (11:30 am MST). *All amounts herein are in United States Dollars (“USD”) unless otherwise stated.*

Key Highlights

- Current production exceeded 60,000 boe/d in early December 2022, the highest in the Company’s history.
- Incorporating recent Colombia tax reform, the Company continues to have robust netbacks; at \$80/bbl Brent pricing, Parex’s 2023 guidance is approximately \$450 million of capital expenditures (midpoint), average production of roughly 60,000 boe/d (midpoint) and is expected to fully self-fund this plan with capacity for potential incremental dividends as well as normal course issuer bid (“NCIB”) share repurchases.
- Making further investments in facilities and infrastructure in 2023 to actively mitigate and arrest declines in core production areas, such as LLA-34 and Cabretero, which are expected to reduce maintenance capital in future years.
- Unveiled plan for 2023 through 2025, where post 2023 annual base production growth is expected to be approximately 5%, excluding exposure to a world-class exploration portfolio that has potential for transformational discoveries in both oil and gas plays.
- Signed a memorandum of understanding with Ecopetrol S.A., Colombia’s national oil company, along the high-potential Foothills trend in the Llanos Basin.
- Recent positive well test results⁽¹⁾ at the Capachos Block and VIM-1 Block, either of which would currently rank among the top producing wells in Colombia.

“I am extremely proud of our teams in Canada and Colombia that overcame challenges throughout the year and delivered on our promise of a 60,000 boe/d production rate by year end. This achievement demonstrates the resiliency of our employees and contractors, our world-class portfolio, and the potential we see in Colombia for the years to come,” commented Imad Mohsen, President and Chief Executive Officer.

“The 2023 plan builds on our 2022 successes and our three-year outlook shows that even before exploration potential is considered, Parex can grow its production at highly efficient capital rates while increasing its returns to shareholders.”

Strategy

Parex’s corporate strategy is unchanged and based on four key pillars: leveraging our Colombian advantage & ESG performance, driving safe & sustainable operations, strategically providing transformational exploration upside (“big ‘E’”), as well as delivering return of capital to shareholders.

Our strategic priorities build on 2022 successes and for 2023 our priorities continue to be across three areas:

- **Exploitation & Technology:** unlocking our extensive land base using technology as we apply proven techniques to drive step changes in capital efficiency.
- **Onshore Liquids & Gas Potential:** increasing our recovery factors and growing liquids production while pursuing longer-term, underexplored gas plays.
- **Outsized Exploration Potential:** focusing on material conventional oil and gas prospects and giving investors asymmetric risk and reward opportunities through a world-class exploration portfolio

(1) See Oil & Gas Matters Advisory.

2023 Budget

2023 Budget Highlights

- Program includes approximately 65 gross wells, with five operated rigs and three non-operated rigs.
- Capital expenditures at approximately \$450 million (midpoint), which is roughly 18% lower compared to 2022. This demonstrates the Company's commitment to capital discipline in a lower netback environment, while ensuring strong free funds flow generation that is to be returned to shareholders.
- Approximately 75% of total capital is focused on investments in operated blocks, with balanced deployment across multiple areas and basins as the Company further diversifies its operations from Southern Llanos Blocks LLA-34 and Cabrestero.
- Average production is expected to be between 57,000 to 63,000 boe/d, and forecast to be approximately 15% year-over-year absolute growth (midpoint).
- The production guidance range for 2023 has been widened relative to previous years to better account for uncontrollable above ground factors, with the midpoint including an increased downtime contingency assumption. The low case accounts for increased uncontrollable above ground factors and is not reflective of forecast production decline.
- Free funds flow ("FFF")⁽²⁾ estimated to be approximately \$230 million at \$80/bbl Brent guidance, which is expected to be 100% returned to shareholders through a combination of dividends and share repurchases. Currently, the Company's regular dividend is C\$1.00 per share annualized, which is approximately \$80 million, and leaves an estimate of \$150 million to be further returned to shareholders.
- In due course, the Company expects that it will submit a notice of intention to make an NCIB to the Toronto Stock Exchange for calendar 2023.
- Capital plan includes the spudding of three big 'E' wells (Blocks: Arauca, VIM-43 and LLA-122) that have the potential to be transformational opportunities for the Company.
- Approximately \$45 million of capital expenditures relate to carry capital from the Arauca and LLA-38 farm-in agreement with Ecopetrol S.A., announced on July 7, 2021, whereby Parex agreed to solely fund the initial work plan in exchange for proved reserves along with development and drill-ready exploration prospects.

