CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheets (unaudited)

As at (thousands of United States dollars)	NOTE		March 31, 2025		December 31, 2024
ASSETS					
Current assets					
Cash and cash equivalents	19	$	81,025	$	98,022
Restricted cash and cash equivalents	19		619		581
Accounts receivable	5		104,586		82,686
Prepaids and other current assets			31,165		29,042
Current income tax receivable			40,592		33,595
Crude oil inventory	6		1,269		2,017
			259,256		245,943
Exploration and evaluation	7		129,701		116,928
Property, plant and equipment	8		1,429,097		1,419,301
Long-term inventory	9		194,826		199,474
Other long-term assets	19		14,340		11,489
Deferred tax asset			97,283		88,475
Goodwill			73,452		73,452
		$	2,197,955	$	2,155,062
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	177,663	$	170,731
Derivative financial instruments	21		362		1,160
Current portion of decommissioning and environmental liabilities	15		12,191		14,655
			190,216		186,546
Bank debt	11		50,000		60,000
Lease obligations	12		4,506		4,622
Cash settled share-based compensation liabilities	17		5,530		9,553
Decommissioning and environmental liabilities	15		67,177		63,020
			317,429		323,741
Shareholders' equity					
Share capital	16		630,355		632,899
Contributed surplus			20,204		20,024
Retained earnings			1,229,967		1,178,398
			1,880,526		1,831,321
		$	2,197,955	$	2,155,062

Commitments and Contingencies (note 23)
See accompanying Notes to the Consolidated Interim Financial Statements

Approved by the Board:

"signed" Sigmund Cornelius Director	"signed" Bob MacDougall Director

Consolidated Statements of Comprehensive Income (unaudited)

		For the three months ended March 31,	
(thousands of United States dollars, except per share amounts)	**NOTE**	**2025**	2024
Oil and natural gas sales	**13**	**$ 265,635**	$ 335,298
Royalties		**(36,405)**	(53,082)
Net revenue		**229,230**	282,216
Other revenue	**13**	**2,512**	1,421
Commodity risk management contracts loss	**21**	**(563)**	—
Revenue		**231,179**	283,637
Expenses			
Production		**56,858**	59,824
Transportation		**16,818**	16,097
Purchased oil		**192**	101
General and administrative		**17,771**	19,168
Equity settled share-based compensation expense	**16**	**180**	198
Cash settled share-based compensation expense (recovery)	**17**	**1,912**	(2,661)
Depletion, depreciation and amortization	**8**	**50,419**	52,231
Other expenses[1]		**1,147**	739
Foreign exchange gain		**(1,584)**	(1,168)
		143,713	144,529
Finance (income)	**14**	**(1,297)**	(1,257)
Finance expense[1]	**14**	**5,056**	4,455
Net finance expense		**3,759**	3,198
Income before income taxes		**83,707**	135,910
Income tax expense			
Current tax expense		**11,887**	38,810
Deferred tax (recovery) expense		**(8,809)**	37,007
		3,078	75,817
Net income and comprehensive income for the period		**$ 80,629**	$ 60,093
Basic net income per common share	**18**	**$ 0.82**	$ 0.58
Diluted net income per common share	**18**	**$ 0.82**	$ 0.58

[1] Certain comparative figures have been reclassified to conform with the current period's presentation as described in Note 2.

See accompanying Notes to the Consolidated Interim Financial Statements

Consolidated Statements of Changes in Equity (unaudited)

For the three months ended March 31, (thousands of United States dollars)		**2025**		2024
Share capital				
Balance, beginning of period	**$**	**632,899**	$	660,817
Issuance of common shares under equity-settled plans		**—**		411
Repurchase of shares		**(2,544)**		(4,566)
Balance, end of period	**$**	**630,355**	$	656,662
Contributed surplus				
Balance, beginning of period	**$**	**20,024**	$	19,248
Share-based compensation		**180**		198
Options exercised		**—**		(102)
Balance, end of period	**$**	**20,204**	$	19,344
Retained earnings				
Balance, beginning of period	**$**	**1,178,398**	$	1,275,362
Net income for the period		**80,629**		60,093
Repurchase of shares		**(2,695)**		(10,725)
Dividends		**(26,365)**		(28,531)
Balance, end of period	**$**	**1,229,967**	$	1,296,199
	$	**1,880,526**	$	1,972,205

See accompanying Notes to the Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

(thousands of United States dollars)	NOTE	For the three months ended March 31, 2025	2024
Operating activities			
Net income		**$ 80,629**	$ 60,093
Add (deduct) non-cash items			
Depletion, depreciation and amortization	**8**	**50,419**	52,231
Non-cash finance expense	**14**	**3,124**	2,466
Equity settled share-based compensation expense	**16**	**180**	198
Cash settled share-based compensation expense (recovery)	**17**	**1,912**	(2,661)
Deferred tax (recovery) expense		**(8,809)**	37,007
Unrealized foreign exchange gain		**(4,919)**	(1,387)
Unrealized gain on commodity risk management contracts	**21**	**(798)**	—
Loss on settlement of tangible assets		**18**	—
Loss on settlement of decommissioning liabilities	**15**	**188**	360
Net change in assets and liabilities	**19**	**(34,323)**	(50,895)
Cash provided by operating activities		**87,621**	97,412
Investing activities			
Property, plant and equipment expenditures	**8**	**(44,951)**	(40,831)
Exploration and evaluation expenditures	**7**	**(12,103)**	(44,590)
Long-term inventory expenditures, net of transfers and sales	**9**	**4,648**	(3,843)
Property acquisition	**10**	**(15,968)**	—
Net change in non-cash working capital	**19**	**5,359**	(8,674)
Cash (used in) investing activities		**(63,015)**	(97,938)
Financing activities			
Common shares repurchased	**16**	**(5,239)**	(15,291)
Dividends	**16**	**(26,365)**	(28,531)
Bank debt repayment	**11**	**(10,000)**	(30,000)
Issuance of common shares under equity-settled plans	**16**	**—**	309
Payments on lease obligations	**12**	**(289)**	(194)
Net change in non-cash working capital	**19**	**103**	—
Cash (used in) financing activities		**(41,790)**	(73,707)
Decrease in cash and cash equivalents and restricted cash and cash equivalents for the period		**(17,184)**	(74,233)
Impact of foreign exchange on foreign currency-denominated cash balances		**1,554**	(195)
Cash and cash equivalents and restricted cash and cash equivalents, beginning of period	**19**	**101,787**	143,908
Cash and cash equivalents and restricted cash and cash equivalents, end of period	**19**	**$ 86,157**	$ 69,480

Supplemental Disclosure of Cash Flow Information (note 19)
See accompanying Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of United States dollars, unless otherwise stated. Amounts in text are in United States dollars, unless otherwise stated.)

1. Corporate Information

Parex Resources Inc. and its subsidiaries ("Parex" or "the Company") are in the business of the exploration, development, production and marketing of oil and natural gas in Colombia.

Parex Resources Inc. is a publicly traded company, incorporated and domiciled in Canada. Its registered office is at 2400, 525-8th Avenue S.W., Calgary, Alberta T2P 1G1. The Company was incorporated on August 17, 2009, pursuant to the Business Corporations Act (Alberta).

The condensed interim consolidated financial statements were approved by the Board of Directors on May 7, 2025.

2. Basis of Presentation and Material Accounting Policies

a) *Statement of compliance*

The condensed interim consolidated financial statements for the three months ended March 31, 2025 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The policies applied in these condensed interim consolidated financial statements are based on IFRS Accounting Standards issued and outstanding as of May 7, 2025, the date the Board of Directors approved the condensed interim consolidated financial statements.

b) *Basis of measurement*

The condensed interim consolidated financial statements have been prepared under the historical cost convention except for derivative financial instruments and share-based compensation transactions which are measured at fair value. The methods used to measure fair values are discussed in note 4 - Determination of Fair Values.

c) *Change in presentation*

Prior period expense items have been reclassified to conform to the current period's presentation.

Loss (gain) on settlement of provisions, loss (gain) on disposition of tangible assets, and other municipal taxes, that were previously included in Finance expense, have been included in Other expenses:

Consolidated Statements of Comprehensive Income (unaudited)		For the three months ended March 31, 2024
Finance expense, as previously presented	$	5,194
Reclassification to Other expenses		(739)
Finance expense, as currently presented	**$**	**4,455**

d) Use of management estimates, judgments and measurement uncertainty

The timely preparation of the condensed interim consolidated financial statements requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed interim consolidated financial statements. Accordingly, actual results could differ from estimated amounts as future confirming events occur.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2024.

3. Summary of Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year as described in note 3 of the Company's consolidated financial statements for the year ended December 31, 2024.

4. Determination of Fair Values

The methods used in the determination of fair value, for financial and non-financial assets and liabilities have not changed from the previous financial year. Refer to note 4 of the December 31, 2024 consolidated financial statements for details concerning determination of fair values.

5. Accounts Receivable

	March 31, 2025	December 31, 2024
Trade receivables	**$ 98,091**	$ 77,106
Value added taxes (VAT)	**6,495**	5,580
	$ 104,586	$ 82,686

Trade receivables consist primarily of oil sale receivables related to the Company's oil sales. VAT receivable is $6.5 million as at March 31, 2025 (December 31, 2024 - $5.6 million). All accounts receivable are expected to be received within twelve months and are thus recognized as current assets.

6. Crude Oil Inventory

	March 31, 2025	December 31, 2024
Crude oil inventory	**$ 1,269**	$ 2,017

Crude oil inventory consists of crude oil in transit at the balance sheet date and is valued at the lower of cost using the weighted average cost method and net realizable value. Costs include direct and indirect expenditures incurred in bringing the crude oil to its existing condition and location.

7. Exploration and Evaluation Assets

Cost		
Balance at December 31, 2023	**$**	**211,590**
Additions and transfers from long-term inventory		126,445
Transfers to PP&E		(168,053)
Changes in decommissioning liability		1,031
Exploration and evaluation impairment		(54,085)
Balance at December 31, 2024	**$**	**116,928**
Additions and transfers from long-term inventory		12,103
Changes in decommissioning liability		670
Balance at March 31, 2025	**$**	**129,701**

Exploration and Evaluation ("E&E") assets consist of the Company's exploration projects which are pending either the determination of proved or probable reserves or impairment. Additions and transfers of $12.1 million for the three months ended March 31, 2025 represent the Company's share of costs incurred on E&E assets during the period.

For the three months ended March 31, 2025 $0.7 million of general and administrative costs (three months ended March 31, 2024 - $1.5 million) have been capitalized in respect of exploration and evaluation activities during the current period.

At March 31, 2025 and December 31, 2024 the Company did not have any E&E assets in Canada.

8. Property, Plant and Equipment

		Canada		Colombia		Total
Cost						
Balance at December 31, 2023	**$**	**17,612**	**$**	**3,385,937**	**$**	**3,403,549**
Additions and transfers from long-term inventory		3,820		217,430		221,250
Transfers from E&E assets		—		168,053		168,053
Changes in decommissioning and environmental liability		—		(14,523)		(14,523)
Balance at December 31, 2024	**$**	**21,432**	**$**	**3,756,897**	**$**	**3,778,329**
Additions and transfers from long-term inventory		95		44,856		44,951
Additions related to property acquisition - Note 10		—		16,788		16,788
Changes in decommissioning and environmental liability		—		(1,743)		(1,743)
Balance at March 31, 2025	**$**	**21,527**	**$**	**3,816,798**	**$**	**3,838,325**
Accumulated Depreciation, Depletion and Amortization						
Balance at December 31, 2023	**$**	**9,778**	**$**	**2,055,596**	**$**	**2,065,374**
Depletion and depreciation for the year		1,975		212,961		214,936
Depreciation - Right-of-use-asset		760		74		834
DD&A included in crude oil inventory costing		—		(533)		(533)
Property, plant and equipment impairment		—		78,417		78,417
Balance at December 31, 2024	**$**	**12,513**	**$**	**2,346,515**	**$**	**2,359,028**
Depletion and depreciation for the period		620		49,600		50,220
Depreciation - Right-of-use-asset		181		18		199
DD&A included in crude oil inventory costing		—		(219)		(219)
Balance at March 31, 2025	**$**	**13,314**	**$**	**2,395,914**	**$**	**2,409,228**
Net book value:						
As at December 31, 2023	$	7,834	$	1,330,341	$	1,338,175
As at December 31, 2024	$	8,919	$	1,410,382	$	1,419,301
As at March 31, 2025	**$**	**8,213**	**$**	**1,420,884**	**$**	**1,429,097**

In the three months ended March 31, 2025 property, plant and equipment ("PPE") additions of $45.0 million mainly relate to drilling and facility costs in Colombia. During the three months ended March 31, 2025, the Company incurred $16.8 million in property acquisition costs to acquire the remaining working interest in Block LLA-32, resulting in a 100% working interest in the Block.

For the three months ended March 31, 2025 future development costs of $411.9 million (three months ended March 31, 2024 - $396.4 million) were included in the depletion calculation for development and production assets. For the three months ended March 31, 2025 $1.7 million of general and administrative costs (three months ended March 31, 2024 - $0.2 million) have been capitalized in respect of development and production activities during the current period.

At March 31, 2025 there were no indicators of impairment noted, or indicators requiring a reversal of previously recorded impairments.

9. Long-term Inventory

The Company has long-lead material inventory such as drill casing, natural gas compressors, and other major equipment.

Cost		
Balance at December 31, 2023	**$**	**204,701**
Additions		55,990
Transfers to E&E and PP&E assets		(40,028)
Transfer to production costs		(5,269)
Sale of inventory		(5,920)
Impairment		(10,000)
Balance at December 31, 2024	**$**	**199,474**
Additions		730
Transfers to E&E and PP&E assets		(4,434)
Transfer to production costs		(944)
Balance at March 31, 2025	**$**	**194,826**

For the three months ended March 31, 2025, long-term inventory additions were $0.7 million. During the three months ended March 31, 2025 $4.4 million of long-term inventory were incorporated into the costs of E&E and PP&E projects and $0.9 million were incorporated into production costs. During the three months ended March 31, 2025, the Company completed an impairment review of its long-term inventory and there were no indicators of impairment noted to record additional impairment to that recorded at December 31, 2024.

10. Property Acquisition

On March 14, 2025, Parex, through a foreign subsidiary, acquired an additional 25% working interest in the Azogue field in the LLA-32 Block and 12.5% working interest in the remainder of the LLA-32 Block (the "LLA-32 Acquisition") resulting in 100% working interest in the Block for the Company. The Company paid total net consideration of $16.0 million.

The consolidated statement of comprehensive income includes results of operation of the LLA-32 Acquisition since the closing date of March 14, 2025. There were no transaction costs associated with the LLA-32 Acquisition.

This transaction has been accounted for using the acquisition method whereby the assets acquired and the liabilities assumed are recorded at fair values. As the fair value of the identifiable assets was determined to equal the purchase price, no goodwill arose on the transaction. The following table summarizes the recognizable assets acquired and consideration paid pursuant to the acquisition:

Assets acquired and liabilities assumed		
PP&E	$	16,788
Decommissioning liabilities		(820)
	$	15,968

Consideration for the acquisition		
Purchase price	$	19,000
Purchase price adjustments		(3,032)
Net consideration	$	15,968
Cash paid	$	14,970
Working capital adjustments		998
Total consideration paid	**$**	**15,968**

No working capital was included in the assets acquired.

The pro forma results for the period ended March 31, 2025 are shown below, as if the LLA-32 Acquisition had occurred on January 1, 2025. Pro forma results are not indicative of actual results or future performance.

Oil and natural gas sales	$	29,400
Net revenue less direct costs	$	21,000

The pro forma net income and pro forma net income per share, basic and diluted, are considered impracticable to calculate and therefore not included. The consolidated statement of comprehensive income for the period ended March 31, 2025 includes $3.8 million of oil sales attributable to the assets acquired since the LLA-32 Acquisition. Revenue less direct costs for the period ended March 31, 2025 attributable to the assets acquired since the LLA-32 Acquisition is $3.0 million. Net income for the period ended March 31, 2025 attributable to the assets acquired since the Acquisition is considered impracticable to calculate.

