



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

DECEMBER 31, 2024

MARCH 4, 2025

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ABBREVIATIONS, CONVENTIONS AND OTHER INFORMATION

In this Annual Information Form, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

bbbl(s)	barrel(s)
bbbl(s)/d	barrels of oil per day
mbbl	one thousand barrels
MMbbls	one million barrels
NGLs	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	one million cubic feet
Mcf/e	thousand cubic feet equivalent
Mcf/d	thousand cubic feet per day
MMcf/d	one million cubic feet per day

Other

BOE or boe	barrel of oil equivalent, using the conversion factor of 6 Mcf: 1 bbl
Mboe	one thousand barrels of oil equivalent
boe/d	barrels of oil equivalent per day
bopd	barrels of oil per day
MMbtu	one million British thermal units
WTI	West Texas Intermediate

"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Certain other terms used herein but not defined herein are defined in NI 51-101 (as defined herein) and/or CSA 51-324 (as defined herein) and, unless the context otherwise requires, shall have the same meanings herein as in NI-51-101 and/or CSA 51-324.

This Annual Information Form contains certain oil and gas metrics, including operating netbacks, which do not have standardized meanings or standard methods of calculation under NI 51-101 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.

Any references in this Annual Information Form to initial and/or final test rates or production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter. These test results are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

Certain information in this Annual Information Form may constitute "analogous information" as defined in NI 51-101, including, but not limited to, information relating to the Cusiana, Cupiagua, Floreña and Pauto Sur producing fields. Management of the Company believes the information is relevant as it helps to define the characteristics of the land in which the Company may hold an interest. The Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator and is unable to confirm that the analogous information was prepared in accordance with NI 51-101. Such information is not an estimate of the reserves or resources attributable to lands held or to be held by the Company and there is no certainty that the reserves data and economics information for the lands held or to be held by the Company will be similar to the information presented herein.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units):

To Convert From	To	Multiply By
cubic feet	cubic metres ("m ³ ")	0.028
cubic metres	cubic feet	35.301
bbls	m ³	0.159
m ³	bbls	6.29
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.4047
hectares	acres	2.4710

Unless otherwise indicated, references in this Annual Information Form to "dollars" and "\$" are to United States dollars ("U.S. dollars").

In all cases where percentage (%) figures are provided, such percentages have generally been rounded to the nearest whole number.

Unless otherwise specified, information in this Annual Information Form is as at the end of the Company's most recently completed financial year, being December 31, 2024.

CURRENCY AND EXCHANGE RATES

The following table sets forth, for each of the periods indicated, the high and low rates of exchange of Canadian dollars into U.S. dollars, the average of the exchange rates during each such period (being the average of the daily noon buying rates during the period) and the end-of-period rate. Such rates are shown as, or are derived from, the reciprocals of the noon buying rates in New York City for cable transfers payable in Canadian dollars, as available on the Bank of Canada website. On March 4, 2025, the closing buying rate for one U.S. dollar in Canadian dollars as certified by the Bank of Canada was 1.4489.

	Year Ended December 31		
	2024	2023	2022
Highest rate during the period	1.4416	1.3875	1.3856
Lowest rate during the period	1.3316	1.3128	1.2451
Average closing rate for the period	1.3698	1.3497	1.3013
Rate at the end of the period	1.4389	1.3226	1.3544

NON-GAAP AND OTHER FINANCIAL MEASURES ADVISORY

This Annual Information Form 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). 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.

Please refer to the MD&A under the heading "Non-GAAP and Other Financial Measures Advisory", which is available at the Company's website at www.parexresources.com and on the Company's profile on SEDAR+ at www.sedarplus.ca for additional information about such financial measures, including reconciliations to the nearest GAAP measures, as applicable.

CERTAIN DEFINITIONS

In this Annual Information Form, the following words and phrases have the following meanings, unless the context otherwise requires:

Selected Defined Terms

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**ANH**" means the Agencia Nacional de Hidrocarburos;

"**Board of Directors**" means the board of directors of the Company;

"**Business Collaboration Agreements**" "**BCA**" means a joint venture agreement where parties combine resources and experiences to carry out commercial activities related to exploration, evaluation, production activities and development of Hydrocarbon.

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**" or "**Parex**" means Parex Resources Inc., a corporation incorporated under the ABCA, or Parex Resources Inc. and its direct and indirect Subsidiaries on a consolidated basis, where the context requires;

"**Convenio**" has the meaning set forth under *Industry Conditions – Regulatory Regime* in this Annual Information Form;

"**Credit Facilities**" has the meaning set forth under *Bank Debt* in this Annual Information Form;

"**Ecopetrol**" means Ecopetrol S.A.;

"**E&P Contracts**" means the exploration and production contracts entered by and between Parex Colombia or Verano Energy and the ANH;

"**GAAP**" means generally accepted accounting principles for publicly accountable enterprises in Canada which is currently in accordance with IFRS;

"**GDP**" means gross domestic product;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Material Subsidiary**" means: (i) a direct or indirect subsidiary of Parex which has total assets that exceed 10% of the consolidated assets of Parex; (ii) a direct or indirect subsidiary of Parex which has revenues that exceed 10% of the consolidated revenues of Parex; and (iii) when the direct or indirect subsidiaries that satisfy (i) and (ii) are aggregated together, such direct or indirect subsidiaries have total assets that exceed 20% of the consolidated assets of Parex and revenues that exceed 20% of the consolidated revenues of Parex;

"**MD&A**" means the Company's Management's Discussion and Analysis of the financial condition and results of operations of the Company for the three months and years ended December 31, 2024 and 2023 dated March 4, 2025;

"**NCIB**" has the meaning ascribed thereto under *General Development of the Business - Normal Course Issuer Bid*;

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations*;

"**NI 52-112**" means National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure*;

"**Parex Colombia**" means Parex Resources (Colombia) AG, a corporation organized under the laws of Barbados and redomiciled to Switzerland in June 2022;

"**PARI**" means Petro Andina Resources Inc.;

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval;

"**Subsidiaries**" has the meaning attributed thereto under the ABCA;

"**TSX**" means the Toronto Stock Exchange; and

"**Verano Energy**" means Verano Energy (Switzerland) AG, a corporation organized under the laws of Barbados and redomiciled to Bermuda in September 2019 and then to Switzerland in June 2022.

Selected Oil and Gas Terms

"**abandonment and reclamation costs**" means all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to a standard imposed by applicable government or regulatory authorities;

"**API**" means the American Petroleum Institute;

"**API gravity**" means the American Petroleum Institute gravity, which is a measure of how heavy or light a petroleum liquid is compared to water. If a petroleum liquid's API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier than water and sinks. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water, but it is used to compare the relative densities of petroleum liquids;

"**COGE Handbook**" means the "Canadian Oil and Gas Evaluation Handbook" maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time;

"**conventional natural gas**" means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features;

"**crude oil**" or "**oil**" means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas;

"**CSA 51-324**" means Staff Notice 51-324 - *Revised Glossary To NI 51-101 Standards of Disclosure For Oil And Gas Activities* of the Canadian Securities Administrators;

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;

- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems;

"exploration costs" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");
- (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells;

"forecast prices and costs" means future prices and costs that are:

- (a) generally accepted as being a reasonable outlook of the future; or
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a);

"future net revenue" means a forecast of revenue, estimated using forecast prices and costs, arising from the anticipated development and production of resources, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs;

"GLJ" means GLJ Ltd., independent petroleum engineers of Calgary, Alberta;

"GLJ Report" means the report of GLJ dated March 4, 2025 evaluating the oil and natural gas reserves of the Company as at December 31, 2024;

"gross" means:

- (a) in relation to a reporting issuer's interest in production or reserves, its "company gross reserves", which are the reporting issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the reporting issuer;
- (b) in relation to wells, the total number of wells in which a reporting issuer has an interest; and
- (c) in relation to properties, the total area of properties in which a reporting issuer has an interest;

"heavy crude oil" or **"heavy oil"** means crude oil with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity;

"hydrocarbon" means a compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as sulphur;

"**ICE Brent**" means Intercontinental Exchange Brent;

"**light crude oil**" or "**light oil**" means crude oil with a relative density greater than 31.1 degrees API gravity;

"**medium crude oil**" or "**medium oil**" means crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

"**natural gas**" means a naturally occurring mixture of hydrocarbon gases and other gases;

"**natural gas liquids**" "**NGLs**" means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates;

"**net**" means:

- (a) in relation to a reporting issuer's interest in production or reserves, the reporting issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the reporting issuer's royalty interests in production or reserves;
- (b) in relation to a reporting issuer's interest in wells, the number of wells obtained by aggregating the reporting issuer's working interest in each of its gross wells; and
- (c) in relation to a reporting issuer's interest in a property, the total area in which the reporting issuer has an interest multiplied by the working interest owned by the reporting issuer;

"**NI 51-101**" means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

"**possible reserves**" are those additional reserves that are less certain to be recovered than probable resources. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"**property**" includes: (a) fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest; (b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and (c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer). A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas;

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates; and

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable) to which they are assigned.