Long-Term Capital Allocation Framework

Parex has a long-term capital allocation framework based off its total funds provided by operations ("FFO")⁽³⁾. As previously disclosed, the Company aims to reinvest approximately 66% of total FFO, while returning *at least* 33% of total FFO to shareholders through a combination of dividends and share repurchases.

Total FFO ⁽³⁾	Target Long-term Capital Allocation	2022 Forecast (Unchanged)	2023 Guidance (New)
Capital Reinvestment	~66%	~64%	~66%
Return of Capital (Dividends & Share Repurchases)	≥33%	~36%	≥33%

2023 Corporate Guidance

In 2023, Parex plans to continue adhering to its capital allocation framework, which provides sufficient reinvestment dollars for sustainable operations and to execute on step-change growth opportunities, as well as the return of capital to continue bolstering shareholder returns.

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

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

Category	2022 Forecast (Unchanged)	2023 Guidance (New)
Brent Crude Average Price (\$/bbl)	\$100	\$80
Production Average (boe/d)	52,000-53,000	57,000-63,000
Capital Expenditures (\$ millions) ⁽⁴⁾	\$525-575	\$425-475
Funds Flow Provided by Operations (\$ millions) ⁽⁵⁾	\$855-870	\$645-715
Free Funds Flow (\$ millions; midpoint) ⁽⁴⁾	\$310	\$230

2023 Capital Expenditure Breakdown⁽⁴⁾

Category	Midpoint Guidance (\$MM)	Midpoint Guidance (%)
Development Activity	\$270	60%
Development Facilities	\$90	20%
Big 'E' Exploration, including Seismic Activity	\$45	10%
Carry Capital ⁽⁶⁾	\$45	10%
Total Capital Expenditures	\$450	100%

2023 Activity Overview

Development

- Northern Llanos – Arauca (50% W.I.): The first well of a multi-well program is expected to spud in the first half of 2023; first well will be drilled in a discovered field and the second will be an appraisal well; pre-investing in infrastructure and building facility capacity for approximately 40,000 bbl/d.
- Northern Llanos – Capachos (50% W.I.): Two wells are expected to be drilled: one injector well to cycle associated gas and maximize liquids production and one near-field exploration well; beginning a facility expansion to increase fluid handling and allow for future production growth.
- Southern Llanos – LLA-26 and LLA-81 (100% W.I.): Following the drilling successes at LLA-32 and LLA-40, the Company is executing short-cycle opportunistic production adds at LLA-26 (timing shifted to predominantly 2023) and LLA-81 (newly identified area to exploit), representing some of the most attractive paybacks in Parex' portfolio.
- Southern Llanos – Cabrestero (100% W.I.): 13-15 wells to continue follow-up infill drilling and full waterflood implementation, plus infrastructure investments to continue optimizing operations and maximize reserves recovery.
- LLA-34 (55% W.I.): 35-40 gross wells, plus infrastructure and facilities to replicate Cabrestero success; optimizing operations and expansion of waterflood.

Big 'E' – Parex' Exploration Targets that have Transformational Properties for the Company

- Northern Llanos – Arauca (50% W.I.): The *Arauca-8* well is a multi-zone, high-impact exploration prospect that is targeting light crude oil.
- Magdalena – VIM-43 (100% W.I.): The *Chirimoya* well is in an area where there are stacked reservoirs, which highly increases the chance of success of a gas and condensate discovery; this prospect is one of the most potentially impactful in the Parex gas exploration portfolio.
- Llanos Foothills – LLA-122 (50% W.I.): *Arantes* is the first well within the Ecopetrol memorandum of understanding coverage area, targeting gas and condensate in an area where historical pool sizes are significant and the wells can be extremely prolific; this prospect is the first one to be drilled by Parex within the high-potential Foothills trend⁽⁷⁾.