11. Bank Debt

	March 31, 2025	December 31, 2024
Bank debt	$ 50,000	$ 60,000

The Company has a senior secured credit facility with a syndicate of banks which at March 31, 2025 had a borrowing base of $240.0 million (December 31, 2024 - $240.0 million). The credit facility is intended to serve as means to increase liquidity and fund cash or letter of credit needs as they arise. At March 31, 2025, $50.0 million (December 31, 2024 - $60.0 million) was drawn on the credit facility. The undrawn capacity on the credit facility at March 31, 2025 was $190.0 million (December 31, 2024 - $180.0 million).

The credit facility bears interest and fees based in the following manner:
(i) advances on the revolving facility bear interest at rates per annum equal to U.S. Base Rate or SOFR plus applicable margins;
(ii) advances on the operating line bear interest at rates per annum equal to Canadian Prime Rate plus applicable margins; and
(iii) undrawn amounts bear a commitment fee.

The credit facility is secured by the Company’s Colombian assets and has final maturity date of May 21, 2027. The next annual review is scheduled to occur in May 2026.

Key covenants include a rolling four quarters total funded debt to adjusted EBITDA test of 3:50:1, and other standard business operating covenants for each reporting period. The Company was in compliance with all key covenants at March 31, 2025.

The following table lists the Company's key financial covenant at March 31, 2025:

Covenant Description		March 31, 2025
Total Funded Debt to Adjusted EBITDA	Maximum Ratio 3.50:1	**0.41**

At March 31, 2025, performance guarantees are in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of $220.5 million (December 31, 2024 - $160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks (see note 23 - Commitments and Contingencies).

12. Lease Obligations

	Canada	Colombia	Total
Balance at December 31, 2023	**$ 5,154**	**$ 1,316**	**$ 6,470**
Interest expense	38	151	189
Lease payments	(702)	(168)	(870)
Foreign exchange gain	(419)	(167)	(586)
Balance at December 31, 2024	**$ 4,071**	**$ 1,132**	**$ 5,203**
Interest expense	9	38	47
Lease payments	(295)	(41)	(336)
Foreign exchange loss	238	59	297
Balance at March 31, 2025	**$ 4,023**	**$ 1,188**	**$ 5,211**
Current obligation	(690)	(15)	(705)
Long-term obligation	**$ 3,333**	**$ 1,173**	**$ 4,506**

13. Oil and Natural Gas Sales and Other Revenue

The Company's oil and natural gas production sales is determined pursuant to the terms of the revenue agreements. The transaction price for crude oil and natural gas is based on the commodity price in the month of production, adjusted for quality, location, allowable deductions, if any, or other factors. Commodity prices are based on market indices that are determined on a monthly or daily basis.

The Company's oil and natural gas sales by product are as follows:

	For the three months ended March 31,	
	2025	2024
Crude oil	**$ 259,877**	$ 332,743
Natural gas	**5,758**	2,555
Oil and natural gas sales	**$ 265,635**	$ 335,298

At March 31, 2025, receivables from contracts with customers, which are included in accounts receivable, were $98.1 million (December 31, 2024 - $77.1 million).

The Company's other revenue includes pipeline transportation revenue and revenue related to energy generation and use of infrastructure.

	For the three months ended March 31,	
	2025	2024
Other revenue	**$ 2,512**	$ 1,421

14. Net Finance Expense

	For the three months ended March 31,	
	2025	2024
Bank charges and credit facility fees	**$ 789**	$ 753
Interest on bank debt	**769**	1,136
Accretion on decommissioning and environmental liabilities	**3,222**	2,390
Interest and other income	**(1,297)**	(1,257)
Right-of-use-asset interest	**47**	44
Expected credit loss (recovery) provision	**(99)**	75
Other	**328**	57
Net finance expense	**$ 3,759**	$ 3,198

	For the three months ended March 31,	
	2025	2024
Non-cash finance expense	**$ 3,124**	$ 2,466
Cash finance expense	**635**	732
Net finance expense	**$ 3,759**	$ 3,198

15. Decommissioning and Environmental Liabilities

	Decommissioning	Environmental	Total
Balance, December 31, 2023	$ 71,523	$ 24,209	$ 95,732
Additions	5,398	332	5,730
Settlements of obligations during the year	(7,038)	(3,235)	(10,273)
Loss on settlement of obligations	1,593	—	1,593
Accretion expense	6,853	2,353	9,206
Change in estimate - inflation and discount rates	(9,400)	(3,205)	(12,605)
Change in estimate - costs and timing of settlements	1,725	(8,342)	(6,617)
Foreign exchange gain	(2,185)	(2,906)	(5,091)
Balance, December 31, 2024	$ 68,469	$ 9,206	$ 77,675
Additions	327	683	1,010
Property acquisitions - Note 10	702	118	820
Settlements of obligations during the period	(2,195)	(659)	(2,854)
Loss on settlement of obligations	188	—	188
Accretion expense	1,850	1,372	3,222
Change in estimate - inflation and discount rates	(2,442)	(299)	(2,741)
Change in estimate - costs and timing of settlements	549	109	658
Foreign exchange loss	912	478	1,390
Balance, March 31, 2025	**$ 68,360**	**$ 11,008**	**$ 79,368**
Current obligation	(9,903)	(2,288)	(12,191)
Long-term obligation	**$ 58,457**	**$ 8,720**	**$ 67,177**

The total environmental, decommissioning and restoration obligations were determined by management based on the estimated costs to settle environmental impact obligations incurred and to reclaim and abandon the wells and well sites based on contractual requirements. The obligations are expected to be funded from the Company's internal resources available at the time of settlement.

The total decommissioning and environmental liability is estimated based on the Company's net ownership in wells drilled as at March 31, 2025, the estimated costs to abandon and reclaim the wells and well sites and the estimated timing of the costs to be paid in future periods. The total undiscounted amount of cash flows required to settle the Company's decommissioning liability is approximately $218.3 million as at March 31, 2025 (December 31, 2024 – $216.8 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 11.7% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2024 – 11.2% risk-free discount rate and a 4.0% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the decommissioning liability is $9.9 million (December 31, 2024 – $11.7 million) that is classified as a current obligation.

The total undiscounted amount of cash flows required to settle the Company's environmental liability is approximately $21.4 million as at March 31, 2025 (December 31, 2024 – $24.6 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 11.7% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2024 – 11.2% risk-free discount rate and a 4.0% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the environmental liability is $2.3 million (December 31, 2024 – $2.9 million) that is classified as a current obligation.

16. Share Capital

a) Issued and outstanding common shares

	Number of shares		Amount
Balance, December 31, 2023	103,811,718	$	660,817
Issued for cash – exercise of options	22,168		309
Allocation of contributed surplus – exercise of options	—		102
Repurchase of shares	(5,494,850)		(28,329)
Balance, December 31, 2024	98,339,036	$	632,899
Repurchase of shares	(524,900)		(2,544)
Balance, March 31, 2025	**97,814,136**	**$**	**630,355**

The Company has authorized an unlimited number of voting common shares without nominal or par value.

In the three months ended March 31, 2025, there were no options exercised (year ended December 31, 2024 - 22,168 options were exercised for proceeds of $0.3 million). Also in the three months ended March 31, 2025, the Company repurchased 524,900 common shares pursuant to its Normal Course Issuer Bid at a cost of $5.2 million (average cost per share of Cdn$13.98).

For the year ended December 31, 2024, the Company repurchased 5,494,850 common shares pursuant to its Normal Course Issuer Bid at a cost of $73.8 million (average cost per share of Cdn$18.04). The cost to repurchase common shares at a price in excess of their average book value has been charged to retained earnings.

Dividends paid in 2025 were $26.4 million or Cdn$0.385 per share (for the year ended December 31, 2024 - $112.2 million or Cdn1.53 per share) to shareholders on record for each dividend payment.

b) Stock options

The Company has a stock option plan which provides for the issuance of options to the Company's officers and certain employees to acquire common shares. The maximum number of options reserved for issuance under the stock option plan may not exceed 5% of the number of common shares issued and outstanding. The stock options vest over a three-year period and expire five years from the date of grant.

	Number of stock options	Weighted average exercise price Cdn$/option
Balance, December 31, 2023	690,645	23.32
Granted	248,842	21.06
Exercised	(22,168)	18.75
Forfeited	(17,890)	24.67
Balance, December 31, 2024	899,429	22.78
Granted	533,022	12.74
Forfeited	(141,194)	22.21
Balance, March 31, 2025	**1,291,257**	**18.70**

Stock options outstanding and the weighted average remaining life of the stock options at March 31, 2025 are as follows:

	Options outstanding				Options vested			
Exercise price Cdn$	Number of options	Weighted average remaining life (years)		Weighted average exercise price Cdn$/option	Number of options	Weighted average remaining life (years)		Weighted average exercise price Cdn$/option
$12.74 - $15.49	533,022	4.93	$	12.74	—	—	$	—
$15.50 - $21.35	246,568	3.91	$	21.04	83,379	3.86	$	21.00
$21.36 - $22.71	156,621	0.85	$	21.69	156,621	0.85	$	21.69
$22.72 - $24.12	193,491	2.86	$	22.77	128,978	2.86	$	22.77
$24.13 - $27.02	161,555	1.84	$	27.00	160,939	1.84	$	27.01
	1,291,257	**3.54**	**$**	**18.70**	**529,917**	**2.11**	**$**	**23.46**

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

For the three months ended March 31,	**2025**	2024
Risk-free interest rate (%)	**2.66**	3.67
Expected life (years)	**4**	4
Expected volatility (%)	**41**	47
Forfeiture rate (%)	**3**	3
Expected dividend yield (%)	**11.48**	6.93

The weighted average fair value at the grant date for the three months ended March 31, 2025 was Cdn$1.68 per option (three months ended March 31, 2024 - Cdn$5.10 per option). In the three months ended March 31, 2025, there were no options exercised. The weighted average share price on the exercise date for options exercised in the three months ended March 31, 2024 was Cdn$22.14.

c) Equity settled share-based compensation

	For the three months ended March 31,	
	2025	2024
Option expense	**$ 180**	$ 198
Total equity settled share-based compensation expense	**$ 180**	$ 198

17. Cash Settled Incentive Plans

a) Cash or Share Settled Restricted Share Units and Performance Share Units ("CosRSUs and CosPSUs")

The Company has in place a cash or share settled RSU/PSU incentive plan. This plan provides for the issuance of RSUs and PSUs to certain employees of Parex Canada. The plan entitles the holders to receive a cash payment equal to the market price of the Company’s common shares at the time of exercise or the employee can elect to receive the award in Parex common shares. CosRSUs and CosPSUs vest over a three-year period and are exercised at the vest date.

CosRSU:	Number of CosRSUs	Weighted average exercise price Cdn$/ CosRSU
Balance, December 31, 2023	1,236,515	—
Granted[1]	683,101	—
Exercised	(593,565)	—
Forfeited	(163,799)	—
Balance, December 31, 2024	1,162,252	—
Granted[1]	869,680	—
Exercised	(510,029)	—
Forfeited	(26,292)	—
Balance, March 31, 2025	**1,495,611**	**—**

(1) Grants include units related to dividend equivalents granted on awards outstanding.

CosPSU:	Number of CosPSUs	Weighted average exercise price Cdn$/ CosPSU
Balance, December 31, 2023	821,865	—
Granted(1)	151,779	—
Granted by performance factor	57,567	
Exercised	(345,774)	—
Forfeited	(2,850)	—
Balance, December 31, 2024	682,587	—
Granted(1)	125,357	—
Granted by performance factor	40,596	—
Exercised	(303,209)	—
Forfeited	(9,979)	—
Balance, March 31, 2025	**535,352**	**—**

(1) Grants include units related to dividend equivalents granted on awards outstanding.

As at March 31, 2025, no CosRSUs and CosPSUs were vested.

The weighted average fair value at the grant date for the three months ended March 31, 2025 was Cdn$12.75 per CosRSU and CosPSU (three months ended March 31, 2024 - Cdn$21.06 per CosRSU and CosPSU). The weighted average share price on the exercise date for CosRSUs and CosPSUs exercised during the three months ended March 31, 2025 was Cdn$13.69 (three months ended March 31, 2024 – Cdn$21.95).

Pursuant to the cash or share settled restricted share unit and performance share unit plan, the Company has granted cash or share settled performance share units to certain employees. The CosPSUs vest three years after the grant date. CosPSUs may be granted with certain performance measures, specified at the grant date as determined by the Company's Board of Directors. Based upon the achievement of the performance measures, a pre-determined adjustment factor of between 0-2x is applied to CosPSUs eligible to vest at the end of the performance period. In March 2025 the board of directors approved a multiplier of 1.15X be applied to the 2022 CosPSU grant resulting in 40,596 CosPSUs issued. In March 2024 the board of directors approved a multiplier of 1.25X be applied to the 2021 CosPSU grant resulting in 57,567 CosPSUs issued.

Obligations for payments of cash under the CosRSUs and CosPSUs plans are accrued as compensation expense over the vesting period based on the fair value of CosRSUs and CosPSUs. The fair value of CosRSUs and CosPSUs is equivalent to the trading value of a common share of the Company on the valuation date. As at March 31, 2025, the total CosRSUs and CosPSUs liability accrued is $5.1 million (December 31, 2024 - $11.2 million) of which $0.9 million (December 31, 2024 - $4.0 million) is classified as long-term in accordance with the three-year vesting period.

b) Long Duration Restricted Share Units and Performance Share Units ("LDRSUs and LDPSUs")

In May 2024, Parex put in place the new long duration RSU/PSU incentive plan. This plan provides for the issuance of LDRSUs and LDPSUs to certain employees of Parex Canada. The plan entitles the holders to receive a cash payment equal to the market price of the Company's common shares at the time of exercise, or the employee can elect to receive the award in common shares. LDRSUs and LDPSUs vest over a three-year period and expire ten years from the date of grant.

LDRSU:	Number of LDRSUs	Weighted average exercise price Cdn$/ LDRSU
Balance, December 31, 2023	—	—
Granted[1]	154,383	—
Forfeited	(51,888)	—
Balance, December 31, 2024	102,495	—
Granted[1]	187,872	—
Balance, March 31, 2025	**290,367**	**—**

(1) Grants include units related to dividend equivalents granted on awards outstanding.

LDPSU:	Number of LDPSUs	Weighted average exercise price Cdn$/ LDPSU
Balance, December 31, 2023	—	—
Granted[1]	208,577	—
Balance, December 31, 2024	208,577	—
Granted[1]	372,157	—
Balance, March 31, 2025	**580,734**	**—**

(1) Grants include units related to dividend equivalents granted on awards outstanding.

As at March 31, 2025, no LDRSUs and LDPSUs were vested.

The weighted average fair value at the grant date for the three months ended March 31, 2025 was Cdn$12.75 per LDRSU and LDPSU. There were no LDRSUs and LDPSUs granted in the three months ended March 31, 2024.

Pursuant to the long duration restricted share unit and performance share unit plan, the Company has granted performance share units to certain employees. The LDPSUs vest three years after the grant date and expire 10 years after the grant date. LDPSUs may be granted with certain performance measures, specified at the grant date as determined by the Company's Board of Directors. Based upon the achievement of the performance measures, a pre-determined adjustment factor of between 0-2x is applied to LDPSUs eligible to vest at the end of the performance period.

Obligations for payments of cash under the LDRSUs and LDPSUs plans are accrued as compensation expense over the vesting period based on the fair value of LDRSUs and LDPSUs. The fair value of LDRSUs and LDPSUs is equivalent to the trading value of a common share of the Company on the valuation date. As at March 31, 2025, the total LDRSUs and LDPSUs liability accrued is $1.1 million (December 31, 2024 - $0.9 million) of which $0.7 million (December 31, 2024 - $0.6 million) is classified as long-term in accordance with the three-year vesting period.

c) Deferred share units ("DSUs")

The Company has in place a deferred share unit plan pursuant to which the Company may grant deferred shares to all non-employee directors. The deferred share units vest immediately and are settled in cash upon the retirement of the non-employee director from the Parex Board. The value of the DSUs at the exercise date is equivalent to the five-day weighted average share price at which the common shares of the Company traded for immediately preceding the exercise date. DSUs can only be redeemed following departure from the Company in accordance with the terms of the DSU Plan. The DSUs liability cannot be settled by the issuance of common shares.