FORWARD LOOKING STATEMENTS

Certain information regarding Parex set forth in this document, including management of the Company's ("**Management's**") assessment of the Company's future plans and 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 Parex's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although 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, operational, competitive, political and social uncertainties and contingencies. Many factors could cause Parex's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

In particular, forward-looking statements included in this Annual Information Form include, but are not limited to, statements with respect to:

- Parex's strategy, plans and focus;
- Parex's growth strategy and the anticipated benefits to be derived therefrom;
- Parex's ambition to become a multi-field operator;
- Parex's expectations that it will pay a regular quarterly dividend and the anticipated timing and terms thereof;
- the anticipated termination date of the 2025 NCIB;
- Parex's expectations for the Gibraltar field and its Gibraltar Profundo exploration well;
- Parex's expectations that it will commence initial access work to prepare for civil works activities in 2025 for the Farrallones exploration well;
- the anticipated timing of when Parex's Farallones exploration well will spud;
- Parex's BCAs with Ecopetrol, the terms thereof, the anticipated costs and timing thereof and the anticipated benefits to be derived therefrom;
- Parex's expectation that the Putumayo blocks contain low-risk development drilling inventory;
- the Company's forecast voluntary corporate restructuring benefits and the anticipated costs and timing thereof;
- that Parex does not anticipate that environmental protection requirements will have a significant financial or operational effect on Parex's capital expenditures, earnings or competitive position;
- the Company's expectations that the trend towards stricter standards in environmental legislation and regulation will continue in its area of operations;
- the Company's expectations that it will have increased capital and operating expenditures relating to the protection of the environment;
- Parex's expectations that it will incur abandonment and site reclamation costs as existing oil and gas properties are abandoned and reclaimed;
- the Company's environmental strategies and the anticipated benefits to be derived therefrom, including its ability to remain in material compliance with environmental protection legislation;
- Parex's corporate social responsibility strategy and the anticipated benefits to be derived therefrom
- forecasted abandonment and reclamation costs and the anticipated timing thereof;
- Parex's expectations that there will not be any significant factors or uncertainties that would affect its properties with no attributed reserves and that the abandonment and reclamation costs associated with such properties will not be material;
- the anticipated timing of Parex's land that will be relinquished;
- the anticipated timing of the development of undeveloped reserves and the estimated future capital spending to develop such undeveloped reserves;
- Parex's expectations that peace negotiations will further institutional strengthening and development in Colombia;
- Parex's expectations that it will be successful in attracting and retaining qualified successors to its Chief Executive Officer and other senior officers in the event of departure;
- Parex's expectations that it has significant development opportunities in several large properties and that the pace of development will be controlled to meet its corporate capital expenditure targets;

- that the Company does not anticipate any unusually high development costs or operating costs, the need to build a major pipeline or other major facility before production of reserves can begin, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations;
- that the Company does not anticipate any significant economic factors or significant uncertainties will affect any particular components for the Reserves Data;
- forecasted future development costs, the anticipated timing thereof and Parex's anticipated means of funding such costs;
- that Parex does not anticipate that interest or other funding costs would make further development of any of its properties uneconomic;
- the Company's hedging activities;
- the estimated total inflated, undiscounted amount required to settle asset retirement obligations in respect of the Company's producing and non-producing wells and facilities and the anticipated timing thereof;
- the estimated total inflated, undiscounted amount required to settle the Company's environmental obligations and the anticipated timing thereof;
- estimated volumes of gross and net production in 2025;
- anticipated growth in Colombia's GDP in 2025 and 2026;
- the size of, and future net revenues from, oil and natural gas reserves;
- the performance characteristics of the Company's oil and natural gas properties;
- supply and demand for oil and natural gas;
- development and drilling plans, for certain of Parex's locations, including completion, testing, and tie in of wells and the anticipated timing thereof;
- treatment and cost under governmental regulatory regimes and tax laws;
- receipt of regulatory approvals;
- financial and business prospects and financial outlook;
- results of operations;
- production, future costs, reserves and production estimates;
- activities to be undertaken in various areas including the fulfillment of exploration and farm in commitments;
- tax horizon and future tax rates enacted in the Company's areas of operation;
- the quantity of the Company's reserves;
- potential impacts of community unrest;
- the Company's plans to sell gas produced from certain of its fields, including the duration thereof and the contract price;
- the Company's risk management program; and
- the Company's anticipated oil and natural gas production levels

Statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of Parex's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada, Colombia, and Switzerland; volatility in market prices for oil, NGLs and natural gas; the impact of significant declines in market prices for oil, NGL's and natural gas; 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, Colombia, and Switzerland; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; risks related to the ability of partners to fund capital work programs and other matters requiring partner approval; imprecision in reserve and resource estimates; 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 may 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; the risk that the Company may not become a multi-field operator; 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 environmental strategies may not be successful and that the Company may not remain in material compliance with environmental protection legislation; the risk that environmental protection requirements may have a significant financial or operational effect on Parex's capital expenditures, earnings or competitive

position; the risk that costs in connection with the Company's abandonment and reclamation obligations, asset retirement obligations and environmental obligations may be greater than anticipated; the risk that fees significant economic factors or significant uncertainties may affect particular components for the Reserves Data; the risk that the Company's future development costs may be greater than anticipated; the risk that interest or other funding costs would make the further development of any of Parex's properties uneconomic, the risk that the Company's BCAs with Ecopetrol may not lead to the benefits anticipated; the risk that Parex's Farallones exploration well may not spud when anticipated, or at all; the risk that development opportunities may not be available to the Company; the risk that the Company may not meet its corporate capital expenditure targets; the risk that Parex may not have sufficient financial resources in the future to pay a dividend or repurchase its Common Shares through an NCIB; the risk that the Board of Directors may not declare dividends in the future or that Parex's dividend policy changes; the risk that Parex's volumes of gross and net production in 2025 may be less than anticipated; the risk that Colombia's GDP in 2025 and 2026 may be less than anticipated; the risk that the Company's future net revenues from oil and natural gas reserves may be less than anticipated; the risk that the impacts of community unrest on the Company may be greater than anticipated; the risks discussed under *Risk Factors*; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Parex's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca).

Although the forward-looking statements contained in this Annual Information Form 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 Annual Information Form, Parex has made assumptions regarding, but not limited to: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; uninterrupted access to infrastructure; future exchange rates; the price of oil, NGLs and natural gas; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; recoverability of reserves; royalty rates; future operating costs; receipt of regulatory approvals; the impact of community unrest on the Company's operations; that the Company will have sufficient funds flow provided by operations, 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 natural gas properties in the manner currently contemplated; that 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; effects of environmental legislation on the Company's operations and the Company's ability to comply with such legislation; that Parex will have sufficient financial resources to repurchase shares under its NCIB and pay dividends; and other matters.

Forward-looking statements and other information contained herein concerning the oil and natural gas industry in the countries in which the Company 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 the above summary of assumptions and risks related to forward-looking statements and other information provided in this Annual Information Form in order to provide shareholders and investors with a more complete perspective on Parex's current and future operations and such information may not be appropriate for other purposes. Parex's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Parex will derive therefrom.

These forward-looking statements are made as of the date of this Annual Information Form 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 Annual Information Form 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 BCAs with Ecopetrol, including the anticipated costs thereof; forecasted abandonment and reclamation costs and the anticipated timing thereof; forecasted future development costs, the anticipated timing thereof and Parex's anticipated means of funding such costs; the Company's hedging activities; the estimated total inflated, undiscounted amount required to settle asset retirement obligations in respect of the Company's producing and non-producing wells and facilities and the anticipated timing thereof; the estimated total inflated, undiscounted amount required to settle the Company's environmental obligations and the anticipated timing thereof; treatment and cost under governmental regulatory regimes and tax laws; tax horizon and future tax rates enacted in the Company's areas of operation; and the Company's plans to sell gas produced from certain of its fields, including the duration thereof; 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 may vary from the amounts set forth in this Annual Information Form 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 Annual Information Form was made as of the date of this Annual Information Form 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 Annual Information Form is not conclusive and is subject to change. The Company disclaims any intention or obligations to update or revise any financial outlook contained in this Annual Information Form, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

The Company's future shareholder distributions, including but not limited to the payment of dividends and the acquisition by the Company of its Common Shares pursuant to its NCIB, if any, and the level thereof is uncertain. Any decision to pay 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 Common Shares of the Company will be subject to the discretion of the Board of Directors 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. There can be no assurance that the Company will pay dividends or repurchase any Common Shares of the Company in the future. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the Company's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Company has incurred or may incur in the future, including the terms of the Credit Facilities.

MARKET, INDEPENDENT THIRD PARTY AND INDUSTRY DATA

Certain market, independent third party and industry data contained in this Annual Information Form is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but none of Parex or its affiliates have conducted their own independent verification of such information. This Annual Information Form also includes certain data derived from independent third parties, including, but not limited to: the summary of certain information contained in *Industry Conditions* in this Annual Information Form. While Parex believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. None of Parex or its affiliates have independently verified any of the data from independent third-party sources referred to in this presentation or ascertained the underlying assumptions relied upon by such sources.

PAREX RESOURCES INC.

General

Parex was incorporated under the ABCA on August 17, 2009 as "1485196 Alberta Ltd." On September 29, 2009, Parex filed articles of amendment to remove its private company restrictions and change its name to "Parex Resources Inc." On January 1, 2016, Parex amalgamated with its wholly owned Subsidiary, Verano Energy Limited, to form Parex Resources Inc. On March 1, 2022, Parex amalgamated with its wholly owned Subsidiary, Parex Resources Holdings Ltd., to form Parex Resources Inc.

The Company's registered office is located at 2400, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and its head office is located at 2700, 585 - 8th Avenue S.W., Calgary, Alberta T2P 1G1.

Parex is the largest independent oil and gas company in Colombia, focusing on sustainable, conventional oil and gas production. Parex's corporate headquarters are in Calgary, Canada, and the Company has an operating office in Bogotá, Colombia. Parex is a member of the S&P/TSX Composite ESG Index and is a reporting issuer in each of the Provinces of Canada and its Common Shares trade on the TSX under the symbol "PXT".

Parex has a strong track-record of delivering total shareholder returns as well as long-term benefits to the community.

In support of the Company's growth strategy, Parex is leveraging industry-proven, but new-to-Colombia technology. As the largest independent land holder in Colombia, Parex is actively exploring and exploiting its high-quality asset portfolio with ambitions to grow the Company and become a multi-field operator.

Intercorporate Relationships

As at the date hereof, the Company has six direct or indirect wholly owned Subsidiaries. References herein to "Parex" or the "Company" mean Parex Resources Inc., or Parex Resources Inc. and its direct and indirect Subsidiaries on a consolidated basis, where the context requires.