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

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

(6) Relates to capital expenditures from the Arauca and LLA-38 farm-in agreement with Ecopetrol S.A., announced on July 7, 2021, whereby Parex agreed to solely fund the initial work plan in exchange for proved reserves along with development and drill-ready exploration prospects.

(7) See Analogous Information Advisory.

2023 Netback Sensitivity Estimates

The below netback sensitivity estimates are based on the Company's current interpretation of the 2023 Colombia tax reform and the expected tax position of the Company.

Brent Crude Price (\$/bbl)	\$60	\$70	\$80	\$90	\$100
Brent/Vasconia Crude Differential (\$/bbl)	\$4	\$4	\$4	\$4	\$4
Effective Tax Rate Estimate (%) ⁽⁸⁾	21%	27%	32%	38%	39%
FFO Netback (\$/boe) ⁽⁹⁾	\$25	\$28	\$31	\$32	\$36

Colombian Government Tax Reform Update

In November 2022, the Colombian Congress approved a tax reform that increases costs on oil and gas producers:

- Establishment of an income surtax of up to 15% linked to the historical Brent oil price; and
- Prevents the deduction of base royalties paid to the Colombian government from the income tax calculation.

This new tax provision is expected to go into effect in January 2023 and does not affect current tax bases or the tax rate for fiscal year 2022.

Compared to 2022 forecast values, the Company's interpretation, and forecasts of the tax reform impact on its effective tax rate for 2023 are as follows:

Brent Crude Price (\$/bbl)	\$60	\$70	\$80	\$90	\$100
2022 Effective Tax Rate Estimate (%) ⁽⁸⁾	18%	21%	22%	23%	24%
2023 Effective Tax Rate Estimate (%) ⁽⁸⁾	21%	27%	32%	38%	39%
Variance (%)	3%	6%	10%	15%	15%

Capital Flexibility for Lower Commodity Price Scenarios

Management has proactively included flexibility in the Company's 2023 capital expenditure program. In the event of a lower price cycle, where the oil price is sustained at lower than approximately \$60/bbl Brent, the Company can reduce capital by up to \$100 million to align with its long-term capital allocation framework.

In the event of higher oil prices, Parex will continue to demonstrate capital discipline and maintain its capital program as presented, in the absence of any significant discoveries that warrant additional capital deployment.

Three-Year Outlook

To highlight Parex's forecast declining capital expenditure profile, portfolio growth, and FFF potential, the Company has provided an outlook through 2025 in the form of a three-year base development plan. Assuming a commodity price environment of approximately \$80/bbl Brent oil price and forecast total capital expenditures within a range of \$325 to \$450 million per year, the Company is projected to generate cumulative FFF of approximately \$1 billion or C\$1.35 billion at current foreign exchange rates. Under this scenario, capital reinvestment adheres to the targeted long-term capital allocation framework, projects approximately 5% per annum average production growth, and increases return of capital to shareholders.

The three-year base development plan does not include upside from the big 'E' portfolio. Given Parex is forecast to allocate 10% to 15% of the annual capital expenditure budget to actively pursue transformational exploration opportunities, the plan does not include any associated capital and production from successful exploration follow-up that may occur over the outlook period.

(8) Effective tax rate is the expected current tax effective rate on FFO.

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

Encouraging Well Test Results at Capachos and VIM-1 Blocks

Northern Llanos: Capachos (50% W.I.) – Andina-1 Well

The Andina-1 well has been on production since September 2018 and has accumulated 3.5 MMBBL of oil from the Guadalupe formation. During a well service on the Andina-1 well, a test was conducted on the previously unproduced Mirador formation to test the capability of this zone in the Andina field on the block. The well was tested for 53 hours in mid-November and produced a total of 8,612 barrels of 39 API oil and 1,277 barrels of water, for an average daily rate of 3,900 bopd and 578 bwpd at a measured bottom hole drawdown of 13%. The well was tested at a maximum rate of 6,838 BOPD during a 4-hour period and bottom hole pressure recorders indicated a drawdown of 30% at this rate. The final watercut of the well was 1% and produced water during the test was associated with wellbore completion fluids. Parex has completed the Andina-1 well as a Mirador only producer.