	Number of DSU's	Weighted average exercise price Cdn$/ DSU
Balance, December 31, 2023	313,294	—
Granted(1)	57,382	—
Exercised on board retirement	(21,864)	—
Balance, December 31, 2024	348,812	—
Granted(1)	10,633	—
Balance, March 31, 2025	**359,445**	—

(1) Grants include units related to dividend equivalents granted on awards outstanding.

Given the DSUs vest immediately, obligations for payments of cash under the DSUs plan are accrued as compensation expense immediately based on the fair value of the DSU.

As at March 31, 2025, the total DSUs liability accrued is $3.4 million (December 31, 2024 - $3.5 million) of which $3.4 million (December 31, 2024 - $3.5 million) is classified as long-term in accordance with the terms of the DSU plan.

d) Cash settled restricted share units ("CRSUs")

Parex Colombia has a CRSUs plan that provides for the issuance of CRSUs to certain employees of Parex Colombia. The plan entitles the holders to receive a cash payment equal to the market price of the Company's common shares at the time of exercise. CRSUs vest over a three-year period and are exercised at the vest date. The CRSUs liability cannot be settled by the issuance of common shares.

	Number of CRSUs	Weighted average exercise price Cdn$/ CRSU
Balance, December 31, 2023	679,112	—
Granted(1)	569,740	—
Exercised	(350,201)	—
Forfeited	(87,975)	—
Balance, December 31, 2024	810,676	—
Granted(1)	872,917	—
Exercised	(337,632)	—
Forfeited	(24,272)	—
Balance, March 31, 2025	**1,321,689**	**—**

(1) Grants include units related to dividend equivalents granted on awards outstanding.

The weighted average fair value at the grant date for three months ended March 31, 2025 was Cdn$12.73 per CRSU (three months ended March 31, 2024 - Cdn$21.07 per CRSU). The weighted average share price on the exercise date for CRSUs exercised for the three months ended March 31, 2025 was Cdn$13.97 (three months ended March 31, 2024 – Cdn$22.08).

Obligations for payments of cash under the CRSUs plan are accrued as compensation expense over the vesting period based on the fair value of CRSUs. The fair value of CRSUs is equivalent to the trading value of a common share of the Company on the valuation date. As at March 31, 2025, the total CRSUs liability accrued is $2.1 million (December 31, 2024 - $4.4 million) of which $0.6 million (December 31, 2024 - $1.4 million) is classified as long-term in accordance with the three-year vesting period.

e) Cash settled share-based compensation

	For the three months ended March 31, 2025	2024
CosRSUs and CosPSUs expense (recovery)	**$ 1,792**	$ (600)
LDRSUs and LDPSUs expense	**239**	—
DSUs (recovery)	**(179)**	(827)
CRSUs expense (recovery)	**60**	(1,234)
Total cash settled share-based compensation expense (recovery)	**$ 1,912**	$ (2,661)
Cash payments made upon exercise in the period	**$ 10,714**	$ 18,962

18. Net Income per Share

a) Basic net income per share

	For the three months ended March 31, 2025	2024
Net income		
Net income for the purpose of basic net income per share	**$ 80,629**	$ 60,093
Weighted average number of shares for the purposes of basic net income per share (000s)	**98,115**	103,474
Basic net income per share	**$ 0.82**	$ 0.58

b) Diluted net income per share

	For the three months ended March 31, 2025	2024
Net income		
Net income used to calculate diluted net income per share	**$ 80,629**	$ 60,093
Weighted average number of shares for the purposes of basic net income per share (000s)	**98,115**	103,474
Dilutive effect of stock options on potential common shares	**—**	3
Weighted average number of shares for the purposes of diluted net income per share (000s)	**98,115**	103,477
Diluted net income per share	**$ 0.82**	$ 0.58

For the three months ended March 31, 2025, 1,291,257 stock options (three months ended March 31, 2024 - 761,688 stock options) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

19. Supplemental Disclosure of Cash Flow Information

a) Reconciliation of cash and cash equivalents and restricted cash and cash equivalents

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents to the amounts shown in the consolidated statement of cash flows:

	As at March 31,		As at December 31,	
	2025	2024	2024	2023
Cash and cash equivalents	**$ 81,025**	$ 61,052	$ 98,022	$ 140,352
Restricted cash and cash equivalents - current	**619**	—	581	—
Restricted cash and cash equivalents - long-term[(1)]	**4,513**	8,428	3,184	3,556
	$ 86,157	$ 69,480	$ 101,787	$ 143,908

(1) Included in Other long-term assets on the consolidated balance sheet.

b) Net change in assets and liabilities

	For the three months ended March 31,	
	2025	2024
Accounts receivable	**$ (21,900)**	$ (28,360)
Prepaids and other current assets	**(2,123)**	5,977
Oil inventory	**748**	(4,409)
Current income tax receivable/payable	**(6,997)**	8,554
Accounts payable and accrued liabilities	**4,484**	(41,437)
Depletion related to oil inventory	**(219)**	1,242
Decommissioning and environmental liabilities	**(2,854)**	(1,136)
Net change in assets and liabilities	**$ (28,861)**	$ (59,569)
Operating	**$ (34,323)**	$ (50,895)
Investing	**5,359**	(8,674)
Financing	**103**	—
Net change in assets and liabilities	**$ (28,861)**	$ (59,569)

c) Interest and taxes paid

	For the three months ended March 31,	
	2025	2024
Cash interest paid	**$ 1,057**	$ 1,117
Cash income taxes paid	**$ —**	$ —

20. Capital Management

The Company’s strategy is to maintain a strong capital base in order to provide flexibility in the future development of the business and maintain the confidence of investors and capital markets.

The Company has a senior secured credit facility with a syndicate of banks which as at March 31, 2025 had a borrowing base in the amount of $240.0 million (December 31, 2024 - $240.0 million). The credit facility is intended to serve as a means to increase liquidity and fund cash or letter of credit needs as they arise. As at March 31, 2025, $50.0 million (December 31, 2024 - $60.0 million) was drawn on the credit facility.

At March 31, 2025, performance guarantees are in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of $220.5 million (December 31, 2024 - $160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks (see note 23 - Commitments and Contingencies).

As at March 31, 2025, the Company's net working capital surplus was $69.0 million (December 31, 2024 - $59.4 million).

The Company has the ability to adjust its capital structure by issuing new equity or debt and making adjustments to its capital expenditure, share buy-back and dividend programs to the extent the capital expenditures are not committed. The Company considers its capital structure at this time to include shareholders’ equity, the credit facility and its working capital. As at March 31, 2025 shareholders’ equity was $1,880.5 million (December 31, 2024 - $1,831.3 million).

21. Financial Instruments and Risk Management

The Company’s non-derivative financial instruments recognized on the consolidated balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value. The fair values of the current financial instruments approximate their carrying value due to their short-term maturity. The fair value of the revolving credit facility is equal to its carrying amount as the facility bears interest at floating rates and the credit spreads within the facility are indicative of market rates.

As at March 31, 2025, with other variables unchanged, the impact on the Company's financial instruments of a 10% strengthening (weakening) of the Canadian dollar and COP against the US dollar would have decreased (increased) net income by approximately $4.8 million.

a) Credit risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money do not meet their obligations. The Company assesses the financial strength of its joint venture partners and oil marketing counterparties in its management of credit exposure.

For the three months ended March 31, 2025 the Company had the majority of its oil sales to two counterparties. The accounts receivable balance as at March 31, 2025 are substantially made up of receivables with customers in the oil and gas industry and are subject to normal industry credit risks. The Company historically has not experienced any collection issues with its crude oil customers. At March 31, 2025, there were no accounts receivable past due (December 31, 2024 - $nil).

None of the Company’s receivables are impaired at March 31, 2025. The maximum credit risk exposure associated with accounts receivable is the total carrying value.

b) Liquidity risk

The Company's approach to managing liquidity risk is to have sufficient cash and/or credit facilities to meet its obligations when due. Management typically forecasts cash flows for a period of 12 to 36 months to identify any financing requirements. Liquidity is managed through daily and longer-term cash, debt and equity management strategies. These include estimating future cash generated from operations based on reasonable production and pricing assumptions, estimating future discretionary and non-discretionary capital expenditures and assessing the amount of equity or debt financing available. The Company is committed to maintaining a strong balance sheet and has the ability to change its capital program based on expected operating cash flows. The balance drawn on the Company's $240.0 million credit facility at March 31, 2025 was $50.0 million (December 31, 2024 - $60.0 million).

The following are the contractual maturities of financial liabilities at March 31, 2025:

	Less than 1 year	2-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	$ 170,814	—	—	—	$ 170,814
Derivative financial instruments	362	—	—	—	362
Bank debt	—	50,000	—	—	50,000
Lease obligations	705	4,506	—	—	5,211
Cash settled equity plans payable	6,144	5,530	—	—	11,674
Total	**$ 178,025**	**60,036**	**—**	**—**	**$ 238,061**

The following are the contractual maturities of financial liabilities at December 31, 2024:

	Less than 1 year	2-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	$ 159,773	—	—	—	$ 159,773
Derivative financial instruments	1,160	—	—	—	1,160
Bank debt	—	60,000	—	—	60,000
Lease obligations	581	4,622	—	—	5,203
Cash settled equity plans payable	10,377	9,553	—	—	19,930
Total	**$ 171,891**	**74,175**	**—**	**—**	**$ 246,066**

c) Commodity price risk

The Company is exposed to commodity price movements as part of its operations, particularly in relation to the prices received for its oil production. Crude oil is sensitive to numerous worldwide factors, many of which are beyond the Company's control. Changes in global supply and demand fundamentals in the crude oil market and geopolitical events can significantly affect crude oil prices. Consequently, these changes could also affect the value of the Company's properties, the level of spending for exploration and development and the ability to meet obligations as they come due. The Company's oil production is sold under short-term contracts, exposing it to the risk of near-term price movements.

As at March 31, 2025, the Company had the following crude oil risk management contracts in place.

Period Hedged	Reference	Volume bbls/d	Sold Put	Purchased Put	Premium
April 1, 2025 to April 30, 2025	ICE Brent	11,250	$60.00	$70.00	$1.21
May 1, 2025 to May 31, 2025	ICE Brent	11,250	$60.00	$70.00	$3.00

The table below summarizes the gain/loss on the commodity risk management contracts that were in place during the three months ended March 31, 2025 and 2024:

	For the three months ended March 31, 2025	2024
Premiums paid on commodity risk management contracts	**$ 1,361**	$ —
Unrealized gain on commodity risk management contracts	**(798)**	—
Total	**$ 563**	$ —

d) Foreign currency risk

The Company is exposed to foreign currency risk as various portions of its cash balances are held in Canadian dollars (Cdn$) and Colombian pesos (COP$) while its committed capital expenditures are expected to be primarily denominated in US dollars.

As at March 31, 2025 and 2024, the Company had no foreign currency risk management contracts in place.

The following are the foreign currency risk management contracts entered into subsequent to March 31, 2025.

Period Hedged	Reference	Currency Option Type	Amount USD	Strike Price COP
May 15, 2025 to June 16, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
June 16, 2025 to July 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
July 15, 2025 to August 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
August 15, 2025 to September 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
September 15, 2025 to October 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
October 15, 2025 to November 18, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
November 18, 2025 to December 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650

22. Segmented Information

The Company has foreign subsidiaries and the following segmented information is provided:

For the three months ended March 31, 2025	Canada	Colombia	Total
Oil and natural gas sales	$ —	$ 265,635	$ 265,635
Royalties	—	(36,405)	(36,405)
Net revenue	—	229,230	229,230
Other revenue	—	2,512	2,512
Commodity risk management contracts (loss)	—	(563)	(563)
Revenue	—	231,179	231,179
Expenses			
Production	—	56,858	56,858
Transportation	—	16,818	16,818
Purchased oil	—	192	192
General and administrative	7,690	10,081	17,771
Equity settled share-based compensation expense	180	—	180
Cash settled share-based compensation expense	1,852	60	1,912
Depletion, depreciation and amortization	801	49,618	50,419
Other expenses	—	1,147	1,147
Foreign exchange gain	(17)	(1,567)	(1,584)
	10,506	133,207	143,713
Finance (income)	(130)	(1,167)	(1,297)
Finance expense	1,132	3,924	5,056
Net finance expense	1,002	2,757	3,759
Income (loss) before taxes	(11,508)	95,215	83,707
Current tax expense (recovery)	(1,000)	12,887	11,887
Deferred tax (recovery) expense	1,262	(10,071)	(8,809)
Net income (loss)	**$ (11,770)**	**$ 92,399**	**$ 80,629**
Capital assets (end of period)	$ 8,213	$ 1,550,585	$ 1,558,798
Capital expenditures	$ 95	$ 56,959	$ 57,054
Total assets (end of period)	$ 49,366	$ 2,148,589	$ 2,197,955

For the three months ended March 31, 2024	Canada	Colombia	Total
Oil and natural gas sales	$ —	$ 335,298	$ 335,298
Royalties	—	(53,082)	(53,082)
Net revenue	—	282,216	282,216
Other revenue	—	1,421	1,421
Revenue	—	283,637	283,637
Expenses			
Production	—	59,824	59,824
Transportation	—	16,097	16,097
Purchased oil	—	101	101
General and administrative	11,042	8,126	19,168
Equity settled share-based compensation expense	198	—	198
Cash settled share-based compensation (recovery)	(1,427)	(1,234)	(2,661)
Depletion, depreciation and amortization	545	51,686	52,231
Other expenses(1)	—	739	739
Foreign exchange (gain) loss	198	(1,366)	(1,168)
	10,556	133,973	144,529
Finance (income)	(358)	(899)	(1,257)
Finance expense(1)	1,416	3,039	4,455
Net finance expense	1,058	2,140	3,198
Income (loss) before taxes	(11,614)	147,524	135,910
Current tax expense (recovery)	(3,571)	42,381	38,810
Deferred tax expense	3,624	33,383	37,007
Net income (loss)	**$ (11,667)**	**$ 71,760**	**$ 60,093**
Capital assets (end of period)	$ 7,463	$ 1,571,842	$ 1,579,305
Capital expenditures	$ 174	$ 85,247	$ 85,421
Total assets (end of period)	$ 61,599	$ 2,293,913	$ 2,355,512

(1) Certain comparative figures have been reclassified to conform with the current period's presentation as described in Note 2.

For the three months ended March 31, 2025, the Company had two external customers (three months ended March 31, 2024 - three external customers), in the oil and gas industry that subject to normal industry credit risks, constituted more than 10% of commodity sales from production. Sales to these customers totaled $253.9 million for the three months ended March 31, 2025 and $324.3 million for the three months ended March 31, 2024.

23. Commitments and Contingencies

a) Colombia

At March 31, 2025, performance guarantees are in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of $220.5 million (December 31, 2024 - $160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks.

The value of the Company's exploration commitments as at March 31, 2025 in respect of the Colombia work commitments under E&P contracts, and joint venture farm-in arrangements are estimated to be as follows:

2025	$	51,420
2026		135,867
2027		11,763
2028		111,279
2029		11,689
Thereafter		474,268
	$	**796,286**

b) Operating leases

In the normal course of business, Parex has entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. These commitments include leases for office space and accommodations.

The existing minimum lease payments for office space and accommodations at March 31, 2025 are as follows:

		Total	2025	2026	2027	2028	2029	Thereafter
Office and accommodations	$	7,892	2,116	2,690	1,139	778	778	391

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Parex Resources Inc. ("Parex" or "the Company") for the period ended March 31, 2025 is dated May 7, 2025 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended March 31, 2025, as well as the Company's audited consolidated annual financial statements for the year ended December 31, 2024. The unaudited condensed interim consolidated financial statements and the audited consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

Additional information related to Parex is included in reports on file with Canadian securities regulatory authorities, including the Company's Annual Information Form dated March 4, 2025 ("AIF"), and may be accessed through the SEDAR+ website at www.sedarplus.ca.

All financial amounts are in United States dollars ("USD") unless otherwise stated.

Company Profile

Parex is one of the largest independent oil and gas companies in Colombia, focusing on sustainable, conventional production. The Company's corporate headquarters are in Calgary, Canada, with an operating office in Bogotá, Colombia. Parex's shares trade on the Toronto Stock Exchange under the symbol PXT.