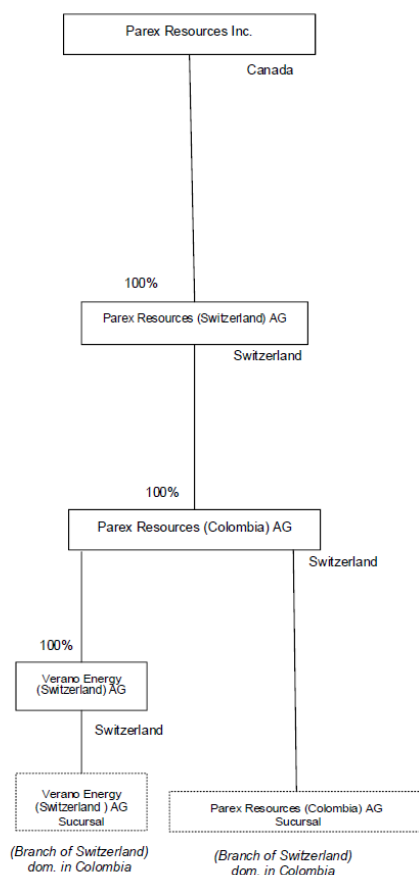
The following chart sets forth, as of the date hereof, the name of each Material Subsidiary, the jurisdiction of incorporation, continuance or organization, the registered holder of the voting shares of each Material Subsidiary, the percentage of voting shares held and the business conducted by each Material Subsidiary:

Name of Subsidiary	Jurisdiction of Incorporation, Continuance or Organization	Registered Holder of Voting Securities and Percentage Held	Business Conducted
Parex Resources (Switzerland) AG	Switzerland (art. 620 et seq. of the Swiss Code of Obligations ("CO"))	Parex (100%)	Holding company.
Parex Resources (Colombia) AG.	Switzerland (art. 620 et seq. of the CO)	Parex Resources (Switzerland) AG (100%)	The Company conducts certain activities in Colombia through a Colombian branch of this entity.
Verano Energy (Switzerland) AG	Switzerland (art. 620 et seq. of the "CO)	Parex Resources (Colombia) AG (100%)	The Company conducts certain activities in Colombia through a Colombian branch of this entity.

Parex provides certain administrative, management and technical support services to certain of its Subsidiaries pursuant to administrative, management, technical support service, and other agreements. The Company currently has administrative, management and technical support service agreements with Parex Colombia and Verano Energy in order to provide these Subsidiaries with support services from Canada.

Corporate Structure

The following chart illustrates the organizational structure of the Company, including its Material Subsidiaries as of the date hereof, this chart does not include all the Subsidiaries of the Company:



The Company's organizational structure facilitates its business as a multi-jurisdictional company whose operations are located outside of Canada. Parex has two subsidiaries active in Colombia whose activities are each conducted through a Colombian branch. Conducting business by way of a Colombian branch is desirable as it minimizes the corporate organizational burden in Colombia. The Company currently has two Colombian branches and the Company conducts all of its activities in Colombia through these two branches.

All of the Company's Material Subsidiaries (which excludes its Colombian branches) are domiciled in countries where the legal system is based upon civil code. The Colombian branches are domiciled in Colombia, which also has a legal system based upon civil code. Switzerland has a banking system and advisory services (legal and accounting) that are comparable to North America. Switzerland has a tax treaty with Canada. Colombia has a free trade agreement and a tax convention with Canada and a bilateral investment treaty with Switzerland.

To help manage the risks of a multi-jurisdictional organizational structure, the Company employs knowledgeable people and engages advisors in each country in which the Company operates to review and comment on the organizational structure as appropriate.

Strategy

Parex continues to build on its track record of success as a responsible and sustainable Colombian oil and gas E&P company. Parex delivers value by applying its business fundamentals in each decision it makes by ensuring safe and sustainable production, progressing high-impact exploration opportunities, leveraging Parex's ESG performance and delivering strong returns of capital.

Through strategic land acquisitions and joint venture agreements, Parex has grown its land holdings and portfolio potential exponentially since 2019. The Company's growth strategy has three pillars: (1) investing in technology to optimize capital efficiency and unlock Colombia's vast resources, (2) growing onshore gas production from liquids-rich gas fields, and (3) targeting transformational, high-impact exploration opportunities. By progressing each pillar, the Parex portfolio will continue to be the foundation for strong shareholder returns.

GENERAL DEVELOPMENT OF THE BUSINESS

The following is a description of the events that have influenced the general development of the business of Parex and its subsidiaries during the financial years ended December 31, 2022, 2023 and 2024. For a more detailed description of the business and operations of Parex and its Material Subsidiaries, see *Description of the Business and Operations* in this Annual Information Form.

Parex' Activities in Colombia

During the years ended December 31, 2022, 2023 and 2024, Parex, primarily through its subsidiary, Parex Colombia, has participated in ANH's bid rounds and has also entered into farm-in agreements and completed various acquisitions of working interests in blocks located in Colombia. See *Description of the Business and Operations* in this Annual Information Form.

Operational Activities

For a description of the Company's exploration, development and production activities in 2022, 2023 and 2024, see *Description of the Business and Operations* and *Principal Properties* in this Annual Information Form. Further, a brief summary for each of the three years is provided below:

Year ended December 31, 2022

- achieved annual average oil and natural gas production in 2022 of 52,049 boe/d (consisting of 7,471 bbls/d of light crude oil and medium crude oil, 43,008 bbls/d of heavy crude oil and 9,420 Mcf/d of conventional natural gas), an increase of 11% over average 2021 production volumes of 46,998 boe/d (consisting of 6,831 bbls/d of light crude oil and medium crude oil, 38,449 bbls/d of heavy crude oil and 10,308 Mcf/d of conventional natural gas);
- realized Brent referenced average realized sales price of \$86.55/boe⁽¹⁾ and an operating netback of \$58.84/boe⁽²⁾;
- recognized net income of \$611.4 million (\$5.38 per share basic);
- generated funds flow provided by operations in 2022 of \$724.9 million⁽³⁾(\$6.38 per share basic⁽²⁾);
- paid aggregate dividends for the year of \$75.5 million or Cdn\$0.89 per Common Share⁽¹⁾;
- incurred capital expenditures of \$512.3 million⁽⁴⁾; and
- participated in drilling 66 gross wells in Colombia resulting in 44 oil wells, 1 gas well, 7 abandoned wells, 8 wells under test and 6 pressure maintenance wells, for a success rate of 87%.

Year ended December 31, 2023

- achieved annual average oil and natural gas production in 2023 of 54,356 boe/d (consisting of 8,417 bbls/d of light crude oil and medium crude oil, 45,163 bbls/d of heavy crude oil and 4,656 Mcf/d of conventional natural gas), an increase of 4% over average 2022 production volumes of 52,049 boe/d;
- realized Brent referenced average realized sales price of \$70.71/boe⁽¹⁾ and an operating netback of \$44.55/boe⁽²⁾;
- recognized net income of \$459.3 million (\$4.32 per share basic);
- generated funds flow provided by operations in 2023 of \$667.8 million⁽³⁾(\$6.29 per share basic⁽²⁾);
- paid aggregate dividends for the year of \$118.7 million or Cdn\$1.50 per Common Share⁽¹⁾;
- incurred capital expenditures of \$483.3 million⁽⁴⁾; and
- participated in drilling 59 gross wells in Colombia resulting in 47 oil wells, 7 suspended wells and 5 dry wells, for a success rate of 80%.

Year ended December 31, 2024

- achieved annual average oil and natural gas production in 2024 of 49,924 boe/d (consisting of 8,850 bbls/d of light crude oil and medium crude oil, 40,336 bbls/d of heavy crude oil and 4,428 Mcf/d of conventional natural gas), a decrease of 8% over average 2023 production volumes of 54,356 boe/d;
- realized Brent referenced average realized sales price of \$69.80/boe⁽¹⁾ and an operating netback of \$41.30/boe⁽²⁾;
- recognized net income of \$60.7 million (\$0.60 per share basic);
- generated funds flow provided by operations in 2024 of \$622.2 million⁽³⁾(\$6.14 per share basic⁽²⁾);
- paid aggregate dividends for the year of \$112.2 million or Cdn\$1.53 per Common Share⁽¹⁾;
- incurred capital expenditures of \$347.7 million⁽⁴⁾; and
- participated in drilling 26 gross wells in Colombia resulting in 17 oil wells, 5 injection wells, 1 suspended well and 3 dry wells, for a success rate of 65%.

(1) Supplementary financial measure (as defined in NI 52-112). See "Non-GAAP and Other Financial Measures Advisory".

(2) Non-GAAP ratio (as defined in NI 52-112). See "Non-GAAP and Other Financial Measures Advisory".

(3) Capital management measure (as defined in NI 52-112). See "Non-GAAP and Other Financial Measures Advisory".

(4) Non-GAAP financial measure (as defined in NI 52-112). See "Non-GAAP and Other Financial Measures Advisory".

Normal Course Issuer Bid

On January 4, 2023, the Company commenced an NCIB to purchase for cancellation up to a maximum of 10,675,555 Common Shares on the open market through the facilities of the TSX and/or alternative trading systems. The Company entered into an automatic share purchase plan with a broker to facilitate repurchases of Common Shares pursuant to the Company's NCIB. Parex purchased for cancellation the maximum number of Common Shares under the NCIB and the NCIB formally terminated on January 3, 2024.

On January 22, 2024, the Company commenced an NCIB to purchase for cancellation up to a maximum of 10,198,838 Common Shares on the open market through the facilities of the TSX and/or alternative trading systems. The Company entered into an automatic share purchase plan with a broker to facilitate repurchases of Common Shares pursuant to the Company's NCIB. Parex purchased for cancellation 5,499,850 of Common Shares under the NCIB and the NCIB formally terminated on January 21, 2025.

On January 22, 2025, the Company commenced an NCIB to purchase for cancellation, from time to time, as it considers advisable up to a maximum of 8,621,348 Common Shares on the open market through the facilities of the TSX and/or alternative trading systems. The NCIB will terminate on January 21, 2026. The Company also entered into an automatic share purchase plan with a broker to facilitate repurchases of Common Shares pursuant to the Company's NCIB. Under the Company's automatic share purchase plan, the Company's broker may repurchase Common Shares under the NCIB during the Company's self-imposed blackout periods. As at February 28, 2025, the Company has repurchased approximately 0.3 million shares to date in 2025 at an average price of Cdn\$14.30 per share, for total consideration of Cdn\$3.9 million under the current normal course issuer bid.

Significant Acquisitions

Parex did not complete any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of NI 51-102.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

The Company, through its Subsidiaries, is engaged in oil and natural gas exploration, development and production in South America, however at present all of the Company's oil and natural gas production and reserves are located in Colombia.