Magdalena: VIM-1 (50% W.I.) – La Belleza-2 Well

The La Belleza-2 well was drilled to a total depth of 14,166 feet, approximately 2.5 kilometres east of the La Belleza-1 well. The well was drilled as a horizontal well and encountered 2,000 feet of porous limestone in the Cielo de Oro (“CDO”) formation then completed for natural flow production. Over an 8-day period in early November the well produced a total of 15,610 barrels of condensate and 62 MMCF of natural gas, representing an average test rate of 1,993 barrels of condensate per day and 8 MMCFD of gas (3,326 boepd). Due to liquid storage limitations, the true capability of the well could only be tested over a one-hour period where the well produced 7,530 barrels of condensate and 38.5 MMCFD of gas (13,953 boepd). Bottom hole pressure recorders indicated a producing drawdown of 4% during the average flow period and a maximum drawdown of 10% at the highest rate tested during the one-hour period. A total of 817 barrels of formation water and water of condensation was produced during the test for an average watercut of 5%, consistent with the long-term trends at the La Belleza-1 well.

Gas Strategy Update

Memorandum of Understanding with Ecopetrol S.A.

In 2022 Parex signed a memorandum of understanding (“MOU”) with Ecopetrol S.A. (“Ecopetrol”), Colombia’s national oil company. The MOU builds on the relationship between Parex and Ecopetrol, with an area of coverage spanning 13 blocks in the Llanos Basin, along the high-potential Foothills trend, and include the general scope of:

- Build on companies’ strengths to exploit potential synergies in developing gas volume in the area;
- Maximize the use of existing infrastructure; and
- Seek joint cooperation in general when it comes to blocks in the area of coverage.

In H2 2023, the first well that would be under the MOU area of coverage is expected to be spud at Block LLA-122 (50% W.I.).

Production Update – 2022

- Current production is in excess of 60,000 boe/d; operated production for the Company is over 50% for the first time since 2015.
- For the period of October 1, 2022 to November 30, 2022, estimated total average production was approximately 53,200 boe/d; current production increases have primarily come from operated blocks in Cabretero, Capachos and VIM-1.
- 2022 full-year production expected to average 52,000 to 53,000 boe/d and Q4 2022 production is expected to average 54,000 to 58,000 boe/d, both in line with prior guidance.

Northern Llanos – Capachos Block (50% W.I.) Update

- On November 19, 2022, the Company proactively shut-in its Capachos Block due to temporary security concerns; for Parex, the safety of our employees and contractors is our top priority. As a result of this shut-in, there was an approximately 5,000 boe/d net production impact from current wells in addition to delays in bringing new production online.
- On December 4, 2022, following meetings with national and local authorities, activities resumed at the Capachos Block and production is actively being brought back online with full operating rates expected in the coming days.

Capital Markets Day Webcast

We are holding a webcast for investors, analysts and other interested parties on Tuesday, December 6, 2022, at 1:30 pm EST (11:30 am MST). To participate in the webcast, please see the following [link](#).

Please note that a Capital Markets Day presentation has been posted to the Company's website, which includes additional detail in relation to the three-year outlook, including forecast production, FFO, capital expenditures, and FFF.

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 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 September 30, 2022 dated November 3, 2022 (the "MD&A"), which is available at the Company's website at www.parexresources.com and on the Company's profile on SEDAR at www.sedar.com 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. Amounts have been restated for prior periods to conform to the current year's presentation.