Abbreviations

Refer to the final page of the MD&A for commonly used abbreviations in the document. Refer to the Advisory on Forward-Looking Statements and Non-GAAP and Other Financial Measures Advisory.

References to crude oil or natural gas production in this MD&A refer to the light crude oil 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*.

Three months ended March 31, 2025 ("first quarter" or "Q1") Highlights

- Recognized net income of $80.6 million ($0.82 per share basic) compared to net income of $60.1 million ($0.58 per share basic) in the comparative quarter of 2024. The increase from the comparative quarter is largely related to a decrease in current and deferred tax expense, partially offset by a decrease in oil revenues from lower oil volumes sold.
- Generated quarterly funds flow provided by operations ("FFO")(1) of $121.9 million ($1.24 per share basic(2)) compared to $148.3 million ($1.43 per share basic(2)) in the comparative quarter of 2024.
- Produced an operating netback of $39.40/boe(2) (Q1 2024 - $43.55/boe(2)) and an FFO netback of $30.90/boe(2) (Q1 2024 - $31.32/boe(2)) from an average Brent price of $74.98/bbl (Q1 2024 - $81.87/bbl).
- Incurred $57.1 million of capital expenditures(3).
- Acquired the remaining 25% working interest in the Azogue field in Block LLA-32 and the remaining 12.5% working interest in the remainder of Block LLA-32, resulting in a 100% working interest in the Block.
- Generated $64.9 million of free funds flow(3) that was used for return of capital initiatives, $10.0 million of bank debt repayment and increasing working capital surplus; working capital surplus(1) was $69.0 million and cash was $81.0 million at quarter end.
- Paid a C$0.385 per share(4) regular quarterly dividend and repurchased 524,900 shares pursuant to the Company's normal course issuer bid ("NCIB").

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

Corporate Guidance

Parex's 2025 average production guidance of 43,000 to 47,000 boe/d and capital expenditure guidance of $285 to $315 million remain unchanged. The Company is closely monitoring oil price volatility to ensure that project economics remain robust.

Financial Summary

	For the three months ended March 31,	
(Financial figures in $'000s except per share amounts)	**2025**	2024
Light Crude Oil and Medium Crude Oil (bbl/d)	**10,650**	7,237
Heavy Crude Oil (bbl/d)	**32,207**	45,543
Average oil production (bbl/d)(1)	**42,857**	52,780
Average conventional natural gas production (mcf/d)(1)	**4,806**	3,348
Average oil and natural gas production (boe/d)	**43,658**	53,338
Production split (% crude oil)	**98**	99
Oil and natural gas sales price ($/boe)(6)	**67.29**	70.80
Operating netback ($/boe) (1)	**39.40**	43.55
Oil and natural gas sales	**265,635**	335,298
Funds flow provided by operations(7)	**121,944**	148,307
Per share – basic(1)(3)	**1.24**	1.43
Per share – diluted (1)(3)	**1.24**	1.43
Net income	**80,629**	60,093
Per share – basic(3)	**0.82**	0.58
Per share – diluted(3)	**0.82**	0.58
Dividends paid	**26,365**	28,531
Per share - Cdn$(3)(6)	**0.385**	0.375
Share repurchases	**5,239**	15,291
Number of shares repurchased (000s)	**525**	920
Capital expenditures(2)	**57,054**	85,421
Long-term inventory expenditures	**(4,648)**	3,843
Free funds flow(2)	**64,890**	62,886
EBITDA(2)	**139,032**	192,078
Adjusted EBITDA(2)	**135,407**	188,228
Total assets (end of period)	**2,197,955**	2,355,512
Working capital surplus (end of period)(4)(7)	**69,040**	55,901
Bank debt (end of period)(5)	**50,000**	60,000
Weighted average shares outstanding (000s)		
Basic	**98,115**	103,474
Diluted	**98,115**	103,477
Outstanding shares (end of period) (000s)	**97,814**	102,914

(1) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".
(2) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory".
(3) 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.
(4) Working capital calculation does not take into consideration the undrawn amount available under the syndicated bank credit facility.
(5) Syndicated bank credit facility borrowing base of $240.0 million as at March 31, 2025.
(6) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory".
(7) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".

Financial and Operational Results

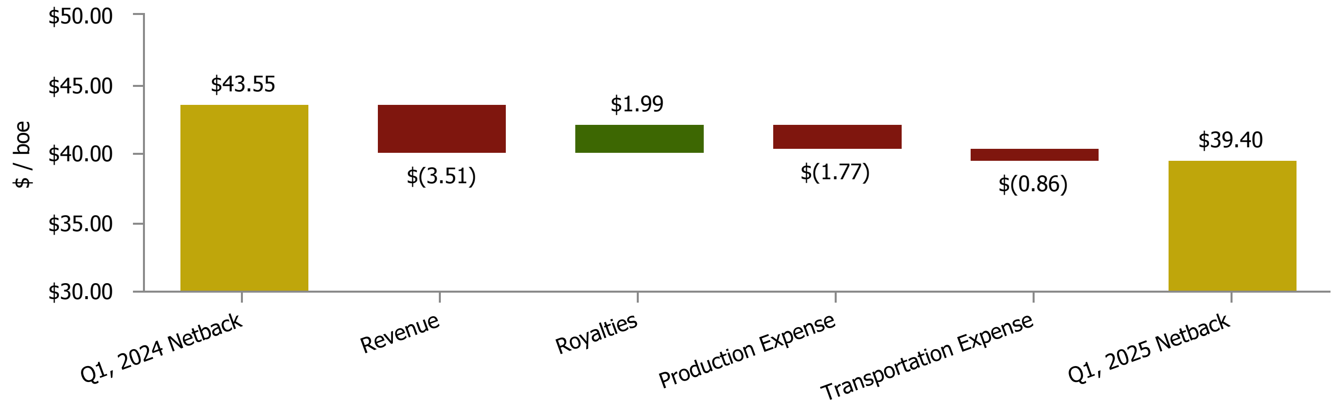
Consolidated Results of Operations

Parex's oil and gas operations are conducted in Colombia with head office functions conducted in Canada.

	For the three months ended March 31, 2025	2024
Average daily production		
Light Crude Oil and Medium Crude Oil (bbl/d)	**10,650**	7,237
Heavy Crude Oil (bbl/d)	**32,207**	45,543
Crude Oil (bbl/d)	**42,857**	52,780
Conventional Natural Gas (mcf/d)	**4,806**	3,348
Total (boe/d)	**43,658**	53,338
Production split (% crude oil production)	**98**	99
Average daily sales of oil and natural gas		
Produced crude oil (bbl/d)	**43,049**	51,472
Purchased crude oil (bbl/d)	**13**	11
Produced natural gas (mcf/d)	**4,806**	3,348
Total (boe/d)	**43,863**	52,041
Operating netback ($000s)		
Oil and natural gas sales	**$ 265,635**	$ 335,298
Royalties	**(36,405)**	(53,082)
Net revenue	**229,230**	282,216
Production expense	**(56,858)**	(59,824)
Transportation expense	**(16,818)**	(16,097)
Purchased oil	**(192)**	(101)
Operating netback(1)	**$ 155,362**	$ 206,194
Operating netback (per boe)		
Brent ($/bbl)	**$ 74.98**	$ 81.87
Parex price differential	**(7.69)**	(11.07)
Oil and natural gas sales(2)	**67.29**	70.80
Royalties(2)	**(9.22)**	(11.21)
Net revenue(2)	**58.07**	59.59
Production expense(2)	**(14.41)**	(12.64)
Transportation expense(2)	**(4.26)**	(3.40)
Operating netback(3)	**$ 39.40**	$ 43.55

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

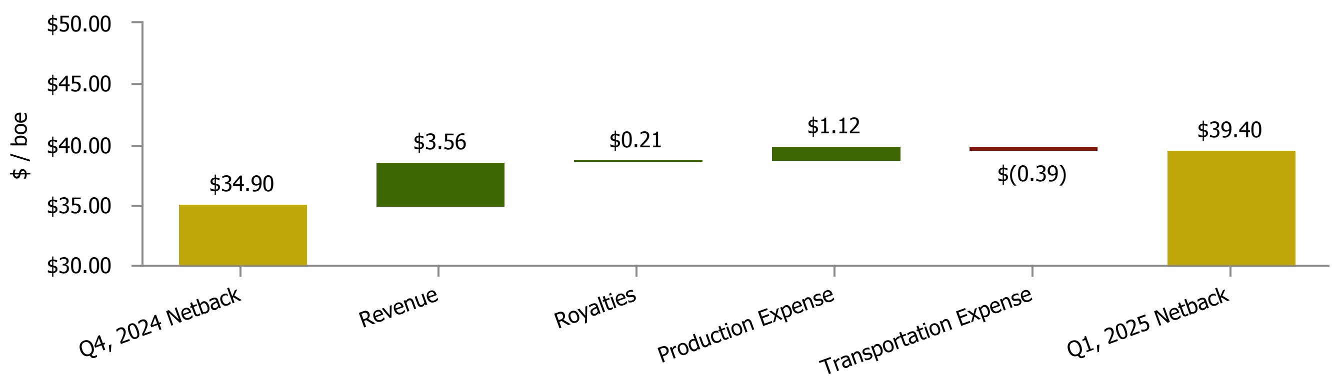
Change in Operating Netback by Component
Q1/24 vs. Q1/25



Overall, the Company's benchmark Brent crude oil price decreased by $6.89/bbl, while revenue decreased by $3.51/boe in the first quarter of 2025 as compared to the first quarter of 2024. The increase in revenue relative to the Brent crude benchmark decrease was mainly a result of improved location and quality differentials. Royalties decreased by $1.99/boe in the quarter compared to the first quarter of 2024 mainly as a result of lower production in the first quarter of 2025 in areas where high price share royalties are applicable resulting in lower higher price share royalties and lower realized prices. Production expense in the quarter increased by $1.77/boe compared to the first quarter of 2024 mainly as a result of increased fixed cost absorption and electrical power costs, partially offset by lower well workover and facility maintenance and the depreciation of the Colombian peso. Transportation expense in the quarter increased by $0.86/boe compared to the first quarter of 2024.

Overall, the operating netback decreased by $4.15/boe compared to a Brent benchmark crude price decrease of $6.89/bbl.

Change in Operating Netback by Component
Q4/24 vs. Q1/25



In the first quarter of 2025, the Company's benchmark Brent oil price increased by $0.97/bbl, while revenue increased by $3.56/boe as compared to the fourth quarter of 2024. The increase in revenue relative to the Brent crude benchmark increase was mainly a result of improved location and quality differentials. Royalties decreased by $0.21/boe mainly as a result of lower production in the first quarter of 2025 in areas where high price share royalties are applicable resulting in lower higher price share royalties. Production expense decreased by $1.12/boe mainly as a result of lower well workover and facility maintenance, and electrical power costs, partially offset by increased fixed cost absorption and the appreciation of the Colombian peso. Transportation expense in the quarter increased by $0.39/boe compared to the fourth quarter of 2024.

Overall, the operating netback increased by $4.50/boe compared to a Brent benchmark crude price increase of $0.97/bbl.

Oil and Natural Gas Sales and Other Revenue

a) Average Daily Production and Sales Volumes (boe/d)

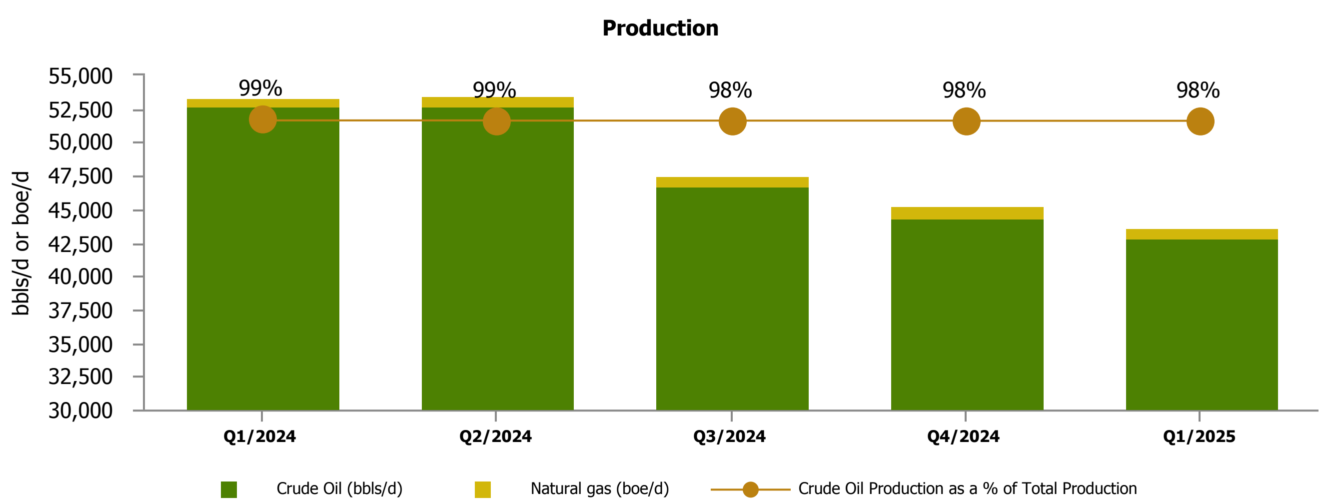
	For the three months ended March 31,	
	2025	2024
Block LLA-34	**22,210**	29,149
Southern Llanos Basin	**14,055**	18,820
Northern Llanos Basin	**4,341**	2,808
Magdalena Basin	**2,251**	2,003
Total Crude Oil Production	**42,857**	52,780
Natural gas production	**801**	558
Total Crude oil and natural gas production	**43,658**	53,338
Crude oil inventory draw (build)	**192**	(1,308)
Average daily sales of produced oil and natural gas	**43,850**	52,030
Purchased oil	**13**	11
Sales Volumes	**43,863**	52,041

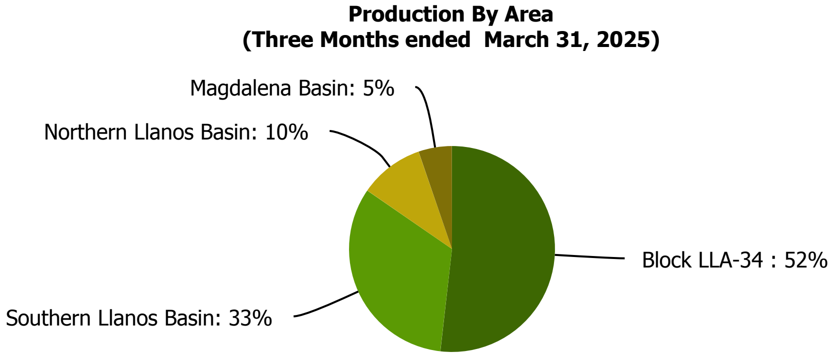
Crude oil and natural gas production for the first quarter of 2025 averaged 43,658 boe/d, which was in line with the Company's expectations. The quarter progressed steadily, which is aligned with the Company's activity plan to support a growing second half 2025 production profile. For Q2 2025, average production is expected to similar to Q1 2025. April 2025 average production was 41,400 boe/d, with production generally consistent with lower activity levels and modest capital outlay in Q1 2025, as well as higher than budgeted downtime due to weather factors. Higher downtime levels have normalized and initial average production rates in May are roughly 43,200 boe/d.

Crude oil and natural gas production for the first quarter of 2025 decreased approximately 4% compared to the fourth quarter of 2024 production of 45,297 boe/d and a decrease of approximately 18% from the first quarter of 2024 production of 53,338 boe/d.

The decrease in oil and natural gas production in the first quarter of 2025 compared to the first quarter of 2024 is mainly the result of decreased oil production at Block LLA-34 and Cabrestero Block in the Southern Llanos Basin mainly as a result of natural decline as well as reduced level of new development activity in alignment with a lower capital spending level. Production in the Northern Llanos Basin in the first quarter of 2025 was higher compared to the first quarter of 2024 as production in the first quarter of 2024 was impacted by temporary shut-ins on the Capachos Block due to security concerns.