Set forth below is a description of the material exploration blocks located in Colombia that were acquired by the Company over the last three completed financial years:

On April 11, 2024 Parex Resources and Ecopetrol entered into definitive agreements to consolidate their position along the Llanos Foothills trend in alignment with current Colombian government objectives to secure gas supply and support energy transition initiatives. Under the definitive agreements: 1) Parex assumed operatorship in all exploration and future development activities where Parex holds a newly acquired working interest ("W.I."). 2) Harmonized the LLA-4-1, LLA-16-1, and LLA-121 blocks to become 50-50 joint venture partners as well as the option to jointly participate in one additional block within the trend that is under evaluation. 3) Received a 50% participation share in the form of exploratory rights within the Sirirí Convenio, where the producing Gibraltar field is located, in exchange for drilling the Gibraltar Profundo exploration well and further capital investments of \$11 million (gross). The Gibraltar field is currently producing from the Mirador formation, which is excluded from the definitive agreements and will remain 100% Ecopetrol. Gibraltar Profundo is a 3D-defined exploration prospect targeting gas and condensate below the Mirador formation, and becomes one of the highest-ranking prospects in Parex's high-impact big 'E' exploration portfolio; the prospect is located within the existing facilities of the Gibraltar field where a discovery could be fast-tracked to existing pipeline infrastructure. 4) Created an AMI within the Foothills trend that includes the Niscota exploration area, whereby if either party acquires the rights within an area, each party has the right to acquire a 50% W.I. of the acquired area. The Niscota area is on trend to the producing fields of Cusiana, Cupiagua, Floreña, and Pauto Sur, which together produced over 23,000 bbl/d of oil; (4) and roughly 1 bcf/d of natural gas in 2023 from discoveries made in the 1980s and 1990s; peak average production from the combined fields was approximately 450,000 bbl/d of oil and roughly 3 bcf/d of natural gas; 5) Continuing to work jointly to unlock transportation via recent changes in regulations that allow for the conversion of existing oil pipelines to multiphase pipelines, minimizing the need for new independent treatment facilities for each block, and accelerating commercial onstream time for successful gas production.

On October 22, 2024, and as part of the additional blocks within the trend that was under evaluation at the time of execution of the definitive agreements, Parex Resources entered into an assignment agreement whereby Parex assumed 100% participating interest and operatorship under the Mundo Nuevo Association Contract as part of the Llanos Foothills agreement.

On November 22, 2024 and subject to government approval, Parex Resources acquired 50% working interest and operatorship in the Farallones Block in the Llanos Foothills of Colombia in exchange for drilling the Farallones exploration well, as well as the further expenditure commitment for carry capital of approximately \$30 million on a gross capital program of roughly \$60 million. The carry commitment capital can be executed until 2029, with the Company having flexibility to shift commitment carry capital to other Parex and Ecopetrol joint partnerships blocks as required. In 2025, Parex Resources plans to commence initial access work to prepare for civil works activity and is expected to spud of Farallones exploration well in 2026.

Subject to government approval, on December 11, 2024 Parex and Ecopetrol executed four BCAs whereby Parex Resources will earn a 50% participating share in four blocks (Orito, Area Sur, Occidente and Nororiental Blocks) all located in the Putumayo Basin of Colombia. The 50% participation share in the four blocks in Putumayo Basin were acquired via an initial work plan commitment with no up-front acquisition cost. Under the Phase I of the BCAs, Parex Resources will receive 50% of future incremental production through funding development wells and implementing secondary recovery programs. The expenditure commitment under the BCA is for carry capital by Parex Resources of approximately \$175 million on a gross capital program of roughly \$350 million, having the Company the flexibility to shift commitment carry capital to other Parex and Ecopetrol partnerships blocks, if required. Under the Phase II of the BCAs and upon completion of Phase I, or after three years thereafter Parex Resources will receive 50% participation share of all base existing production, in addition to the 50% of incremental production, with an ongoing 3% capital carry in favour of Ecopetrol. Current average production from the base existing producing wells is approximately 5,800 bbl/d of oil for all four blocks. The Putumayo blocks contain proved reserves along with low-risk development drilling inventory.

PRINCIPAL PROPERTIES

As at December 31, 2024, the Company's principal land holdings and exploration blocks, excluding blocks that the Company is planning to relinquish, were as follows:

	<u>Working Interest</u>	<u>Gross Acres⁽¹⁾</u>	<u>Net Acres⁽²⁾</u>
Colombia Llanos Basin			
<u>Operated Properties</u>			
Block Arauca ⁽³⁾	50%	41,071	20,536
Block LLA 4-1	50%	118,769	59,385
Block LLA-16-1	50%	185,523	92,762
Block LLA-26	100%	93,376	93,376
Block LLA-30	100%	1,451	1,451
Block LLA-32	87.5%	23,757	20,787
Block LLA-38 ⁽³⁾	50%	117,566	58,783
Block LLA-40	100%	4,072	4,072
Block LLA-43-1	100%	191,269	191,269
Block LLA-74	100%	148,263	148,263
Block LLA-81	100%	244,846	244,846
Block LLA-94	100%	89,175	89,175
Block LLA-95	100%	214,841	214,841
Block LLA-111	100%	600,226	600,226
Block LLA-112	100%	775	775
Block LLA-113	100%	4,557	4,557
Block LLA-121	50%	142,248	71,124
Block LLA-122	50%	188,298	94,149
Cabrestero Block	100%	9,212	9,212
Capachos Block ⁽³⁾	50%	64,073	32,037
CPE 2-2 Block	100%	732,703	732,703
CPO 4-1 Block	50%	14,826	7,413
CPO-10 Block	100%	735,141	735,141
CPO 11-2 Block	100%	6,101	6,101
Farrallones Block ⁽³⁾	50%	386,801	193,401
Los Ocarros Block	100%	30,562	30,562
Siriri Block ⁽³⁾	50%	140,064	70,032
<u>Non-Operated Properties</u>			
Block LLA-34	55%	63,528	34,940
Colombia Magdalena Basin			
<u>Operated Properties</u>			
Aguas Blancas	50%	13,386	6,693
Block VIM-1	50%	139,575	69,788
Block VIM-10-2	100%	335,017	335,017
Block VMM-4-2	100%	102,288	102,288
Block VSM-13-2	100%	228,450	228,450
Block VSM-14-1	100%	207,500	207,500
Block VSM-25	100%	68,221	68,221
Block VSM-36	100%	148,263	148,263
Block VSM-37	100%	119,543	119,543
Block VMM-46	100%	111,026	111,026
Boranda Block	50%	38,968	19,484
Fortuna Block ⁽⁴⁾	100%	26,205	26,205
Mundo Nuevo ⁽⁴⁾	100%	477,548	477,548
Colombia Putumayo Basin			
<u>Operated Properties</u>			
Area Sur ⁽³⁾	50%	59,515	29,758
Nororiente ⁽³⁾	50%	60,572	30,286
Occidente ⁽³⁾	50%	99,538	49,769
Orito ⁽³⁾	50%	42,489	21,245
Total		<u>6,871,198</u>	<u>5,913,003</u>

Notes:

- (1) "Gross" means acres in which the Company has an interest.
- (2) "Net" means the Company's interest in the gross acres.
- (3) Lands are subject to farm-in agreement/BCA earnings terms and/or regulatory approval.
- (4) Subject to Ecopetrol's right to back-in as per the association contract (20%).

Exploration properties that are deemed non-commercial will be relinquished in due course. Accordingly, the gross versus net acres described above may decrease over time as lands deemed non-commercial are released/relinquished.

Colombia

A summary of the Company's operational activities at its significant producing properties over the last three completed financial years is provided below.

Block LLA-34 (55% working interest)

In 2022, Parex continued to delineate and develop the Tigana and Jacana pools and extend the Tigui and Tua oil fields, participating in the drilling of 28 wells resulting in 22 producing oil wells, 3 waterflood injection wells, 1 abandoned well and 2 wells under test. Average net oil production from Block LLA-34 in 2022 was 31,359 bbl/d net (consisting of 172 bbl/d light crude oil and medium crude oil and 31,187 bbl/d of heavy crude oil) or 57,016 boe/d gross (consisting of 313 bbl/d light crude oil and medium crude oil and 56,704 bbl/d of heavy crude oil).

In 2023, Parex continued to delineate and develop the Tigana and Jacana pools, participating in the drilling of 32 wells resulting in 17 producing oil wells, 6 waterflood injection wells, 3 abandoned wells and 6 suspended wells. Average net oil production from Block LLA-34 in 2023 was 29,827 bbl/d net (consisting of 238 bbl/d light crude oil and medium crude oil and 29,589 bbl/d of heavy crude oil) or 54,231 boe/d gross (consisting of 433 bbl/d light crude oil and medium crude oil and 53,798 bbl/d of heavy crude oil).

In 2024, Parex continued to delineate and develop the Tigana and Jacana pools, participating in the drilling of 16 wells resulting in 11 producing oil wells and 6 waterflood injection wells. Average net oil production from Block LLA-34 in 2024 was 26,466 bbl/d net (consisting of 167 bbl/d light crude oil and medium crude oil and 26,299 bbl/d of heavy crude oil) or 48,120 boe/d gross (consisting of 304 bbl/d light crude oil and medium crude oil and 47,816 bbl/d of heavy crude oil).

Cabrestero Block (100% working interest)

In 2022, Parex drilled 22 wells on the Cabrestero Block. All wells drilled were oil producing wells or water injection wells to allow a field waterflood pressure maintenance scheme. Also in 2022, the Company brought its first solar farm project into operation. Average net oil production from the Cabrestero Block in 2022 was 11,178 bbl/d net (11,178 bbl/d gross) consisting entirely of heavy crude oil.

In 2023, Parex drilled 19 wells on the Cabrestero Block. All wells drilled were oil producing wells or water injection wells to allow a field waterflood pressure maintenance scheme. Average net oil production from the Cabrestero Block in 2023 was 13,107 bbl/d net (13,107 bbl/d gross) consisting entirely of heavy crude oil.

In 2024, Parex completed its polymer injection pilot on the Cabrestero Block, advancing enhanced oil recovery initiatives, and completed facility and workovers at various wells. Average net oil production from the Cabrestero Block in 2024 was 12,912 bbl/d net (12,912 bbl/d gross) consisting entirely of heavy crude oil.