(\$000s)	For the three months ended			For the nine months ended
	September 30,		June 30,	September 30,
	2022	2021	2022	2022
Property, plant and equipment expenditures	\$ 101,253	\$ 51,637	\$ 93,346	\$ 278,467
Exploration and evaluation expenditures	26,100	20,923	32,894	86,039
Total capital expenditures	\$ 127,353	\$ 72,560	\$ 126,240	\$ 364,506

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. 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 nine months ended
	September 30,		June 30,	September 30,
	2022	2021	2022	2022
Cash provided by operating activities	\$ 250,643	\$ 118,298	\$ 244,783	\$ 686,033
Net change in non-cash working capital	(44,231)	34,415	(16,987)	(46,337)
Funds flow provided by operations	206,412	152,713	227,796	639,696
Capital expenditures, excluding corporate acquisitions	127,353	72,560	126,240	364,506
Free funds flow	\$ 79,059	\$ 80,153	\$ 101,556	\$ 275,190

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' profitability after all cash costs relative to current commodity prices. 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 nine months ended
	September 30,		June 30,	September 30,
	2022	2021	2022	2022
Cash provided by operating activities	\$ 250,643	\$ 118,298	\$ 244,783	\$ 686,033
Net change in non-cash working capital	(44,231)	34,415	(16,987)	(46,337)
Funds flow provided by operations	\$ 206,412	\$ 152,713	\$ 227,796	\$ 639,696

Supplementary Financial Measures

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

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.

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 presentation. As such, all data should be considered to be preliminary until such analysis or interpretation has been done.

Analogous Information

Certain information in this presentation may constitute "analogous information" as defined in NI 51-101. Such information includes production estimates, reserves estimates and other information retrieved from the continuous disclosure record of certain industry participants from www.sedar.com or other publicly available sources. Management of Parex believes the information is relevant as it may help to define the reservoir characteristics and production profile of lands in which Parex may hold an interest. Parex is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor and is unable to confirm that the analogous information was prepared in accordance with NI 51-101. Such information is not an estimate of the production, reserves or resources attributable to lands held or to be held by Parex and there is no certainty that the production, reserves or resources data and economic information for the lands held or to be held by Parex will be similar to the information presented herein. The reader is cautioned that the data relied upon by Parex may be in error and/or may not be analogous to such lands held or to be held by 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, including the Company's ability to drive safe and sustainable operations, strategically provide transformational exploration upside and deliver returns of capital; Parex's anticipated Q4 2022 production and full year 2022 production guidance; Parex's 2023 production guidance; Parex's three-year development plan and exploration strategy, including its anticipated levels of production; Parex's expectations with respect to its exploration portfolio and the anticipated benefits to be derived therefrom; Parex's expectations that it will continue to have robust netbacks that are expected to fully self-fund Parex's 2023 capital plan with capacity for incremental dividends and share repurchases; Parex's expectations that it will make further investments in facilities and infrastructure in 2023 and the anticipated benefits to be derived therefrom; Parex's expectations that it will grow its production at a highly efficient capital rate and increase returns to its shareholders; Parex's ability to increase its recovery factors and grow liquids production while pursuing longer-term underexplored gas plays; Parex's focus on material conventional oil and gas prospects and giving investors asymmetric risk and reward opportunities through a world-class exploration portfolio; Parex's 2023 budget, including its anticipated capital expenditures (including the breakdown thereof), free funds flow, shareholder returns and funds flow provided by operations; Parex's expectation that it will return 100% of its growth in free funds flow to its shareholders over the next three years; Parex's expectations that it will submit a notice of intention to make an NCIB to the Toronto Stock Exchange for calendar year 2023; Parex's plans of spudding three big "E" wells in 2023 and the anticipated benefits to be derived therefrom; Parex's long-term capital allocation framework guidance, including its anticipated capital reinvestment and returns of capital; Parex's development plans for its Northern Llanos – Arauca, Northern Llanos – Capachos, Southern Llanos – LLA-26 and LLA-81, Southern Llanos – Cabretero and LLA-34 locations, including the number of wells drilled and infrastructure/facility expansion plans in connection therewith; Parex's 2023 netback sensitivity estimates; the anticipated impact that the Colombian tax reform will have on Parex in 2023; the flexibility of the Company's 2023 capital expenditure program and the anticipated benefits to be derived therefrom; Parex's expectations that it will demonstrate capital discipline and maintain its capital program in the event of higher oil prices; Parex's three-year outlook, including its forecasted total capital expenditures and cumulative free funds flow and its expectation that it will allocate 10%-15% of its capital expenditure budget to actively pursue transformation exploration opportunities; the anticipated benefits to be derived from Parex's MOU with Ecopetrol and the anticipated timing thereof; the anticipated timing of when production at the Capachos Block will return to full operating rates; and the anticipated timing for Parex's capital markets day webcast.