Oil and natural gas sales in the first quarter of 2025 were 43,863 boe/d compared to 52,041 boe/d for the first quarter of 2024. The decrease in oil sales volumes was a result of the decrease in oil production from the comparative period.





b) Crude Oil Reference and Realized Prices

Average price for the period	**Q1 2025**	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Brent ($/bbl)	**74.98**	74.01	78.71	85.03	81.87
Parex location and quality differential ($/bbl)	**(2.26)**	(5.16)	(5.46)	(3.84)	(4.75)
Parex wellhead sales discount ($/bbl)	**(5.67)**	(4.84)	(4.18)	(5.50)	(6.10)
Parex realized oil sales price ($/bbl)(2)	**67.05**	64.01	69.07	75.69	71.02
Parex realized price (differential) to Brent crude ($/bbl)	**(7.93)**	(10.00)	(9.64)	(9.34)	(10.85)
Parex transportation expense ($/bbl)(1)(2)	**(4.34)**	(3.96)	(3.76)	(3.43)	(3.43)
Parex price differential and transportation expense ($/bbl)(2)	**(12.27)**	(13.96)	(13.40)	(12.77)	(14.28)

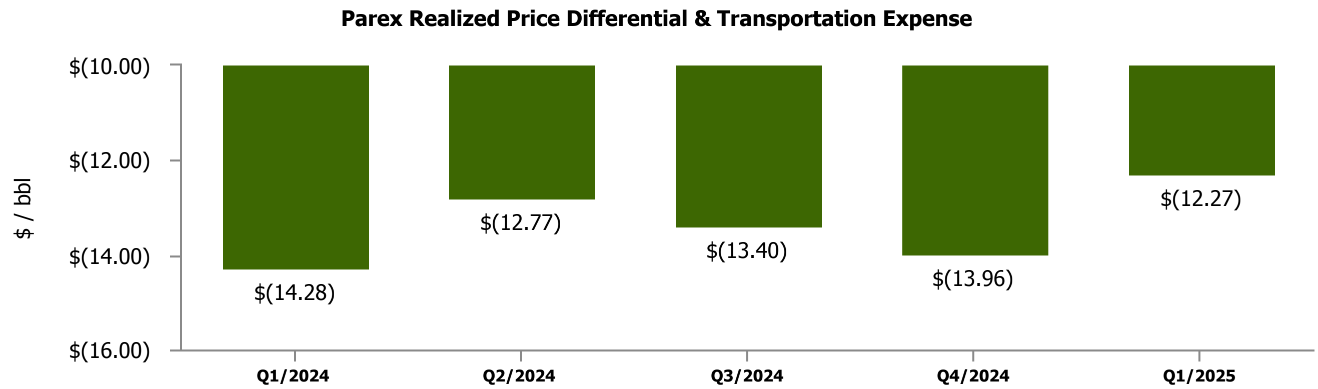
(1) Applies only to direct export cargo sales where Parex incurs the pipeline fees directly. See "Transportation Expense".
(2) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory".

During the first quarter of 2025, the differential between Brent reference pricing and the Company's realized oil sale price was $7.93/bbl. The differential to Brent crude during the first quarter of 2025 decreased by $2.07/bbl compared to the fourth quarter of 2024 where the differential was $10.00/bbl. Compared to the first quarter of 2024 Parex's realized price decreased from a differential of $10.85/bbl to $7.93/bbl which was primarily driven by improvements in location and quality differential, mainly due to narrower heavy oil differentials.

Differences between Parex's realized price and Brent crude price are mainly related to location and quality adjustments, wellhead sale marketing contracts, and the timing of oil sales compared to quarter averages. The location and quality differential between Brent crude pricing also affects Parex's realized sales price and is set in liquid global markets and therefore attributed to factors that are beyond the Company's control making it inherently difficult to forecast.

Parex's realized price differential to Brent crude can fluctuate period over period due to, among other factors, the type of sales contracts and the accounting treatment for oil sold at the wellhead versus direct export sales contracts.

The current Vasconia differential to Brent is approximately $2/bbl, comparable to the first quarter 2025 differential of $2.26/bbl, and improved from the fourth quarter 2024 differential of $5.16/bbl. This improvement is likely a result of tariff tensions impacting world crude pricing.



c) Natural Gas Sales and Realized Prices

	For the three months ended March 31, 2025	2024
Natural gas sales ($000's)	**$ 5,758**	$ 2,555
Realized sales price ($/Mcf)(1)	**13.31**	8.39

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

Parex's natural gas sales were $5.8 million for the three months ended March 31, 2025 compared to $2.6 million in the comparative period of 2024. The increase in natural gas sales from the comparative period of 2024 is primarily related to increased volumes sold from the Capachos and VIM-1 Blocks.

d) Oil and Natural Gas Sales

First quarter 2025 oil and natural gas sales decreased by $69.7 million or 21% as reconciled in the table below to the first quarter of 2024:

($000s)	
Oil and natural gas sales, three months ended March 31, 2024	**$ 335,298**
Sales volume of produced oil, a decrease of 16% (8,423 bopd)	**(57,494)**
Sales volume of purchased oil, an increase of 18% (2 bopd)	**12**
Oil sales price decrease of 6%	**(15,384)**
Sales volume and price change of produced natural gas	**3,203**
Oil and natural gas sales, three months ended March 31, 2025	**$ 265,635**

Oil and natural gas sales decreased in the three months ended March 31, 2025 compared to the same period in 2024 mainly due to lower oil volumes sold and a decrease in world oil prices.

e) Crude Oil Inventory in Transit

As at March 31, ($000s)		2025		2024
Crude oil in transit	**$**	**1,269**	$	8,663

At March 31, 2025, the Company had 31.3 mbbls of crude oil inventory compared to 224.7 mbbls at March 31, 2024, which was injected into Colombian pipelines. The inventory was valued based on direct and indirect expenditures (including production costs, certain transportation costs, depletion expense and royalty expense) at $41/bbl at March 31, 2025 compared to $39/bbl at March 31, 2024 incurred in bringing the crude oil to its existing condition and location.

A reconciliation of quarter to quarter crude oil inventory movements is provided below:

For the periods ended (mbbls)	**Mar. 31, 2025**	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024
Crude oil inventory in transit - beginning of the period	**48.5**	240.6	253.1	224.7
Oil production	**3,857.1**	4,087.7	4,309.4	4,802.1
Oil sales	**(3,875.6)**	(4,279.8)	(4,326.2)	(4,778.6)
Purchased oil	**1.3**	—	4.3	4.9
Crude oil inventory in transit - end of the period	**31.3**	48.5	240.6	253.1
% of period production	**0.8**	1.2	5.6	5.3

Crude oil inventory build and (draw) from period to period are subject to factors that the Company does not control such as timing of the number of shipments from storage to export. The Company expects crude oil inventory in future periods to remain in line with normal historic levels of below 5% of period production.

f) Purchased Oil

		For the three months ended March 31, 2025		2024
Purchased oil expense ($000s)	**$**	**192**	$	101

Purchased oil expense for the three months ended March 31, 2025 was $0.2 million compared to $0.1 million for the three months ended March 31, 2024 and $0.1 million in the fourth quarter of 2024.

Purchased oil expense has increased compared to the comparative period of 2024 as a result of an increase in oil blending operations and purchases of partner crude oil. Transportation costs are incurred by the Company to transport purchased oil to sale delivery points.

g) Other Revenue

The Company's other revenue includes pipeline transportation revenue and revenue related to energy generation and use of infrastructure.

	For the three months ended March 31, 2025	2024
Other revenue	**2,512**	1,421

Royalties

	For the three months ended March 31,			
		2025		2024
Base royalties[1]	**$**	**21,547**	$	27,658
Economic rights[2]		**14,858**		25,424
Royalties ($000s)	**$**	**36,405**	$	53,082
Per unit ($/boe)[3]		**9.22**		11.21
Percentage of sales[3]		**14**		16

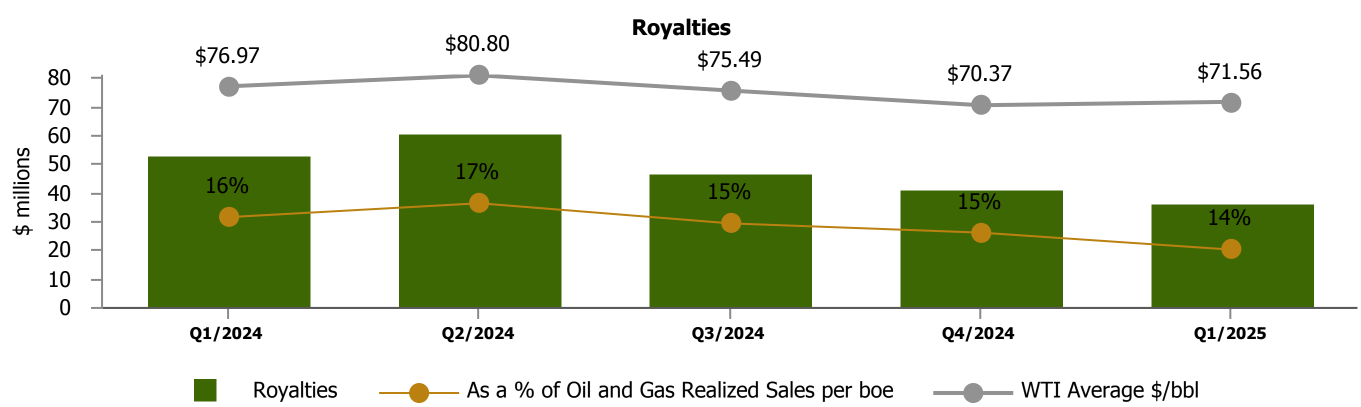
(1) Base royalties are sliding scale royalties based on field production and payable to the Colombian National Hydrocarbon Agency ("ANH"). Refer to the Company's AIF, which may be accessed through the SEDAR+ website at www.sedarplus.ca.
(2) Economic rights include high price share royalties applicable to production in excess of 5 million barrels of oil and X-Factor royalties are an additional royalty applicable to heavy oil production, both payable to ANH. Refer to the Company's AIF, which may be accessed through the SEDAR+ website at www.sedarplus.ca.
(3) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory".

For the three months ended March 31, 2025 royalties as a percentage of sales were 14% compared to 16% for the three months ended March 31, 2024. Fourth quarter 2024 royalties as a percentage of sales were 15%. The decrease in royalties as a percentage of sales from the 2024 comparative period was mainly a result of lower production in the first quarter of 2025 in areas where high price share royalties are applicable resulting in decreased higher price share royalties and lower Benchmark WTI prices.

Benchmark WTI prices are used in the high price share royalty ("HPR") calculation. Effectively, higher realized WTI oil prices result in a higher royalty percentage realized. Benchmark WTI prices for the three months ended March 31, 2025 were $71.56 compared to $76.97 for the 2024 comparative period and $70.37 in the fourth quarter of 2024.

The decrease in royalty expense to $36.4 million in the three months ended March 31, 2025 compared to $53.1 million for the 2024 comparative period is mainly as a result of lower production in the first quarter of 2025 in areas where higher price share royalties are applicable resulting in lower high price share royalties.

For further information concerning the HPR please refer to the Company's AIF, which may be accessed through the SEDAR+ website at www.sedarplus.ca.



Production Expense

		For the three months ended March 31,	
		2025	2024
Production expense ($000s)		**$ 56,858**	$ 59,824
Per unit ($/boe)(1)		**14.41**	12.64

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

Production expense for the three months ended March 31, 2025 was $14.41/boe compared to $12.64/boe for the three months ended March 31, 2024. Production expense for the fourth quarter of 2024 was $15.53/boe.

The table below provides a reconciliation of the variance in production expense per boe by its main components:

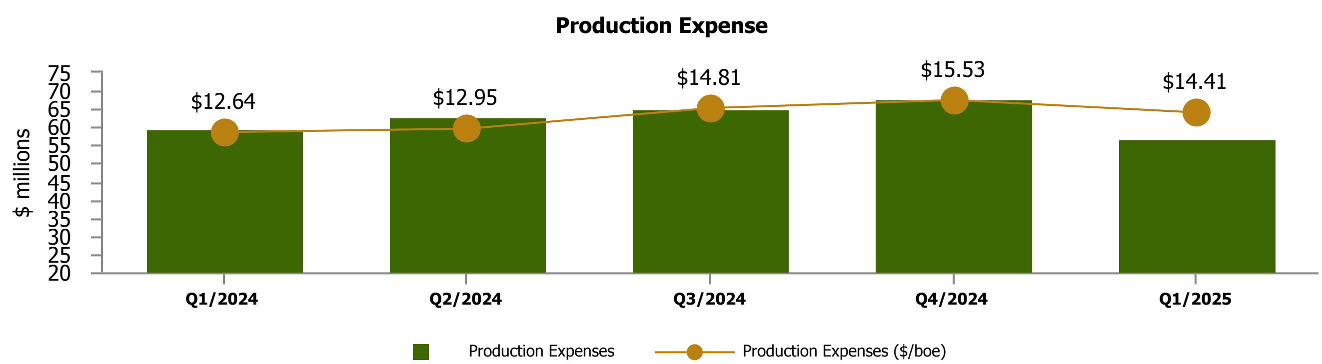
	Q1 2025 vs Q4 2024	**Q1 2025 vs Q1 2024**
Comparative period production expense per boe(1)	**$ 15.53**	**$ 12.64**
Power generation	**(0.56)**	**1.14**
Well workovers and facility maintenance	**(2.03)**	**(0.97)**
Colombian pesos ("COP") appreciation (depreciation)	**0.54**	**(0.92)**
Fixed costs absorption	**0.77**	**2.49**
Other variable costs	**0.16**	**0.03**
Current period production expense per boe(1)	**$ 14.41**	**$ 14.41**

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

The increase in production expense for the three months ended March 31, 2025 over the three months ended March 31, 2024 comparative period is mainly the result of fixed costs in 2025 being spread over lower production resulting in increased per boe costs, increased cost of electrical power that supplies fields with required power to operate, partially offset by lower well workover and facility maintenance the first quarter of 2025 over the 2024 comparative period and the depreciation of the COP.

Colombia experienced an El Niño-induced drought that led to an escalation in power costs across the country during 2024. Colombia is heavily reliant on hydroelectric power. Power costs have started to decrease in Q1 2025 compared to Q4 2024 however, costs were still elevated compared to Q1 2024.

Compared to the fourth quarter of 2024, first quarter 2025 production expense per boe has decreased due to lower well workover and facility maintenance and electrical power costs, partially offset by increased fixed costs being spread over lower production resulting in increased per boe costs and the appreciation of the COP. Production expense per boe is estimated to be approximately $15-16/boe for 2025.



Transportation Expense

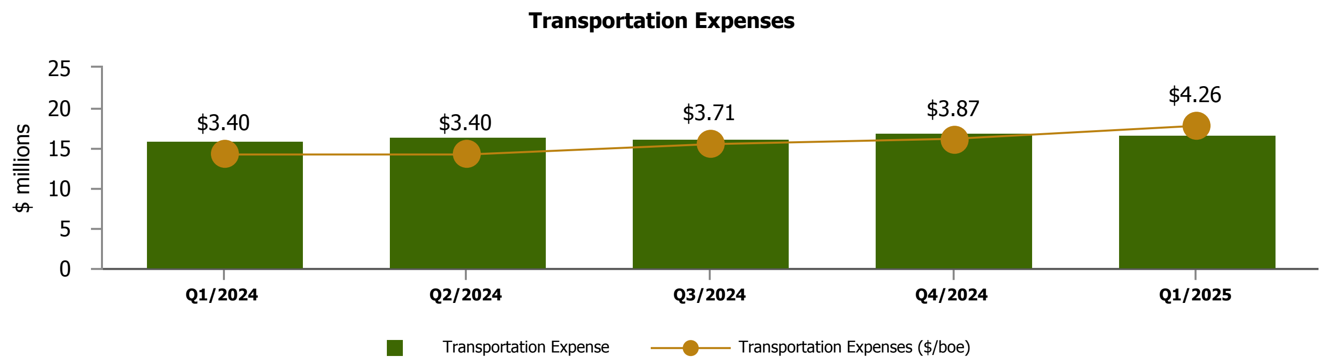
	For the three months ended March 31,	
	2025	2024
Transportation expense ($000s)	$ **16,818**	$ 16,097
Per unit ($/boe)(1)	**4.26**	3.40

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

Transportation expense includes trucking costs incurred to transport production to several offloading stations for sale and in some instances an oil transportation tariff from delivery point to the buyer's facility and pipeline tariffs.