Capachos Block (50% working interest)

In 2022, Parex drilled the Capachos-3 and Capachos Sur-4 wells on the Capachos Block which are awaiting tie-in in 2023. Average net oil production from the Capachos Block in 2022 was 3,277 boe/d net (consisting of 2,982 bbl/d of light crude oil and medium crude oil and 1,771 Mcf/d of conventional natural gas) or 6,554 boe/d gross (consisting of 5,964 bbl/d light crude oil and medium crude oil and 3,542 Mcf/d of conventional natural gas).

In 2023, Parex completed the tie-in of the Capachos-3 and Capachos Sur-4 wells. Average net oil production from the Capachos Block in 2023 was 3,309 boe/d net (consisting of 3,042 bbl/d of light crude oil and medium crude oil and 1,610 Mcf/d of conventional natural gas) or 6,618 boe/d gross (consisting of 6,082 bbl/d light crude oil and medium crude oil and 3,220 Mcf/d of conventional natural gas).

On November 7, 2023, Parex entered into an amendment to the Capachos Farmout Agreement in order to extend the term of the FOA until 2046, subject to the fulfillment of the carry activities defined in the agreement.

In 2024, Parex completed drilled the Andina Norte-2 well and spud the Andina Este-1 well. Average net oil production from the Capachos Block in 2024 was 3,741 boe/d net (consisting of 3,456 bbl/d of light crude oil and medium crude oil and 1,711 Mcf/d of conventional natural gas) or 7,482 boe/d gross (consisting of 6,912 bbl/d light crude oil and medium crude oil and 3,422 Mcf/d of conventional natural gas).

Block VIM-1 (50% working interest)

In 2022, Parex drilled three wells: the La Belleza-2 development well and the Vaduz-1 and Planadas-1ST1 exploration wells, which were each subsequently abandoned. Gas facility work was also completed during the year. Average oil production from Block VIM-1 in 2022 was 1,007 boe/d net (consisting of 755 bbl/d of light crude oil and medium crude oil and 1,510 Mcf/d of conventional natural gas) or 2,014 boe/d gross (consisting of 1,510 bbl/d of light crude oil and medium crude oil and 3,020 Mcf/d of conventional natural gas).

In 2023, Parex completed gas facility work during the year. Average oil production from Block VIM-1 in 2023 was 1,730 boe/d net (consisting of 1,534 bbl/d of light crude oil and medium crude oil and 1,173 Mcf/d of conventional natural gas) or 3,460 boe/d gross (consisting of 3,068 bbl/d of light crude oil and medium crude oil and 2,346 Mcf/d of conventional natural gas).

In 2024, Parex completed gas facility work and civil works related to Hidra-1 exploration well during the year. Average oil production from Block VIM-1 in 2024 was 1,810 boe/d net (consisting of 1,751 bbl/d of light crude oil and medium crude oil and 355 Mcf/d of conventional natural gas) or 3,620 boe/d gross (consisting of 3,502 bbl/d of light crude oil and medium crude oil and 710 Mcf/d of conventional natural gas).

Arauca (50% working interest)

During 2022, Parex completed civil work for the Arauca-15 well.

During 2023, Parex completed civil work and drilling for the Arauca-8 well and successfully tested the first two zones with discoveries in each, with two more zones to test. Arauca-15 well was also drilled with a sidetrack currently being drilled.

During 2024, Parex completed drilling for the Arauca-8, Arauca-15 and Arauca-81. Average oil production from the Arauca Block in 2024 was 566 boe/d net (consisting of 566 bbl/d of light crude oil and medium crude oil) or 968 boe/d gross (consisting of 968 bbl/d of light crude oil and medium crude oil).

Summary of Block Commitments as of March 4, 2025

The following information represents the gross outstanding financial commitments of the Company per block in accordance with the E&P Contracts/Convenios, Farmouts and BCAs, all of which are in Colombia.

Blocks	Current Exploration Period	End of Exploration Period Expiry Date	Outstanding Gross Financial Commitment	Outstanding Net Financial Commitment	Current Commitment
Arauca ⁽²⁾	BCA	N/A	\$ 14,250,000	\$ 14,250,000	Work program to be agreed with partner
Area Sur ⁽²⁾	BCA	To be determined	\$ 39,300,000	\$ 39,300,000	Work program to be agreed with partner
Capachos ⁽²⁾⁽³⁾	Farmout	April 22, 2025	\$ 17,520,000	\$ 17,520,000	1 exploration well
CPE-2-2 ⁽¹⁾	Phase 1	September 20, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
CPO-4-1 ⁽¹⁾	Phase 1	September 20, 2028	\$ 5,844,736	\$ 2,922,368	1 exploration well
CPO-10 ⁽¹⁾	Phase 1	May 16, 2029	\$ 5,844,736	\$ 5,844,736	1 exploration well
CPO-11-2 ⁽¹⁾	Phase 1	October 4, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
Farrallones ⁽²⁾	Phase 1	October 26, 2026 (well), remaining October 26, 2029	\$ 117,000,000	\$ 117,000,000	1 exploration well and work program to be agreed with partner
LLA-4-1 ⁽¹⁾	Phase 1	April 13, 2029	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-16-1 ⁽¹⁾	Phase 1	March 27, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-26	Phase 2	December 31, 2027	\$ 7,500,000	\$ 7,500,000	1 exploration well
LLA-32 ⁽³⁾	Phase 2 PEP	December 31, 2026	\$ 1,564,264	\$ 1,564,264	Seismic
LLA-38 ⁽²⁾⁽⁴⁾	Phase 1	Suspended	\$ 56,666,666	\$ 56,666,666	Seismic + 1 exploration well
LLA-43-1	Phase 0	To be determined	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-74 ⁽¹⁾	Phase 1	October 7, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-94	Phase 1	October 01, 2025	\$ 6,807,888	\$ 6,807,888	1 exploration well
LLA-95 ⁽¹⁾	Phase 1	August 26, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-111 ⁽¹⁾	Phase 1	August 26, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-112 ⁽¹⁾	Phase 1	September 16, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-113 ⁽¹⁾	Phase 1	September 28, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
LLA-121	Phase 1	November 27, 2025	\$ 4,787,552	\$ 2,393,773	Seismic
Mundo Nuevo ⁽⁴⁾	Phase 0	Suspended	\$ 4,000,000	\$ 4,000,000	Seismic
Nororiente ⁽²⁾	BCA	To be determined	\$ 46,700,000	\$ 46,700,000	Work program to be agreed with partner
Occidente ⁽²⁾	BCA	To be determined	\$ 118,800,000	\$ 118,800,000	Work program to be agreed with partner
Orito ⁽²⁾	BCA	To be determined	\$ 148,300,000	\$ 148,300,000	Work program to be agreed with partner
Siriri ⁽²⁾⁽⁴⁾	BCA	Suspended	\$ 41,000,000	\$ 41,000,000	1 exploration well and work program to be agreed with partner
VIM-1	Phase 2	July 13, 2025	\$ 10,318,000	\$ 5,159,000	1 exploration well
VIM-10-2 ⁽¹⁾	Phase 1	September 27, 2028	\$ 5,066,112	\$ 5,066,112	1 exploration well
VMM-4-2 ⁽¹⁾	Phase 1	September 20, 2028	\$ 5,844,736	\$ 5,844,736	1 exploration well
VMM-46	Phase 2	October 13, 2026	\$ 17,303,382	\$ 17,303,382	Seismic + 1 exploration well
VSM-13-2	Phase 0	To be determined	\$ 3,842,560	\$ 3,842,560	1 exploration well
VSM-14-1	Phase 0	To be determined	\$ 3,842,560	\$ 3,842,560	1 exploration well
VSM-25 ⁽⁴⁾	Phase 0	Suspended	\$ 19,232,752	\$ 19,232,752	Seismic + 1 exploration well
VSM-36	Phase 1	January 25, 2027	\$ 11,762,520	\$ 11,762,520	Seismic
VSM-37 ⁽¹⁾	Phase 1	August 17, 2028	\$ 7,685,120	\$ 7,685,120	2 exploration wells
TOTAL			\$ 779,230,944	\$ 768,755,797	

Notes:

- (1) Exploration well commitment can be drilled up to the end of the exploration period.
- (2) Lands are subject to farm-in agreement/BCA earnings terms and/or regulatory approval.
- (3) Estimated date.
- (4) Lands are in force majeure beyond the Company's control.

Competitive Conditions

There is considerable competition in the worldwide oil and natural gas industry, including in Colombia and Canada where the Company's assets, activities, and employees are located. Operators more established than the Company, with access to broader technical skills, larger amounts of capital and other resources, are active in the industry in both countries in which the Company has operations. This represents a significant risk for the Company, which must rely on modest resources as compared to some of its competitors. See *Risk Factors*.

Risks of Foreign Operations

All of the Company's oil and natural gas operations occur outside of Canada and therefore are subject to political and regulatory risk in those other jurisdictions. The Company has adopted an Anti-Bribery and Anti-Corruption Policy. See *Risk Factors*.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its Subsidiaries, or any voluntary bankruptcy, receivership or similar proceeding by the Company or any of its Subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Reorganization

There have been no material reorganizations of the Company or any of its Subsidiaries within the three most recently completed financial years or during or proposed for the current financial year, except set forth below and herein.

In June 2022, Parex Resources (Barbados) Ltd., Parex Resources (Colombia) Ltd. and Verano Energy Limited, redomiciled to Switzerland and changed their names to Parex Resources (Switzerland) AG, Parex Resources (Colombia) AG and Verano Energy (Switzerland) AG, respectively. This was part of Parex's ongoing improvement of its organizational tax structure.

Employees

The following table details the Company's employees by country as of December 31, 2022, 2023 and 2024:

	Number of Employees		
	2024	2023	2022
Canada (Calgary)	88	91	83
Colombia	360	358	345
Total	448	449	428

The Company employs individuals with various professional skills in the course of pursuing its business plan. These professional skills include, but are not limited to, geology, geophysics, engineering, financial, legal and business skills. Drawing on its experience in the oil and gas business, Parex believes its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; and capital markets expertise. This approach allows Parex to effectively identify, evaluate and execute on its business plan.