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; the impact (and the duration thereof) that COVID-19 pandemic will have on the demand for crude oil and natural gas, Parex's supply chain and Parex's ability to produce, transport and sell Parex's 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'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's MOU with Ecopetrol will lead to a completed project; 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; that Parex will have sufficient financial resources to repurchase its shares in the future and other matters.

Included in this presentation are additional forward-looking statements which are estimates of Parex's 2023-2025 production growth, total capital expenditures and cumulative free funds flow. The foregoing 2023-2025 forecasts are based on various assumptions and are provided for illustration only and are based on budgets and forecasts that have not been finalized and are subject to a variety of contingencies including prior years' results. In addition, the foregoing 2023-2025 forecasts and any capital budgets underlying such forecasts are management prepared only and have not been approved by the Board of Directors of Parex. These forecasts are made as of the date of this presentation and except as required by applicable securities laws, Parex undertakes no obligation to update such forecasts.

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; 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; risk that other formations do not contain the expected oil bearing sands; the risk that Parex's production in 2022 may be less than anticipated; the risk that Parex's 2023 financial and production results may be less favorable than anticipated; the risk that Parex may not be successful in executing its three-year development plan and that the benefits derived therefrom may be less than anticipated; the risk that Parex's may not have robust netbacks that fully self-fund Parex's 2023 capital plan; the risk that Parex may not make further investments in facilities and infrastructure in 2023; the risk that Parex may not grow its production at a highly efficient capital rate or increase returns to its shareholders; the risk that Parex may not increase its recovery factors or grow its liquids production; the risk that Parex may not provide investors with asymmetric risk and reward opportunities; the risk that Parex may not return 100% of its growth in free funds flow to its shareholders over the next three years; the risk that Parex may not renew its NCIB for the calendar year 2023; the risk that Parex does not spud three big "E" wells in 2023; the risk that the impact that the Colombian tax reform has on Parex may be greater than anticipated; the risk that Parex may not demonstrate capital discipline or maintain its capital program in the event of higher oil prices; the risk that Parex's financial results for the years 2023-2025 may be less favorable than anticipated; the risk that Parex's MOU with Ecopetrol may not lead to a completed project when anticipated, or at all; the risk that production at the Capachos Block may not return to full operating rates when anticipated; the risk that Parex's capital markets day webcast does not occur when anticipated, or at all; the risk that Parex does not have sufficient financial resources in the future to pay a dividend; the risk that the Board does not declare dividends in the future or that Parex's dividend policy changes; 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.sedar.com).

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 2023 capital budget, including its anticipated capital expenditures (including the breakdown thereof), free funds flow, shareholder returns and funds flow provided by operations; Parex's expectation that it will return 100% of its growth in free funds flow to its shareholders over the next three years; Parex's long-term capital allocation framework guidance, including its anticipated capital reinvestment and returns of capital; Parex's 2023 netback sensitivity estimates; the anticipated impact that the Colombian tax reform will have on Parex in 2023; and Parex's three-year outlook, including its forecasted total capital expenditures and cumulative free funds flow and its expectation that it will allocate 10%-15% of its capital expenditure budget to actively pursue transformation exploration opportunities. Such financial information has been prepared by management to provide an outlook of the Company's financial results and activities and may not be appropriate for other purposes. This information has been prepared based on a number of assumptions including the assumptions discussed in this press release. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Company and management believe that the financial outlook has been prepared on a reasonable basis, reflecting management's best estimates and judgments. The financial outlook contained in this press release was made as of the date of this press release and Parex disclaims any intent or obligation to update publicly the press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

Distribution Advisory

The proposed aggregate dividend payment of approximately US\$80 million in 2023 remains subject to the approval of the Board of Directors of Parex and the declaration of such dividend is subject to a number of other assumptions and contingencies, including commodity prices. 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 an NCIB 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.