For the three months ended March 31, 2025 the cost of transportation on a per boe basis was $4.26/boe compared to $3.87/boe in the fourth quarter of 2024 and $3.40/boe for the three months ended March 31, 2024. Transportation expense will fluctuate period over period due to the mix of sales contract types in force during the period.

The combined transportation expense and price differential from Brent, on a per boe basis, has decreased from the first quarter of 2024 and the fourth quarter of 2024. See "Crude Oil Reference and Realized Prices".



General and Administrative Expense ("G&A")

	For the three months ended March 31,	
($000s)	**2025**	2024
Gross G&A	$ **21,585**	$ 21,982
G&A recoveries	**(1,335)**	(1,055)
Capitalized G&A	**(2,479)**	(1,759)
Total net G&A	$ **17,771**	$ 19,168
Per unit ($/boe) (1)	**4.52**	3.95

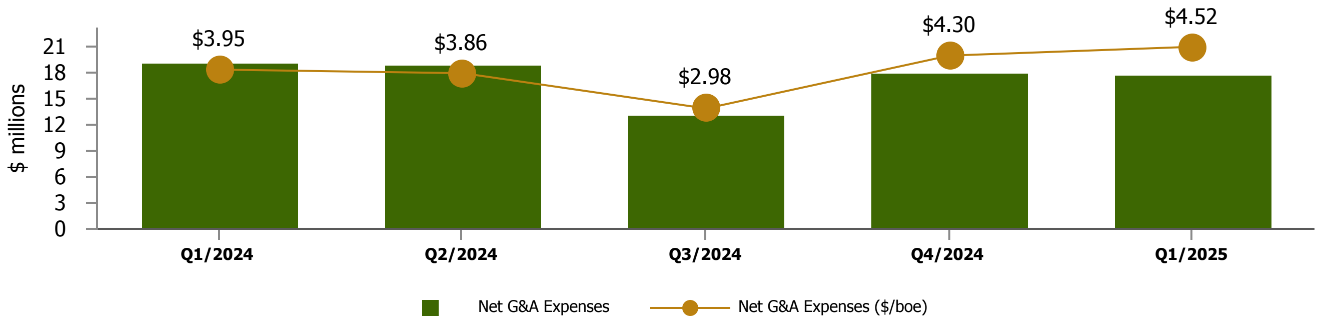
(1) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory".

Net G&A was $17.8 million for the three months ended March 31, 2025 compared to $19.2 million for the three months ended March 31, 2024. Gross G&A was $21.6 million for the three months ended March 31, 2025 (three months ended March 31, 2024 - $22.0 million).

For the three months ended March 31, 2025, on a per boe basis, net G&A has increased by 14% to $4.52 from $3.95 in comparative period of 2024. This is mainly a result of lower production resulting in increased per boe costs.

The Company's G&A expense is denominated in local currencies of Colombian peso and Canadian dollars which as they appreciate/depreciate have an impact on G&A expense. Refer to the "Foreign Exchange Sensitivity Analysis" for further information.

Net General and Administrative Expenses



Share-Based Compensation

($000s)	For the three months ended March 31, 2025		2024
Equity settled share-based compensation expense	**$**	**180**	$ 198
Cash settled share-based compensation expense (recovery)		**1,912**	(2,661)
Total share-based compensation expense (recovery)	**$**	**2,092**	$ (2,463)

Share-based compensation expense was $2.1 million for the three months ended March 31, 2025 compared to a recovery of $2.5 million for the three months ended March 31, 2024.

Equity settled share-based compensation expense was $0.2 million for the three months ended March 31, 2025 compared to $0.2 million for the three months ended March 31, 2024. Equity settled share-based compensation includes the Company's stock option plan.

Cash settled share-based compensation relates to the Company's cash settled incentive plans and includes cash or share settled restricted share units and performance share units ("CosRSUs and "CosPSUs"), long duration restricted share units and performance share units ("LDRSUs and "LDPSUs"), cash settled restricted share units ("CRSUs") and deferred share units ("DSUs"). For the three months ended March 31, 2025 there was an expense of $1.9 million related to cash settled incentive plans compared to a recovery of $2.7 million for the same period in 2024. This increase in expense is mainly attributable to additional units issued, partially offset an 8% decrease in Parex's share price in the first quarter of 2025. The recovery in the first quarter of 2024 is mainly attributable to the 13% decrease in Parex's share price during the period, partially offset by additional units issued.

Obligations for payments of cash under the Company's cash settled incentive plans are accrued as an expense over the vesting period based on the fair value of the units as described in note 16 of the interim financial statements for the three months ended March 31, 2025. As at March 31, 2025, the total cash settled incentive plans liability accrued was $11.7 million (December 31, 2024 - $19.9 million).

Cash payments to settle cash settled share-based compensation in the three months ended March 31, 2025 were $10.7 million compared to $19.0 million for the same period in 2024.

Depletion, Depreciation and Amortization Expense ("DD&A")

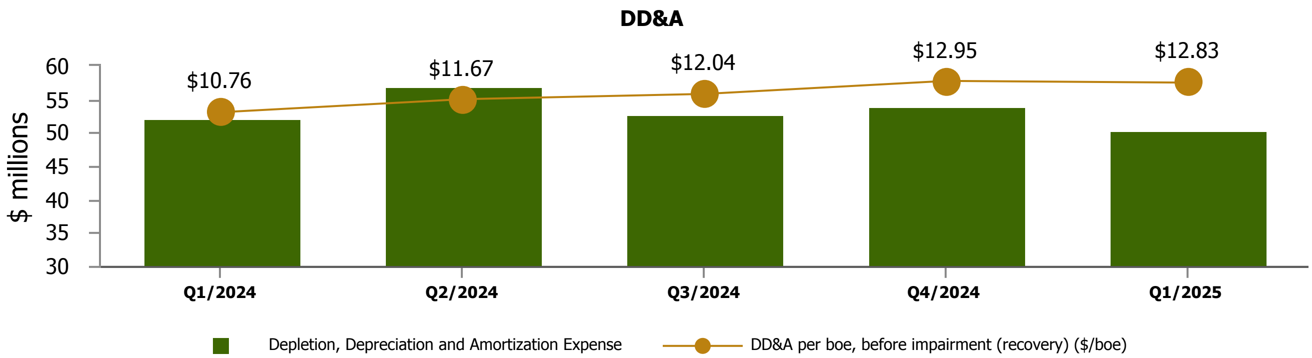
		For the three months ended March 31, 2025		2024
DD&A expense ($000s)	**$**	**50,419**	$	52,231
Per unit ($/boe)(1)		**12.83**		10.76

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

First quarter 2025 DD&A was $50.4 million ($12.83/boe) compared to $52.2 million ($10.76/boe) for the same period in 2024.

For the three months ended March 31, 2025 future development costs of $411.9 million (three months ended March 31, 2024 - $396.4 million) were included in the depletion calculation.

First quarter 2025 DD&A of $12.83/boe is comparable to the fourth quarter of 2024 of $12.95/boe and has increased from the comparative period in 2024 of $10.76/boe due to adding to the depletable base through capital expenditures made during 2024 and the transfer of Arauca, partially offset by a lower depletion rate associated with reduced production.



Foreign Exchange

($000s)		For the three months ended March 31, 2025		2024
Foreign exchange (gain)	**$**	**(1,584)**	$	(1,168)
Total foreign exchange (gain)	**$**	**(1,584)**	$	(1,168)
Average foreign exchange rates				
USD$/Cdn$		**1.44**		1.35
USD$/COP		**4,193**		3,915

The Company's main exposure to foreign currency risk relates to the pricing of foreign currency denominated in Cdn and COP, as the Company's functional currency is the USD. The Company has exposure in Colombia and Canada on costs, such as capital expenditures, local wages, royalties and income taxes, all of which may be denominated in local currencies. The main drivers of foreign exchange gains and losses recorded on the consolidated statements of comprehensive income are the COP denominated income tax payable and tax withholdings receivable, accounts payable and accounts receivable. The timing of payment settlements, accruals and their adjustments have impacts on foreign exchange gains/losses.

For the three months ended March 31, 2025, total foreign exchange gains of $1.6 million were recorded compared to gains of $1.2 million in the three months ended March 31, 2024.

Unrealized foreign exchange gains and losses may be reversed in the future as a result of fluctuations in exchange rates and are recorded in the Company's consolidated statements of comprehensive income.

The Company reviews its exposure to foreign currency variations on an ongoing basis and maintains cash deposits primarily in USD and COP denominated deposits in Canada, Switzerland and Colombia.

Foreign Exchange Sensitivity Analysis

		$/boe Impact of change in local currency/$USD exchange rate	
Cost component	Estimated percent of cost denominated in local currency	10% appreciation of local currency	10% depreciation of local currency
Production expense	90%	$ 1.30	$ (1.30)
Transportation expense	50%	$ 0.21	$ (0.21)
G&A expense	100%	$ 0.45	$ (0.45)

The table above displays the estimated per boe impact of a change in Parex's local currencies and the effect on Parex's key cost components. The component impact in $/boe terms uses Q1 2025 per boe costs. This analysis ignores all other factors impacting cost structure including, but not limited to, efficiencies, cost reduction strategies, and cost inflation.

As at March 31, 2025, with other variables unchanged, the impact on the Company's financial instruments of a 10% strengthening (weakening) of the Cdn and COP against the USD would have decreased (increased) net income by approximately $4.8 million.

Net Finance Expense

	For the three months ended March 31,	
($000s)	**2025**	2024
Bank charges and credit facility fees	**$ 789**	$ 753
Interest on bank debt	**769**	1,136
Accretion on decommissioning and environmental liabilities	**3,222**	2,390
Interest and other income	**(1,297)**	(1,257)
Right-of-use-asset interest	**47**	44
Expected credit loss (recovery) provision	**(99)**	75
Other	**328**	57
Net finance expense	**$ 3,759**	$ 3,198

	For the three months ended March 31,	
($000s)	**2025**	2024
Non-cash finance expense	**$ 3,124**	$ 2,466
Cash finance expense	**635**	732
Net finance expense	**$ 3,759**	$ 3,198

Bank charges and credit facility fees relate to bank taxes paid in Colombia and the standby fees related to the Company's credit facility. The non-cash components of net finance expense (income) include the accretion on decommissioning and environmental liabilities, other and the expected credit loss provision (recovery).

Risk Management

Management of cash flow variability is an integral component of Parex's business strategy. Changing business conditions are monitored regularly and, where material, reviewed with the Board to establish risk management guidelines to be used by management. The risk exposure inherent in movements in the price of crude oil, fluctuations in the USD/COP exchange rate and interest rate movements are all proactively reviewed by Parex and as considered appropriate may be managed through the use of derivatives primarily with financial institutions that are members of Parex's syndicated bank credit facility. The Company considers these derivative contracts to be an effective means to manage and forecast cash flow.

Parex has elected not to apply IFRS prescribed "hedge accounting" rules and, accordingly, pursuant to IFRS the fair value of the financial contracts is recorded at each period-end. The fair value may change substantially from period to period depending on commodity and foreign exchange forward strip prices for the financial contracts outstanding at the balance sheet date. The change in fair value from period-end to period-end is reflected in the earnings for that period. As a result, earnings may fluctuate considerably based on the period-ending commodity and foreign exchange forward strip prices, in respect of any outstanding commodity or foreign exchange derivative contracts.

a) Risk Management Contracts - Brent Crude

As at March 31, 2025, the Company had the following crude oil risk management contracts in place.

Period Hedged	Reference	Volume bbls/d	Sold Put	Purchased Put	Premium
April 1, 2025 to April 30, 2025	ICE Brent	11,250	$60.00	$70.00	$1.21
May 1, 2025 to May 31, 2025	ICE Brent	11,250	$60.00	$70.00	$3.00

The table below summarizes the gain/loss on the commodity risk management contracts that were in place during the three months ended March 31, 2025 and 2024:

	For the three months ended March 31,	
	2025	2024
Premiums paid on commodity risk management contracts	**$ 1,361**	$ —
Unrealized gain on commodity risk management contracts	**(798)**	—
Total	**$ 563**	$ —

b) Risk Management Contracts – Foreign Exchange

The Company is exposed to foreign currency risk as various portions of its cash balances are held in COP and Cdn to fund ongoing costs denominated in those currencies while its committed capital expenditures are primarily denominated in USD.

As at March 31, 2025 and 2024, the Company had no foreign currency risk management contracts in place.

The following are the foreign currency risk management contracts entered into subsequent to March 31, 2025.

Period Hedged	Reference	Currency Option Type	Amount USD	Strike Price COP
May 15, 2025 to June 16, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
June 16, 2025 to July 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
July 15, 2025 to August 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
August 15, 2025 to September 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
September 15, 2025 to October 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
October 15, 2025 to November 18, 2025	COP	Costless Collar	$10,000,000	4,400-4,650
November 18, 2025 to December 15, 2025	COP	Costless Collar	$10,000,000	4,400-4,650

Income Tax

($000s)		For the three months ended March 31, 2025		2024
Current tax expense	**$**	**11,887**	$	38,810
Deferred tax (recovery) expense		**(8,809)**		37,007
Tax expense	**$**	**3,078**	$	75,817
Effective current tax rate on funds flow provided by operations before tax(1)		**9 %**		21 %

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

Current tax expense in the first quarter of 2025 was $11.9 million compared to $38.8 million in the three months ended March 31, 2024.

The significant decrease in current tax expense from the 2024 comparative period is the result of lower operating cash flows before tax and the Company being subject to a 5% Colombian surtax in the current period compared to a 15% surtax applicable in the comparative period. Certain tax strategies that been deployed over recent years have also reduced current tax expense.

Deferred tax expense for the three months ended March 31, 2025 was a recovery of $8.8 million compared to an expense of $37.0 million in the three months ended March 31, 2024.

The decrease in deferred tax expense from the first quarter comparative period is mainly a result of the reversal of the temporary differences created between the accounting and tax basis in Colombia.

2025 Current Tax Guidance

The table below reflects the expected effective current tax rate on funds flow provided by operations before tax in 2025:

Brent price assumption	**$65/bbl**	**$70/bbl**	**$75/bbl**	**$80/bbl**	**$85/bbl**
Effect current tax rate on before tax funds flow provided by operations(1)	0-3%	3-6%	8-11%	13-16%	18-21%

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

The calculation of current and deferred income tax in Colombia is based on a number of variables which can cause swings in current and deferred income tax. These variables include but are not limited to the year-end producing reserves used in calculating depletion for tax purposes, the timing and number of dry hole write-offs permissible for Colombian tax purposes and currency fluctuations.

Capital Expenditures

For the three months ended March 31,	Colombia		Canada		Total	
($000s)	**2025**	2024	**2025**	2024	**2025**	2024
Acquisition of unproved properties	**$ 610**	$ 1,034	**$ —**	$ —	**$ 610**	$ 1,034
Geological and geophysical	**266**	21	**—**	—	**266**	21
Drilling and completion	**53,355**	63,969	**—**	—	**53,355**	63,969
Well equipment and facilities	**2,728**	20,223	**—**	—	**2,728**	20,223
Other	**—**	—	**95**	174	**95**	174
Total capital expenditures(1)	**$ 56,959**	$ 85,247	**$ 95**	$ 174	**$ 57,054**	$ 85,421

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

Below is additional information related to capital expenditures in the period by key operating area:

	For the three months ended March 31,	
($000s)	**2025**	2024
Block LLA-34	**$ 12,435**	$ 28,770
Southern Llanos Basin	**35,071**	20,710
Northern Llanos Basin	**8,715**	33,027
Magdalena Basin	**738**	2,740
Canada and Colombia - Corporate	**95**	174
Total capital expenditures(1)	**$ 57,054**	$ 85,421

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

During the three months ended March 31, 2025 the Company incurred $57.1 million of capital expenditures with 98% spent on drilling, completion, well equipment and facilities in Colombia. During the three months ended March 31, 2024, the Company incurred $85.4 million of capital expenditures with 99% spent on drilling, completion, well equipment and facilities in Colombia.

During the three months ended March 31, 2025 the Company's capital expenditures of $57.1 million were self-funded from funds flow provided by operations of $121.9 million.