Environmental Protection

The Company operates under the jurisdiction of a number of regulatory bodies and agencies in each of the jurisdictions in which it operates that set forth numerous prohibitions and requirements with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife, and the environment and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and gas industry operations. The legislation addresses various permits, including for drilling, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

Historically, environmental protection requirements have not had a significant financial or operational effect on Parex's capital expenditures, earnings or competitive position. Subject to any changes in current environmental protection legislation, or in the way the legislation is interpreted in the jurisdictions in which it operates, Parex does not presently anticipate environmental protection requirements will have a significant effect on such matters in 2025. The Company is exposed to potential environmental liability in connection with its business of oil and natural gas exploration and production. See *Risk Factors*.

Trends in Environmental Regulation

The Company is of the opinion that it is reasonably likely that in its areas of operation the trend towards stricter standards in environmental legislation and regulation will continue. The Company anticipates increased capital and operating expenditures as a result of increasingly stringent laws relating to the protection of the environment. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, capital expenditures, results of operations, competitive position or prospects. See *Risk Factors*.

Social or Environmental Policies

Environment, Health and Safety Policies and Procedures

The Company's main environmental strategies include the preparation of comprehensive environmental impact assessments and assembling project-specific environmental management plans. Parex encourages local community engagement in environmental planning in order to create a positive relationship between the oil business and existing local industries. The Company's practice is to do all that it reasonably can to ensure that it remains in material compliance with environmental protection legislation. Parex is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation. Monitoring and reporting programs for environment, health and safety ("**EH&S**") performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met. The Company maintains an active comprehensive integrity monitoring and management program for its facilities, storage tanks and pipelines. The Company's practice is to not dispose of produced water above ground, for all blocks. Contingency plans are in place for a timely response to an environmental event and abandonment, remediation and reclamation programs are in place and utilized to restore the environment. The Company also performs a detailed due diligence review as part of its acquisition process to determine whether the assets to be acquired are in regulatory and environmental compliance and assess any liabilities with respect thereto. Parex expects to incur abandonment and site reclamation costs as existing oil and gas properties are abandoned and reclaimed. In 2024, expenditures for normal compliance with environmental regulations, as well as expenditures beyond normal compliance, were as set out in the Company's audited annual financial statements for the year ended December 31, 2024, which have been filed on SEDAR+ at www.sedarplus.ca.

Management is responsible for reviewing the Company's internal control and its EH&S strategies and policies, including the Company's emergency response plan. Management reports to the Board of Directors through the Health, Safety and Environment and Reserves Committee of the Board of Directors on a quarterly basis with respect to EH&S matters, including: (i) compliance with all applicable laws, regulations and policies with respect to EH&S; (ii) on emerging trends, issues and regulations that are relevant to the Company; (iii) the findings of any significant report by regulatory agencies, external health, safety and environmental consultants or auditors concerning performance in EH&S; (iv) any necessary corrective measures taken to address issues and risks with regards to the Company's performance in the areas of EH&S that have been identified by Management, external auditors or by regulatory agencies; (v) the results of any review with Management, outside accountants, external consultants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or ongoing drilling and testing operations, or decommissioning of facilities; and (vi) all incidents and near misses with respect to the Company's operations, including corrective actions taken as a result thereof.

Annually, the Company discloses on its website certain environmental, social and governance ("**ESG**") performance data on material ESG issues. The Company produces a comprehensive sustainability report in accordance with sustainability reporting standards and documenting the Company's assessment of ESG impacts, risks, opportunities, progress and challenges as they relate to sustainability issues. The content and methods used in the Company's sustainability disclosures are informed by the Sustainability Accounting Standards Board, the Task Force on Climate-related Financial Disclosures ("**TCFD**"), and the Global Reporting Institute Standards. The 2023 Sustainability Report, including TCFD aligned disclosures, is available on the Company's website at www.parexresources.com.

Community Relations

The Company has developed a series of policies and practices that complement its basic responsibilities as a development tool for the local communities in the jurisdictions in which it operates. Parex's corporate social responsibility strategy is based on the following main principles:

- creating local employment opportunities, both within the oil industry and within existing local industries;
- providing education and training programs to strengthen community and local authority relationships, while identifying new markets for local goods and services, and reducing dependence on industry support; and
- engaging communities in studies and processes related to environmental management by combining the Company's expertise with local knowledge.

The Company's efforts have been generally well received by the local communities and have contributed to maintaining a positive relationship in the areas in which the Company operates. However, the Company may from time-to-time experience production curtailments, or delays of capital programs as a result of community unrest, which could materially negatively affect its operations and financial results. See *Risk Factors*.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below (the "**Reserves Data**") is dated December 31, 2024. The effective date of the Reserves Data is December 31, 2024 and the preparation date of the Reserves Data is February 6, 2025. All of the Company's reserves are located in Colombia.

Disclosure of Reserves Data

The Reserves Data set forth below are based upon an evaluation by GLJ set out in the GLJ Report dated March 4, 2025 with an effective date of December 31, 2024. The Reserves Data summarize the oil, natural gas and NGL reserves of the Company and the net present values of future net revenue for such reserves using forecast prices and costs as at December 31, 2024. Nearly all of the Company's oil production and 81% of the oil, natural gas and NGL proved plus probable reserves are located in the Llanos Basin of Colombia with the remaining oil reserves and production located in the Magdalena and Putumayo Basins of Colombia. The Company does not have any coal bed methane, synthetic crude oil, bitumen, gas hydrates, shale gas, synthetic gas, or tight oil production or reserves.

The reserve estimates presented in the GLJ Report are based on the guidelines contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. A summary of those definitions is set forth in the glossary to this Annual Information Form. GLJ was engaged to provide evaluations of proved reserves, proved plus probable reserves and proved plus probable plus possible reserves. Additional information not required by NI 51-101 has been presented to provide continuity and clarity which the Company believes is important to the readers of this information.

The Health, Safety and Environment and Reserves Committee ("HSE, Reserves Committee") of the Board of Directors has reviewed and approved the GLJ Report. The Board of Directors on the recommendation of the HSE, Reserves Committee, have also approved the GLJ Report. The Report of Management and Directors on Oil and Gas Disclosure and the Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor are attached as Schedules "A" and "B" hereto, respectively.

All evaluations of future revenue contained in the GLJ Report are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this Annual Information Form are estimates only. The recovery and reserve estimates of the reserves provided herein are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. See *Risk Factors*.

In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies, and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil, natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development, and operating expenditures with respect to the reserves associated with the Company's properties may vary, from the information presented herein, and such variations could be material. In addition, there is no assurance that the forecast price and cost assumptions contained in the GLJ Report will be attained, and variances could be material. See *Forward Looking Statements* in the MD&A and *Risk Factors* in this AIF.

The estimates of reserves and future development capital for individual properties may not reflect the same confidence level as estimates of reserves and future development capital for all properties, due to the effects of aggregation.

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

In certain of the tables set forth below, the columns may not add due to rounding. All dollar amounts expressed in the tables below are expressed in **United States dollars**.

SUMMARY OF OIL AND GAS RESERVES

as at December 31, 2024

FORECAST PRICES AND COSTS

Reserve Category	Light Crude Oil and Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Total Oil Equivalent ⁽²⁾	
	Gross ⁽¹⁾ (Mbbbl)	Net ⁽¹⁾ (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mboe)	Net (Mboe)
PROVED										
Developed Producing	10,084	9,179	58,654	49,939	16,139	15,236	480	471	71,908	62,128
Developed Non-Producing	2,984	2,637	1,906	1,695	2,706	2,530	193	186	5,534	4,939
Undeveloped	17,071	14,525	16,227	13,813	5,070	4,732	534	517	34,678	29,644
TOTAL PROVED	30,138	26,341	76,788	65,446	23,915	22,498	1,207	1,174	112,119	96,711
TOTAL PROBABLE	21,284	18,480	30,373	25,907	32,526	30,760	436	420	57,514	49,935
TOTAL PROVED PLUS PROBABLE	51,422	44,821	107,161	91,354	56,441	53,258	1,643	1,594	169,633	146,645
TOTAL POSSIBLE	33,478	28,108	33,187	28,531	51,714	48,896	465	449	75,750	65,237
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	84,901	72,929	140,348	119,885	108,155	102,154	2,108	2,043	245,383	211,882

Notes:

- "Gross Reserves" are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves. See *Certain Definitions*.
- See *Abbreviations, Conventions and Other Information*.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE

as at December 31, 2024

FORECAST PRICES AND COSTS

Reserves Category	Before Income Tax Discounted at (%/year)					After Income Taxes Discounted at (%/year) ⁽¹⁾					Unit Value Before Income Tax Discounted at 10%/year ⁽²⁾	
	0	5	10	15	20	0	5	10	15	20	(\$/boe)	(\$/Mcf)
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)		
PROVED												
Developed Producing	2,638,460	2,244,150	1,953,907	1,734,079	1,563,112	2,319,834	1,963,582	1,702,405	1,505,386	1,352,745	31.45	5.24
Developed Non-Producing	234,959	196,316	168,014	146,602	129,941	136,801	113,382	96,252	83,310	73,253	34.02	5.67
Undeveloped	1,080,323	809,281	616,617	476,921	373,356	614,568	442,893	319,610	230,174	164,185	20.80	3.47
TOTAL PROVED	3,953,743	3,249,747	2,738,539	2,357,601	2,066,408	3,071,203	2,519,856	2,118,266	1,818,870	1,590,182	28.32	4.72
PROBABLE	2,641,836	1,869,810	1,402,320	1,099,651	892,436	1,530,787	1,066,256	788,746	611,190	490,801	28.08	4.68
TOTAL PROVED PLUS PROBABLE	6,595,579	5,119,557	4,140,859	3,457,252	2,958,844	4,601,991	3,586,112	2,907,013	2,430,060	2,080,984	28.24	4.71
POSSIBLE	3,691,293	2,386,869	1,664,152	1,231,124	953,423	2,057,622	1,327,357	918,570	672,804	515,169	25.51	4.25
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	10,286,872	7,506,425	5,805,011	4,688,376	3,912,267	6,659,613	4,913,469	3,825,583	3,102,864	2,596,153	27.40	4.57

Notes:

- Net present values prepared by GLJ in the evaluation of Parex's oil and natural gas properties are calculated by considering sales of oil and natural gas, reserves, processing of third-party reserves and other income. After tax net present values prepared by GLJ in the evaluation of Parex's oil and natural gas properties are calculated by considering the foregoing factors, as well as appropriate income tax calculations, current Colombian federal tax regulations, and by including prior tax pools for Parex.
- The unit values are based on net reserve volumes.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)

as at December 31, 2024

FORECAST PRICES AND COSTS

Reserves Category	Revenue (\$000's)	Royalties (\$000's)	Operating Costs (\$000's)	Development Costs (\$000's)	Abandonment and Reclamation Costs (\$000's)⁽²⁾	Future Net Revenue Before Future Income Taxes (\$000's)	Future Income Taxes⁽¹⁾ (\$000's)	Future Net Revenue After Future Income Taxes (\$000's)⁽¹⁾
PROVED	7,531,224	1,132,439	1,910,389	440,302	94,351	3,953,743	882,540	3,071,203
PROVED PLUS PROBABLE	11,845,894	1,840,483	2,705,689	595,398	108,744	6,595,579	1,993,588	4,601,991
PROVED PLUS PROBABLE PLUS POSSIBLE	17,555,098	2,847,594	3,556,634	739,774	124,223	10,286,872	3,627,259	6,659,613

Notes:

- (1) Values are calculated by utilizing existing tax pools for Parex in the evaluation of Parex's properties and taking into account current Colombian federal tax regulations. Values do not represent an estimate of the value at the business entity level, which may be significantly different. For information at the business entity level, please see Parex's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2024.
- (2) See *Significant Factors and Uncertainties - Abandonment and Reclamation Costs*.

FUTURE NET REVENUE

BY PRODUCT TYPE⁽⁵⁾

as at December 31, 2024

FORECAST PRICES AND COSTS

	Net Present Value of Future Net Revenue (before deducting Future Income Tax Expenses and Discounted at 10%/year) (M\$)	Unit Value (before deducting Future Income Tax Expenses and Discounted at 10%/year) ((\$/bbl)/(\$/Mcf))⁽³⁾⁽⁴⁾	
		(\$/bbl)	(\$/Mcf)
Proved Reserves			
Light Crude Oil and Medium Crude Oil ⁽¹⁾	752,049	25.55	4.26
Heavy Crude Oil ⁽¹⁾	1,923,827	29.40	4.90
Conventional Natural Gas ⁽²⁾	62,663	34.31	5.72
Total Proved	2,738,539	28.32	4.72
Proved Plus Probable			
Light Crude Oil and Medium Crude Oil ⁽¹⁾	1,427,384	26.81	4.47
Heavy Crude Oil ⁽¹⁾	2,634,122	28.83	4.81
Conventional Natural Gas ⁽²⁾	79,354	38.83	6.47
Total Proved Plus Probable	4,140,859	28.24	4.71
Proved Plus Probable Plus Possible			
Light Crude Oil and Medium Crude Oil ⁽¹⁾	2,364,057	26.32	4.39
Heavy Crude Oil ⁽¹⁾	3,349,647	27.94	4.66
Conventional Natural Gas ⁽²⁾	91,307	42.18	7.03
Total Proved Plus Probable Plus Possible	5,805,011	27.40	4.57

Notes:

- (1) Including solution gas and other by-products.
- (2) Including by-products but excluding solution gas.
- (3) Other Company revenue and costs not related to a specific production group have been allocated proportionately to production groups.
- (4) Unit values are based on net reserve volumes.
- (5) The Company did not separately detail the future net revenue of NGL reserves as the volumes were immaterial.

Pricing Assumptions

Crude Oil

The following table sets forth the benchmark reference prices, as at December 31, 2024, reflected in the Reserves Data. These price assumptions were provided to Parex by GLJ and were GLJ's then current forecast at the date of the GLJ Report.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS⁽¹⁾
as at December 31, 2024
FORECAST PRICES AND COSTS

Year	WTI Cushing Oklahoma (\$/bbl)	ICE Brent (\$/bbl)	Inflation Rates ⁽²⁾ (%/Year)	Exchange Rate ⁽³⁾ (\$/Cdn)
Forecast ⁽⁴⁾				
2025	71.25	75.25	—	0.705
2026	73.50	77.50	2.0	0.730
2027	76.00	80.08	2.0	0.750
2028	78.53	82.69	2.0	0.750
2029	80.10	84.34	2.0	0.750
2030	81.70	86.03	2.0	0.750
2031	83.34	87.76	2.0	0.750
2032	85.00	89.50	2.0	0.750
2033	86.70	91.20	2.0	0.750
2034	88.84	92.94	2.0	0.750
Thereafter	Escalated oil, gas and product prices at 2% per year thereafter.			

Notes:

- (1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
- (2) Inflation rates for forecasting prices and costs.
- (3) The exchange rate used to generate the benchmark reference prices in this table.
- (4) As at December 31, 2024.

Natural Gas

Natural gas produced from the Calona, Carmentea and Kananaskis Fields in Block 32 is sold to other blocks for use as fuel gas. The contract price is \$10.43 per MMBtu. Solution gas produced in the Aguas Blancas Field is to be sold at a contract price of \$10.00 per MMBtu. Solution gas produced from the Arauca Field is to be sold at the contract price of \$2.00 per MMBtu. For the Capachos-Andina Field, produced gas is to be sold at a contract price of \$6.00 per MMBtu, while butane volumes are sold at a contract price of \$30.00 per bbl. For the La Belleza Field, produced gas is sold at a contract price of \$8.75 per MMBtu. For the Total Proved Plus Probable and Total Proved Plus Probable Plus Possible cases, the La Belleza field has been scheduled for blowdown commencing in July 2027, where the contract price has been increased to \$14.00 per MMBtu as per guidance by the Company. In 2024, Parex realized an average price for natural gas sales of \$7.93/mcf.

Reserves Reconciliation

The following table sets forth a reconciliation of the Company's total gross proved, gross probable and total gross proved plus probable oil reserves as at December 31, 2024 against such reserves as at December 31, 2023 based on forecast prices and cost assumptions. All of the Company's evaluated reserves are located in Colombia.

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE As at December 31, 2024 FORECAST PRICES AND COSTS⁽¹⁾

FACTORS	Light Crude Oil and Medium Crude Oil			Heavy Crude Oil		
	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)
December 31, 2023	26,352	17,331	43,683	80,871	33,327	114,199
Discoveries ⁽²⁾	160	40	200	—	—	—
Extensions and improved recovery ⁽³⁾	2,175	1,120	3,295	2,438	712	3,150
Infill Drilling	—	—	—	—	—	—
Technical Revisions ⁽⁴⁾	(5,570)	(4,916)	(10,486)	8,225	(3,679)	4,546
Acquisitions ⁽⁵⁾	10,166	7,712	17,877	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	2	(2)	—	16	13	29
Production	(3,147)	—	(3,147)	(14,763)	—	(14,763)
December 31, 2024	30,138	21,284	51,422	76,788	30,373	107,161

FACTORS	Conventional Natural Gas			Total Oil Equivalent		
	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)	Proved (Mboe)	Probable (Mboe)	Proved Plus Probable (Mboe)
December 31, 2023	23,577	29,100	52,677	112,528	56,097	168,625
Discoveries ⁽²⁾	1	—	1	160	40	200
Extensions and improved recovery ⁽³⁾	772	203	975	4,742	1,865	6,607
Infill Drilling	—	—	—	—	—	—
Technical Revisions ⁽⁴⁾	1,186	3,223	4,409	2,777	(8,211)	(5,434)
Acquisitions ⁽⁵⁾	—	—	—	10,166	7,712	17,877
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	18	11	29
Production	(1,621)	—	(1,621)	(18,272)	—	(18,272)
December 31, 2024	23,915	32,526	56,441	112,119	57,514	169,633

Notes:

- (1) The Company did not separately detail an NGL reserves reconciliation as the volumes were immaterial.
- (2) Discoveries are associated with the positive evaluation of LLA-30.
- (3) Reserve extensions and improved recovery are associated with the positive evaluations of Cabrestero, LLA-32 and LLA-34.
- (4) Technical revisions are associated with the positive evaluations of LLA-34 and Cabrestero, offset by negative revisions of Arauca and Capachos.
- (5) Acquisitions are associated with the positive evaluations of Occidente, Nororientado and Area Sur.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by GLJ in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101.

The GLJ Report assumes that the proved undeveloped reserves will be developed over the next 7 years with 92% of the capital spending in the next 4 years. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to commodity pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). See *Risk Factors*.

Proved and Probable Undeveloped Reserves

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributed to Parex's assets for the years ended December 31, 2022, 2023 and 2024 based on forecast prices and costs. All of the Company's proved undeveloped reserves and the probable undeveloped reserves are located in Colombia. See *Statement of Reserves Data and Other Oil and Gas Information - Disclosure of Reserves Data*.

Proved Undeveloped Reserves

Year	Light Crude and Medium Crude Oil (Mbbbl)		Heavy Crude Oil (Mbbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbbl)		Oil Equivalent (Mboe)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2022	2,216	14,570	3,961	19,426	1,118	7,955	137	779	6,501	36,100
2023	1,994	12,359	290	7,995	2,042	8,935	221	804	2,845	22,647
2024	2,680	17,071	—	16,227	94	5,070	12	534	2,707	34,678

The GLJ Report disclosed Company gross proved undeveloped reserves of 34,678 Mboe before royalties. These are reserves which can be estimated with a high degree of certainty to be recoverable, provided a significant expenditure is made to render them capable of production. The undeveloped reserves in the GLJ Report estimates future capital spending of approximately \$402.0 million to fully develop the undeveloped reserves and it is expected that these undeveloped reserves would be reclassified as proved developed reserves. Development of the proved undeveloped reserves is expected to occur over the next 4 years, subject to social and environmental access. Timing of the investment and the desired pace of development will depend to a large extent on economic conditions, in particular, the world price of oil. The Company has significant development opportunities in several large properties and the pace of development is controlled to meet corporate capital expenditure targets. See *Principal Properties*.