Property Acquisition

On March 14, 2025, Parex, through a foreign subsidiary, acquired an additional 25% working interest in the Azogue field in the LLA-32 Block and 12.5% working interest in the remainder of the LLA-32 Block (the "LLA-32 Acquisition") resulting in 100% working interest in the Block for the Company. The Company paid total net consideration of $16.0 million.

The consolidated statement of comprehensive income includes results of operation of the LLA-32 Acquisition since the closing date of March 14, 2025. There were no transaction costs associated with the LLA-32 Acquisition.

This transaction has been accounted for using the acquisition method whereby the assets acquired and the liabilities assumed are recorded at fair values. As the fair value of the identifiable assets was determined to equal the purchase price, no goodwill arose on the transaction. The following table summarizes the recognizable assets acquired and consideration paid pursuant to the acquisition:

Assets acquired and liabilities assumed		
PP&E	$	16,788
Decommissioning liabilities		(820)
	$	15,968

Consideration for the acquisition		
Purchase price	$	19,000
Purchase price adjustments		(3,032)
Net consideration	$	15,968
Cash paid	$	14,970
Working capital adjustments		998
Total consideration paid	**$**	**15,968**

No working capital was included in the assets acquired.

The pro forma results for the period ended March 31, 2025 are shown below, as if the LLA-32 Acquisition had occurred on January 1, 2025. Pro forma results are not indicative of actual results or future performance.

Oil and natural gas sales	$	29,400
Net revenue less direct costs or operating netback(1)	$	21,000

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

The pro forma net income and pro forma net income per share, basic and diluted, are considered impracticable to calculate and therefore not included. The consolidated statement of comprehensive income for the period ended March 31, 2025 includes $3.8 million of oil sales attributable to the assets acquired since the LLA-32 Acquisition. Revenue less direct costs for the period ended March 31, 2025 attributable to the assets acquired since the LLA-32 Acquisition is $3.0 million. Net income for the period ended March 31, 2025 attributable to the assets acquired since the Acquisition is considered impracticable to calculate.

Long-Term Inventory

The Company has long-lead material and equipment inventory such as drill casing, natural gas compressors, and other major equipment. With at times strong demand for material and equipment used in oil and gas operations, periodically the Company secures material and equipment ahead of its upcoming capital programs. The Company plans on deploying this long-lead inventory over the coming years.

Cost		
Balance at December 31, 2023	**$**	**204,701**
Additions		55,990
Transfers to E&E and PP&E assets		(40,028)
Transfer to production costs		(5,269)
Sale of inventory		(5,920)
Impairment		(10,000)
Balance at December 31, 2024	**$**	**199,474**
Additions		730
Transfers to E&E and PP&E assets		(4,434)
Transfer to production costs		(944)
Balance at March 31, 2025	**$**	**194,826**

The table below represents the other long-term inventory expenditures for the three months ended March 31, 2025 and 2024:

	For the three months ended March 31,	
($000s)	**2025**	2024
Additions	**$ 730**	$ 22,476
Transfers to D&P and E&E assets	**(4,434)**	(18,633)
Transfer to production costs	**(944)**	—
Total other long-term asset expenditures, net of transfers and sales	**$ (4,648)**	$ 3,843

Summary of Quarterly Results

Three months ended ($000s) (except per share amounts)	**Mar. 31, 2025**	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024
Average daily production				
Light Crude Oil and Medium Crude Oil (bbl/d)	**10,650**	9,550	9,064	9,541
Heavy Crude Oil (bbl/d)	**32,207**	34,882	37,777	43,229
Crude Oil (bbl/d)	**42,857**	44,432	46,841	52,770
Conventional Natural Gas (mcf/d)	**4,806**	5,190	4,368	4,788
Total (boe/d)	**43,658**	45,297	47,569	53,568
Realized sales price - oil ($/bbl)(6)	**67.05**	64.01	69.07	75.69
Financial ($000s except per share amounts)				
Oil and natural gas sales	**$ 265,635**	$ 277,824	$ 302,033	$ 364,874
Funds flow provided by operations(5)	**$ 121,944**	$ 141,201	$ 151,773	$ 180,952
Per share – basic(2)(4)	**1.24**	1.43	1.50	1.77
Per share – diluted(2)(4)	**1.24**	1.43	1.50	1.77
Net income (loss)	**$ 80,629**	$ (69,051)	$ 65,793	$ 3,845
Per share – basic(4)	**0.82**	(0.70)	0.65	0.04
Per share – diluted(4)	**0.82**	(0.70)	0.65	0.04
Dividends paid	**$ 26,365**	$ 26,658	$ 28,467	$ 28,528
Per share - Cdn$(4)(6)	**0.385**	0.385	0.385	0.385
Capital Expenditures(1)	**$ 57,054**	$ 82,110	$ 82,367	$ 97,797
Long-term inventory expenditures	**$ (4,648)**	$ (2,569)	$ (6,318)	$ 9,817
Total assets (end of period)	**$ 2,197,955**	$ 2,155,062	$ 2,290,683	$ 2,324,483
Outstanding shares (end of period) (000s)	**97,814**	98,339	100,031	101,616
Working capital surplus (deficit) (end of period)(3)(5)	**$ 69,040**	$ 59,397	$ 37,509	$ 34,156

Three months ended ($000s) (except per share amounts)	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023
Average daily production				
Light Crude Oil and Medium Crude Oil (bbl/d)	7,237	9,700	8,837	7,982
Heavy Crude Oil (bbl/d)	45,543	46,760	44,779	45,644
Crude Oil (bbl/d)	52,780	56,460	53,616	53,626
Conventional Natural Gas (mcf/d)	3,348	5,214	5,742	2,964
Total (boe/d)	53,338	57,329	54,573	54,120
Realized sales price - oil ($/bbl)(6)	71.02	71.06	76.58	67.36
Financial ($000s except per share amounts)				
Oil and natural gas sales	$ 335,298	$ 370,688	$ 383,244	$ 327,541
Funds flow provided by operations(5)	$ 148,307	$ 193,377	$ 157,839	$ 154,842
Per share – basic(2)(4)	1.43	1.85	1.49	1.45
Per share – diluted(2)(4)	1.43	1.85	1.49	1.45
Net income	$ 60,093	$ 133,783	$ 119,736	$ 101,415
Per share – basic(4)	0.58	1.28	1.13	0.95
Per share – diluted(4)	0.58	1.28	1.13	0.95
Dividends paid	$ 28,531	$ 29,505	$ 29,239	$ 30,101
Per share - Cdn$(4)(6)	0.375	0.375	0.375	0.375
Capital Expenditures(1)	$ 85,421	$ 91,419	$ 156,747	$ 121,309
Long-term inventory expenditures	$ 3,843	$ (866)	$ (374)	$ 20,903
Total assets (end of period)	$ 2,355,512	$ 2,415,327	$ 2,263,479	$ 2,225,799
Outstanding shares (end of period) (000s)	102,914	103,812	105,014	106,194
Working capital surplus (deficit) (end of period)(3)(5)	$ 55,901	$ 79,027	$ (57,511)	$ (2,957)

(1) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory".
(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".
(3) Working capital does not include the undrawn amount available on the credit facility.
(4) 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.
(5) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".
(6) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory".

Factors that Caused Variations Quarter Over Quarter

Trends in net income, oil and natural gas sales and funds flow provided by operations are primarily associated with fluctuations in commodity sales from production which reflect changes in production levels and commodity prices, in addition to fluctuations in foreign currency (see "Foreign Exchange" section). Net income is also impacted by changes in non-cash impairment of property, plant and equipment, exploration and evaluation and long term-inventory assets. Changes in income taxes, as discussed in the section "Income Tax", also impact net income for current and deferred taxes, while funds flow provided by operations is impacted by current income taxes. Working capital trends are primarily associated with fluctuations in funds flow provided by operations, capital and long-term inventory expenditures in accordance with the Company's activities, bank debt borrowing or repayment, timing of settlement of receivables and payables and income taxes and the cost associated with share repurchases and dividend payments.

Refer to "Financial and Operating Results" for detailed discussions on variations during the comparative quarters and to Parex's previously issued annual and interim MD&As for further information regarding changes in prior quarters.

Liquidity and Capital Resources

The Company remains committed to delivering returns to shareholders, while also investing in its assets to provide a total shareholder return. Typically, the Company relies on funds flow provided by operations and its credit facility to meet capital requirements, dividend payments, share repurchases and maintain liquidity. After evaluating its current liquidity, working capital position, projected working capital needs, operational results, and financial forecasts, the Company anticipates that its available cash and cash equivalents, credit facilities, and expected funds flow provided by operations will be sufficient to support the growth of the Company and fund development activities. While the Company deems this outlook reasonable, available cash and cash equivalents are subject to variations and risk associated with ordinary operations, and it cannot guarantee that all or part of its liquidity objective will be met, that sufficient internal funds will be generated, or that external financing will be available if needed.

The Company can adjust its capital structure by issuing new equity or debt and making adjustments to its capital expenditure, share buy-back and dividend programs to the extent the capital expenditures are not committed. The Company considers its capital structure currently to include shareholders' equity, the credit facility and its working capital. As at March 31, 2025, shareholders' equity was $1,880.5 million (December 31, 2024 - $1,831.3 million).

As at March 31, 2025, the Company had working capital surplus of $69.0 million(1) as compared to working capital surplus of $59.4 million(1) at December 31, 2024.

As at March 31, 2025, Parex held $81.0 million of unrestricted cash compared to $98.0 million at December 31, 2024. The Company's cash balances reside primarily in current accounts with chartered financial institutions, the majority of which are held on account in Canada, Switzerland and Colombia in USD.

Parex's senior secured credit facility is with a syndicate of three Canadian banks and has a current borrowing base of $240.0 million (December 31, 2024 - $240.0 million). The credit facility is intended to serve as means to increase liquidity and fund cash or letter of credit needs as they arise. As at March 31, 2025, $50.0 million (December 31, 2024 - $60.0 million) was drawn on the credit facility. The credit facility is secured by the Company's Colombian assets and has final maturity date of May 21, 2027. The next annual review is scheduled to occur in May 2026. Parex expects to draw on the credit facility at various times to manage timing differences associated with timing of vendor payments and oil sales collections. Key covenants include a rolling four quarters total funded debt to adjusted EBITDA test of 3:50:1. The Company is in compliance with all covenants.

Refer to note 23 - Commitments and Contingencies of the interim financial statements for the period ended March 31, 2025 for a description of the performance guarantees as well as the unsecured letters of credit.

(1) Capital Management Measure. See "Non-GAAP and Other Financial Measures Advisory".

Outstanding Share Data

Parex is authorized to issue an unlimited number of voting common shares without nominal or par value. As at March 31, 2025 the Company had 97,814,136 common shares outstanding compared to 98,339,036 at December 31, 2024, a decrease of 0.5%. At May 7, 2025 the number of common shares outstanding has been reduced to 97,554,136 as a result of the Company's NCIB.

The Company has a stock option plan that provides for the issuance of stock options to acquire common shares to the Company's officers, executives and certain employees resulting in common shares issued from treasury.

As at May 7, 2025 Parex has the following securities outstanding:

	Number	%
Common shares	97,554,136	99 %
Stock options	1,288,323	1 %
	98,842,459	**100 %**

As of the date of this MD&A, total stock options outstanding represent approximately 1% of the total issued and outstanding common shares.

Contractual Obligations, Commitments and Guarantees

In the normal course of business, Parex has entered into arrangements and incurred obligations that will affect the Company's future operations and liquidity. These commitments primarily relate to joint venture farm-in arrangements, business collaboration agreements and exploration work commitments including seismic and drilling activities. The Company has discretion regarding the timing of capital spending for exploration work commitments, provided that the work is completed by the end of the exploration periods specified in the contracts or the Company can negotiate extensions of the exploration periods. The Company's exploration commitments are described in the Company's AIF under "Principal Properties". These obligations and commitments are considered in assessing cash requirements in the discussion of future liquidity.

In Colombia, the Company has provided guarantees to the ANH and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of $220.5 million as at March 31, 2025 (December 31, 2024 - $160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks.

At March 31, 2025, the total lease obligation was $5.2 million (December 31, 2024 - $5.2 million) of which $4.5 million (December 31, 2024 - $4.6 million) is classified as long-term in accordance with the lease term.

The following table summarizes the Company's estimated undiscounted commitments as at March 31, 2025:

($000s)	Total	<1 year	1 – 3 years	3 – 5 years	>5 years
Exploration	$ 796,286	$ 51,420	$ 160,975	$ 583,891	$ —
Office and accommodations[1]	7,892	2,381	3,759	1,557	195
Decommissioning and Environmental Obligations	239,725	12,191	—	—	227,534
Total	**$ 1,043,903**	**$ 65,992**	**$ 164,734**	**$ 585,448**	**$ 227,729**

(1) Includes minimum lease payment obligations associated with leases for office space and accommodations.

Decommissioning and Environmental Liabilities

	Decommissioning	Environmental	Total
Balance, December 31, 2023	$ 71,523	$ 24,209	$ 95,732
Additions	5,398	332	5,730
Settlements of obligations during the year	(7,038)	(3,235)	(10,273)
Loss on settlement of obligations	1,593	—	1,593
Accretion expense	6,853	2,353	9,206
Change in estimate - inflation and discount rates	(9,400)	(3,205)	(12,605)
Change in estimate - costs and timing of settlements	1,725	(8,342)	(6,617)
Foreign exchange gain	(2,185)	(2,906)	(5,091)
Balance, December 31, 2024	$ 68,469	$ 9,206	$ 77,675
Additions	327	683	1,010
Property acquisitions - Note 10	702	118	820
Settlements of obligations during the period	(2,195)	(659)	(2,854)
Loss on settlement of obligations	188	—	188
Accretion expense	1,850	1,372	3,222
Change in estimate - inflation and discount rates	(2,442)	(299)	(2,741)
Change in estimate - costs and timing of settlements	549	109	658
Foreign exchange loss	912	478	1,390
Balance, March 31, 2025	**$ 68,360**	**$ 11,008**	**$ 79,368**
Current obligation	(9,903)	(2,288)	(12,191)
Long-term obligation	**$ 58,457**	**$ 8,720**	**$ 67,177**

The total environmental, decommissioning and restoration obligations were determined by management based on the estimated costs to settle environmental impact obligations incurred and to reclaim and abandon the wells and well sites based on contractual requirements. The obligations are expected to be funded from the Company's internal resources available at the time of settlement.

The total decommissioning and environmental liability is estimated based on the Company's net ownership in wells drilled as at March 31, 2025, the estimated costs to abandon and reclaim the wells and well sites and the estimated timing of the costs to be paid in future periods. The total undiscounted amount of cash flows required to settle the Company's decommissioning liability is approximately $218.3 million as at March 31, 2025 (December 31, 2024 – $216.8 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 11.7% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2024 – 11.2% risk-free discount rate and a 4% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the decommissioning liability is $9.9 million (December 31, 2024 – $11.7 million) that is classified as a current obligation.

The total undiscounted amount of cash flows required to settle the Company's environmental liability is approximately $21.4 million as at March 31, 2025 (December 31, 2024 – $24.6 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 11.7% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2024 – 11.2% risk-free discount rate and a 4% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the environmental liability is $2.3 million (December 31, 2024 – $2.9 million) that is classified as a current obligation.

Decommissioning liabilities are considered critical accounting estimates. There are significant uncertainties related to decommissioning expenditures and the impact on the financial statements could be material. The eventual timing of and costs for these expenditures could differ from current estimates. The main factors that can cause expected estimated cash flows in respect of decommissioning liabilities to change are:

- Changes in laws and legislation;
- Construction of new facilities;
- Change in commodity price;
- Change in the estimate of oil reserves and the resulting amendment to the life of reserves;
- Changes in technology; and
- Execution of decommissioning liabilities.

Advisory on Forward-Looking Statements

Certain information regarding Parex set forth in this MD&A, including assessments by the Company’s management of the Company’s plans and future operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "estimate" 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 the Company’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 the Company’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 MD&A include, but are not limited to, statements with respect to:

- the Company's operational strategy, plans, priorities and focus;
- Parex's expectation to provide a significant return of capital through dividends, including its regular quarterly dividend, and share repurchases, while investing in the Company's assets to provide an appealing total shareholder return;
- Parex's expectations as to debt levels, commodity risk management and other hedging activities;
- Parex's 2025 guidance, including its anticipated funds flow provided by operations netback, capital expenditures; funds flow provided by operations, free funds flow and monthly, quarterly and annual average production;
- Parex's plan to monitor changes in the macroeconomic environment;
- Parex's expectation that crude oil inventory in future periods will be in line with normal historic levels;
- Parex's anticipated 2025 production expense per boe;
- Parex's expectations that its transportation expense will fluctuate period over period due to the mix of sales contracts types in force during the period;
- that Parex will review its exposure to foreign currency variations on an ongoing basis;
- Parex's foreign exchange sensitivity analysis;
- the terms and purpose of the Company's credit facility including the timing of the next annual review and borrowing base redetermination;
- the Company's plan to draw on the credit facility at various times to manage timing differences associated with timing of vendor payments and oil sales collections;
- the Company's expectation that its available cash and cash equivalents, credit facilities, and expected funds flow provided by operations will be sufficient to support the growth of the Company and fund development activities;
- Parex's estimated undiscounted commitments, including exploration, office and accommodations and decommissioning and environmental obligations, and the anticipated timing thereof;
- the anticipated total undiscounted cash flows required to settle the Company's decommissioning and environmental liability cost, the anticipated timing thereof, and the internal resources available to the Company at the time of settlement;
- foreign currency risk and the ability to reverse unrealized foreign exchange gains and losses in the future;
- the Company's risk management strategy and the fluctuation of earnings based on strip prices;
- the Company's risk management strategy and the use of derivatives primarily with financial institutions to manage movements in the price of crude oil, fluctuations in the USD/COP exchange rate and interest rate movements; ▪ that the Company will be able to manage and forecast cash flow through derivative contracts;
- the Company's estimated effective tax rate for 2025;
- Parex's plans of deploying its long-lead material inventory over the coming years;
- anticipated Brent prices and fluctuations in Parex's realized price differential to Brent crude period over period; and
- terms of certain of Parex's contractual obligations.

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; determination by Organization of Petroleum Exporting Countries ("OPEC") and other country as to production levels; 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; continued volatility and fluctuations in market prices for oil; the impact of significant declines in market prices for oil; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; partner approval of capital work programs and other matters requiring approval; imprecision in reserve, resource and revenue estimates; incorrect forecasts of the production and growth potential of Parex's assets; 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; 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 and natural gas industry; ability to access sufficient capital from internal and external sources; risk that the Company will not 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; risk of failure to achieve the anticipated benefits associated with acquisitions; failure of counterparties to perform under the terms of their contracts; changes to pipeline capacity; the risk that Parex's evaluation of its existing portfolio of development and exploration opportunities may not be consistent with its expectations; failure to meet expected production targets; the risk that Parex may not have sufficient financial resources in the future to pay a divided or repurchase shares under its NCIB; the risk that the Board may not declare dividends in the future and that there may not be base dividend growth or that Parex's dividend policy changes; the risk that Parex's risk management strategy may not be an effective means of managing and forecasting cash flow; the risk that Parex's capital expenditures, growth in production and production per share may be different than anticipated; the risk that the Company's capital and operating expenditures relating to the protection of the environment may be greater than anticipated; the risk that the Company's financial and operating results including, its 2025 guidance, may not be consistent with its expectations; the risk that the Company's environmental strategies may not be successful and that the Company may not remain in material compliance with environmental protection legislation; the risk that Parex may not deploy its long-lead inventory when anticipated; the risk that Parex may not be successful in attracting and retaining qualified successors to senior officers in the event of departure; the risk that the Company's inventory deployment in 2025 may be more or less than anticipated; the risks discussed under "Risk Factors" and under "Decommissioning and Environmental Liabilities" in this MD&A; 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 the Company'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 MD&A 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 MD&A, Parex has made assumptions regarding, among other things: current and future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; access to areas of the Company's operations and infrastructure in light of the impact of community unrest on the Company's operations; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies and environmental legislation on the Company's operations; recoverability of reserves and future production rates; timing and number of dry hole write-offs permitted for Colombian tax purposes; the anticipated benefits from the voluntary corporate restructuring; royalty rates; future operating costs; foreign exchange rates; the status of litigation; timing of drilling and completion of wells; that the Company 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 the Company's conduct and results of operations will be consistent with its expectations; that the Company will have the ability to develop the Company's oil and gas properties in the manner currently contemplated; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of the Company's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that the Company 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; on-stream timing of production from successful exploration wells; operational performance of non-operated producing fields; pipeline capacity; that Parex will have sufficient financial resources in the future to pay a dividend; that the Board will declare dividends in the future; that Parex will have sufficient financial resources to repurchase shares under its NCIB; that strip prices will remain unchanged; and other matters. The ability of the Company to carry out its business plan is primarily dependent upon the continued support of its shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain financing or generate sufficient cash flow to develop such reserves.

Forward-looking statements and other information contained in this MD&A concerning the oil and natural gas industry in the countries in which it operates and the Company's general expectations concerning this industry are based on estimates prepared by Management using data from publicly available industry sources as well as from resource reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any material misstatements regarding any industry data presented herein, the oil and natural gas industry involves numerous risks and uncertainties and is subject to change based on various factors.

Management has included forward looking information, and the above summary of assumptions and risks related to forward-looking information in this MD&A in order to provide shareholders with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. The Company'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 there from. These forward-looking statements are made as of the date of this MD&A 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 MD&A 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 2025 guidance, including its anticipated funds flow provided by operations netback, capital expenditures, funds flow provided by operations, and free funds flow; Parex's anticipated 2025 production expense per boe; Parex's expectations that its transportation expense will fluctuate period over period due to the mix of sales contracts types in force during the period; Parex's foreign exchange sensitivity analysis; Parex's estimated undiscounted commitments, including exploration, office and accommodations and decommissioning and environmental obligations; and the anticipated timing thereof; the anticipated total undiscounted cash flows required to settle the Company's decommissioning and environmental liability cost, the anticipated timing thereof, and the internal resources available to the Company at the time of settlement; and the Company's estimated effective tax rate for 2025; 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 MD&A 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 MD&A was made as of the date of this MD&A 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 MD&A is not conclusive and is subject to change.

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.

Oil & Gas Matters Advisory

This MD&A 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 MD&A, should not be relied upon for investment or other purposes.

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.

Non-GAAP and Other Financial Measures Advisory

This MD&A 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 MD&A.

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 and is calculated as follows:.*

	For the three months ended March 31,	
($000s)	**2025**	2024
Property, plant and equipment expenditures	**$ 44,951**	$ 40,831
Exploration and evaluation expenditures	**12,103**	44,590
Capital expenditures	**$ 57,054**	$ 85,421

	For the three months ended					
	December 31,	September 30,	June 30,	December 31,	September 30,	June 30,
($000s)	2024	2024	2024	2023	2023	2023
Property, plant and equipment expenditures	$ 62,799	$ 68,406	$ 49,214	$ 50,753	$ 93,957	$ 82,999
Exploration and evaluation expenditures	19,311	13,961	48,583	40,666	62,790	38,310
Capital expenditures	$ 82,110	$ 82,367	$ 97,797	$ 91,419	$ 156,747	$ 121,309

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 normal course issuer bid or dividends, without accessing outside funds and is calculated as follows:*

($000s)	For the three months ended March 31, 2025	2024
Cash provided by operating activities	**$ 87,621**	$ 97,412
Net change in non-cash assets and liabilities	**34,323**	50,895
Funds flow provided by operations	**121,944**	148,307
Capital expenditures, excluding corporate acquisitions	**57,054**	85,421
Free funds flow	**$ 64,890**	$ 62,886

EBITDA*, is a non-GAAP financial measure that is defined as net income adjusted for finance income and expenses, other expenses, income tax expense (recovery) and depletion, depreciation and amortization.*

Adjusted EBITDA, *is a non-GAAP financial measure defined as EBITDA adjusted for non-cash impairment charges, share-based compensation expense (recovery), unrealized foreign exchange gains (losses), and unrealized gains (losses) on risk management contracts.*

The Company considers EBITDA and Adjusted EBITDA to be key measures as they demonstrate Parex's profitability before finance income and expenses, taxes, depletion, depreciation and amortization and other non-cash items. A reconciliation from net income to EBITDA and Adjusted EBITDA is as follows:

($000s)	For the three months ended March 31, 2025	2024
Net income	**$ 80,629**	$ 60,093
Adjustments to reconcile net income to EBITDA:		
Finance income	**(1,297)**	(1,257)
Finance expense	**5,056**	4,455
Other expenses	**1,147**	739
Income tax expense	**3,078**	75,817
Depletion, depreciation and amortization	**50,419**	52,231
EBITDA	**$ 139,032**	$ 192,078
Share-based compensation expense (recovery)	**2,092**	(2,463)
Unrealized foreign exchange gain	**(4,919)**	(1,387)
Unrealized gain on risk management contracts	**(798)**	—
Adjusted EBITDA	**$ 135,407**	$ 188,228

Operating netback*, is a non-GAAP financial measure that the Company considers to be a key measure as it demonstrates Parex's profitability relative to current commodity prices. Parex calculates operating netback as oil and natural gas sales from production less royalties, operating, and transportation expense. Refer to "Financial and Operational Results – Consolidated Results of Operations" for the calculation of operating netback.*

<u>Non-GAAP Ratios</u>

Operating netback per boe*, is a non-GAAP ratio that the Company considers to be a key measure as it demonstrates Parex's profitability relative to current commodity prices. Parex calculates operating netback per boe as operating netback divided by the total equivalent sales volume including purchased oil volumes for oil and natural gas sales price and transportation expense per boe and by the total equivalent sales volume excluding purchased oil volumes for royalties and operating expense per boe.*

Funds flow provided by operations netback per boe*, is a non-GAAP ratio that includes all cash generated from operating activities and is calculated before changes in non-cash assets and liabilities, 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 and diluted 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 and diluted shares outstanding. Parex presents basic and diluted 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's 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 assets and liabilities. 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:*

($000s)	For the three months ended March 31, 2025	2024
Cash provided by operating activities	**$ 87,621**	$ 97,412
Net change in non-cash assets and liabilities	**34,323**	50,895
Funds flow provided by operations	**$ 121,944**	$ 148,307

($000s)	For the three months ended December 31, 2024	September 30, 2024	June 30, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Cash provided by (used in) operating activities	$ 67,847	$ 181,874	$ 222,782	$ 194,242	$ 87,568	$ (36,612)
Net change in non-cash assets and liabilities	73,354	(30,101)	(41,830)	(865)	70,271	191,454
Funds flow provided by operations	$ 141,201	$ 151,773	$ 180,952	$ 193,377	$ 157,839	$ 154,842

***Working capital surplus (deficit),** 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 (deficit) surplus is defined as current assets less current liabilities:*

($000s)	For the three months ended March 31, 2025	2024
Current Assets	**$ 259,256**	$ 276,113
Current Liabilities	**190,216**	220,212
Working capital surplus	**$ 69,040**	$ 55,901

($000s)	For the three months ended December 31, 2024	September 30, 2024	June 30, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Current assets	$ 245,943	$ 248,208	$ 281,846	$ 337,175	$ 240,559	$ 322,146
Current liabilities	186,546	210,699	247,690	258,148	298,070	325,103
Working capital surplus (deficit)	$ 59,397	$ 37,509	$ 34,156	$ 79,027	$ (57,511)	$ (2,957)

Supplementary Financial Measures

"DD&A expense per boe" is comprised of DD&A expense, as determined in accordance with IFRS, divided by the total production.

"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.

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

"G&A expense per boe" is comprised of net G&A expense after recoveries and capitalization, as determined in accordance with IFRS, divided by the total production.

"Net revenue per boe" is comprised of net revenue, as determined in accordance with IFRS, divided by the total equivalent sales volume and includes purchased oil volumes.

"Oil and natural gas sales price per boe" is comprised of total commodity sales from oil and natural gas production, as determined in accordance with IFRS, divided by the total oil and natural gas sales volumes including purchased oil volumes.

"Price differential and transportation expense per bbl" is comprised of realized oil sales price per bbl, as defined herein, less Brent crude price to calculate the price differential, plus transportation expense per bbl as defined herein.

"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.

"Realized oil sales price per bbl" is comprised of total oil sales, as determined in accordance with IFRS, divided by the total oil sales volumes equivalent sales volume including purchased oil volumes.

"Realized natural gas price per Mcf" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the natural gas sales 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.

"Royalties as a percentage of sales" is comprised of royalties, as determined in accordance with IFRS, divided by the total equivalent sales from production, excluding purchased oil volumes, as determined in accordance with IFRS.

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

Business Environment and Risks

Parex is exposed to various market and operational risks. For a discussion of these risks please refer to the "Risk Factors" section in Parex's Annual Information Form ("AIF") for the year ended December 31, 2024 as filed on SEDAR+ at www.sedarplus.ca or Parex's website at www.parexresources.com.

Internal Controls over Financial Reporting

There has been no change in Parex's internal controls over financial reporting ("ICFR") or disclosure controls and procedures ("DC&P) during the period covered by this MD&A that materially affected, or is reasonably likely to materially affect, its ICFR or DC&P.

Off-Balance-Sheet Arrangements

The Company did not enter into any off-balance-sheet arrangements during the three months ended March 31, 2025 other than normal course guarantees entered into in the form of letters of credit to support the exploration work commitments on its blocks. For further information refer to "Contractual Obligations, Commitments and Guarantees" section above and note 23 - Commitments and Contingencies in the unaudited condensed interim consolidated financial statements.

Financial Instruments and Other Instruments

The Company’s non-derivative financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value. The fair values of the current financial instruments approximate their carrying value due to their short-term maturity.

Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year as described in note 3 of the Company’s consolidated financial statements for the year ended December 31, 2024.

Change in presentation

Prior period expense items have been reclassified to conform to the current period's presentation.

Loss (gain) on settlement of provisions, loss (gain) on disposition of tangible assets, and other municipal taxes, that were previously included in Finance expense, have been included in Other expenses:

Consolidated Statements of Comprehensive Income (unaudited)		For the three months ended March 31, 2024
Finance expense, as previously presented	$	5,194
Reclassification to Other expenses		(739)
Finance expense, as currently presented	**$**	**4,455**

DIRECTORS

Wayne Foo
Chairman of the Board

Robert Engbloom

Lynn Azar

Lisa Colnett

Sigmund Cornelius

G.R. (Bob) MacDougall

Glenn McNamara
Lead Director

Imad Mohsen

Carmen Sylvain

OFFICERS & SENIOR EXECUTIVES

Imad Mohsen
President & Chief Executive Officer

Daniel Ferreiro
President & Country Manager, Parex Resources Colombia

Cameron Grainger
Chief Financial Officer

Eric Furlan
Chief Operating Officer

Mike Kruchten
Sr. Vice President, Capital Markets & Corporate Planning

Joshua Share
Sr. Vice President, Corporate Services

Katie Bernard
Vice President, New Ventures

CORPORATE HEADQUARTERS

Parex Resources Inc.
2700, Eighth Avenue Place, West Tower
585 8 Avenue S.W.,
Calgary, Alberta, Canada T2P 1G1

Tel: 403-265-4800
Fax: 403-265-8216

OPERATING OFFICES

Parex Resources Colombia Ltd. Sucursal
Calle 113 No. 7-21, Of. 611,
Edificio Teleport, Torre A,
Bogotá, Colombia

Tel: 571-629-1716
Fax: 571-629-1786

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
Calgary, Alberta

RESERVES EVALUATORS

GLJ Ltd.
Calgary, Alberta

INVESTOR RELATIONS

Michael Kruchten
Sr. Vice President, Capital Markets & Corporate Planning

Tel: 403-517-1733

Steven Eirich
Investor Relations & Communications Advisor

Tel: 587-293-3286

E-mail: investor.relations@parexresources.com

Website: www.parexresources.com

ABBREVIATIONS

Oil and Natural Gas Liquids	
bbl(s)	barrel(s)
mbbls	one thousand barrels
bbl(s)/d or bopd	barrel(s) of oil per day
BOE or boe	barrel of oil equivalent, using the conversion factor of 6 Mcf: 1 bbl
boe/d	barrels of oil equivalent per day
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day

Other	
WTI	West Texas Intermediate
Brent	Brent Ice
FFO	Funds flow provided by operations