Probable Undeveloped Reserves

Year	Light Crude and Medium Crude Oil (Mbbbl)		Heavy Crude Oil (Mbbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbbl)		Oil Equivalent (Mboe)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2022	1,940	15,416	1,714	25,795	239	26,584	29	376	3,724	46,018
2023	408	10,551	484	20,224	315	22,026	36	332	981	34,778
2024	4,387	16,438	—	16,743	—	26,786	—	203	4,387	37,848

The GLJ Report disclosed Company gross probable undeveloped reserves of 37,848 Mboe before royalties. Probable reserves are less certain to be recovered than proved reserves. Development of the probable undeveloped reserves is expected to occur over the next 3 years with 93% of the investment expected over the next 3 years. Timing of the investment and the desired pace of development will depend to a large extent on economic conditions, in particular, the world price of oil and subject to social and environmental access. The Company has significant development opportunities in several large properties and the pace of development is controlled to meet corporate capital expenditure targets.

See *Principal Properties* and *Statement of Reserves Data and Other Information - Additional Information Relating to Reserves Data - Future Development Costs* for a description of the Company's exploration and development plans and expenditures.

Significant Factors or Uncertainties

General

The process of evaluating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and natural gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

At the date of this Annual Information Form, the Company does not anticipate any unusually high development costs or operating costs, the need to build a major pipeline or other major facility before production of reserves can begin, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations. The Company does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the Reserves Data. However, reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty and regulatory regimes and well performance, and subsequent drilling results that are beyond the Company's control. See *Risk Factors*.

Abandonment and Reclamation Costs

The following table sets forth abandonment and reclamation costs deducted in the estimation of the Company's future net revenue using forecast prices and costs as included in the GLJ report:

Year	Total Proved Abandonment Costs (\$000's)	Total Proved plus Probable Abandonment Costs (\$000's)	Total Proved plus Probable plus Possible Abandonment Costs (\$000's)
2025	—	—	—
2026	—	—	—
2027	—	—	—
Thereafter	94,351	108,744	124,223
Total Undiscounted	94,351	108,744	124,223
Total Discounted @ 10%	25,867	23,467	21,748

As at December 31, 2024, Parex had 229 net wells for which it expects to incur abandonment and reclamation costs in the total proved plus probable category (239 net wells in the proved plus probable plus possible category). The GLJ Report deducted \$108.7 million (undiscounted) and \$23.5 million (10% discount) for abandonment costs of wells with proved and probable reserves (\$124.2 million (undiscounted) and \$21.7 million (10% discount) for abandonment costs of wells with proved and probable and possible reserves), in estimating the future net revenues disclosed in this Annual Information Form.

The future net revenues disclosed in this Annual Information Form based on the GLJ Report do contain an allowance for abandonment and reclamation costs for facilities, pipelines and wells without reserves.

For further information on Parex's abandonment and reclamation costs see *Decommissioning Liabilities* in this Annual Information Form.

Future Development Costs

The following table sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves (using forecast prices and costs) and proved plus probable reserves (using forecast prices and costs) based upon the GLJ Report.

(\$000s)	Total Proved Estimated Using Forecast Prices and Costs	Total Proved Plus Probable Estimated Using Forecast Prices and Costs
2025	239,609	241,934
2026	113,210	157,800
2027	73,861	157,181
2028	13,000	17,166
2029	—	294
Thereafter	622	21,023
Total for all years undiscounted	440,302	595,398
Total for all years discounted at 10% per year	394,799	511,227

Parex expects to use a combination of internally generated cash from operations, working capital and the issuance of new equity or debt where and when it believes appropriate to fund future development costs set out in the GLJ Report. There can be no guarantee that funds will be available or that the Board of Directors will allocate funding to develop all of the reserves attributable in the GLJ Report. Failure to develop those reserves could have a negative impact on the Company's future cash flow. Further, the Company may choose to delay development depending upon a number of circumstances including the existence of higher priority expenditures and available cash flow.

Interest expense or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. The Company does not anticipate that interest or other funding costs would make further development of any of the Company's properties uneconomic.

Other Oil and Natural Gas Information

Unless otherwise stated, the following information is presented as at December 31, 2024. The Company does not believe that there have been any material changes to such information since such date.

Oil and Natural Gas Wells

The following table sets forth the number and status of wells in which the Company held a working interest as at December 31, 2024.

	Oil Wells				Natural Gas Wells				Other Wells ⁽³⁾	
	Producing		Non-Producing		Producing		Non-Producing		Gross ⁽¹⁾	Net ⁽²⁾
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾		
Colombia	251	169	85	61.6	4	2.38	3	2.25	240	209

Notes:

- (1) "Gross" means the total number of wells in which the Company has an interest.
- (2) "Net" means the number of wells obtained by aggregating the Company's interest in each of its gross wells.
- (3) Includes service, disposal, injection and standing wells.

All of the Company's wells are located onshore in Colombia. Of the non-producing wells, 20 gross (12.15 net) oil wells were capable of production and had reserves assigned to them. Wells are non-producing due to waiting on well servicing to replace bottom hole pumps.

Properties with No Attributed Reserves

The following table sets out Parex and its Subsidiaries' unproved properties as at December 31, 2024.

	<u>Gross Acres</u>	<u>Net Acres</u>
Colombia	6,011,344	5,294,511

In 2025, approximately 241,587 gross (241,587 net) acres are scheduled to expire. Development of the Company's properties with no attributed reserves are subject to current *Industry Conditions* and uncertainties as indicated under *Risk Factors*. See "*Summary of Block Commitments*" for commitment requirements.

Significant Factors or Uncertainties for Properties with No Attributed Reserves

Parex has capital allocated to the exploration of properties with no attributed reserves as part of its exploration program. See "*Summary of Block Commitments*" for commitment requirements related to exploration/farmout/BCA. There are not expected to be any significant factors or uncertainties that would affect such properties at this time. The abandonment and reclamation costs associated with these properties are not expected to be material and will be included in the capital cost once incurred if temporarily plugged or abandoned upon further evaluation or non-economical results. At the date of this Annual Information Form, the Company does not anticipate any unusually high development costs or operating costs or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized.

For information with respect to Parex's reclamation and abandonment obligations for its properties to which reserves have been attributed, see the section entitled "*Statement of Reserves Data and Other Oil and Gas Information - Abandonment and Reclamation Costs*" in this Annual Information Form.

Forward Contracts

See Note 24 - "*Financial Instruments and Risk Management*" and Note 26 "*Commitments and Contingencies*", to the consolidated financial statements of the Company for the year ended December 31, 2024, which information can be found on the Company's website at www.parexresources.com and on SEDAR+ at www.sedarplus.ca. The nature of crude oil operations exposes the Company to risks associated with fluctuations in commodity prices and foreign currency exchange rates. Periodically, the Company may manage these risks through the use of derivative instruments. The Board of Directors periodically reviews the results of all risk management activities on all outstanding positions.

The Company had the following commodity price risk management contracts in place at December 31, 2024.

Period Hedged	Reference	Volume bbls/d	Sold Put	Put	Premium
January 1, 2025 to January 31, 2025	ICE Brent	11,250	\$60.00	\$70.00	\$2.05
February 1, 2025 to February 28, 2025	ICE Brent	11,250	\$60.00	\$70.00	\$2.05
March 1, 2025 to March 31, 2025	ICE Brent	11,250	\$60.00	\$70.00	\$2.05

The following is a summary of the commodity price risk management contracts put in place since December 31, 2024.

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

The Company did not have any foreign currency risk management contracts in place as at December 31, 2024.

Tax Horizon

The GLJ Report forecasts cash taxes in Colombia to be incurred in 2025 and in future years and the Company incurred cash taxes in prior years.

Costs Incurred

The following table summarizes certain costs incurred by the Company for the year ended December 31, 2024:

Country	Property Acquisition Costs (\$000's)			
	Proved Properties	Unproved Properties	Exploration Costs (\$000's)	Development Costs (\$000's)
Colombia	—	2,619	123,826	216,992
Total	—	2,619	123,826	216,992

Exploration and Development Activities

The following table sets forth the wells in which the Company participated during the year ended December 31, 2024.

Colombia

	Exploratory		Appraisal		Development		Injection		Total	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Oil	—	—	—	—	17.00	10.30	—	—	17.00	10.30
Gas	—	—	—	—	—	—	—	—	—	—
Disposal	—	—	—	—	—	—	5.00	2.75	5.00	2.75
Untested	—	—	—	—	—	—	—	—	—	—
Suspended	—	—	—	—	1.00	0.50	—	—	1.00	0.50
Service wells	—	—	—	—	—	—	—	—	—	—
Stratigraphic test wells	—	—	—	—	—	—	—	—	—	—
Dry	2.00	1.50	—	—	1.00	0.75	—	—	3.00	2.25
Total	2.00	1.50	—	—	19.00	11.55	5.00	2.75	26.00	15.80

Notes:

- (1) "Gross" means the total number of wells in which the Company has an interest.
- (2) "Net" means the number of wells obtained by aggregating the Company's interest in each of its gross wells.

See *Principal Properties* for a description of Parex and its Subsidiaries' current and proposed exploration and development activities.

Decommissioning Liabilities

The Company accounts for decommissioning liabilities in accordance with IFRS. This standard requires liability recognition for decommissioning liabilities associated with long-lived assets, which would include abandonment of oil and natural gas wells, related facilities, compressors and gas plants, removal of equipment from leased acreage and returning such land to its original condition. Under the standard, the estimated fair value of each decommissioning liability is recorded in the period a well or related asset is drilled, constructed or acquired. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Company's risk-free interest rate. The obligation is reviewed regularly by Management based upon current regulations, costs, technologies and industry standards. The discounted obligation is recognized as a liability and is accreted against income until it is settled or the property is sold. Actual restoration expenditures are charged to the accumulated obligation as incurred. The related cost is recognized as an asset and is included in costs subject to depletion.

In the Company's audited and consolidated financial statements as at December 31, 2024, the estimated total inflated, undiscounted amount required to settle the asset retirement obligations in respect of the Company's producing and non-producing wells and facilities was approximately \$216.8 million. These obligations will be settled over the useful lives of the underlying assets, which currently extend up to 15 years. The present value of this amount is approximately \$68.5 million discounted at 11.2%. The Company expects to incur approximately \$11.7 million of these expenditures over the next financial year.

Environmental Liabilities

Liabilities for environmental costs are recognized in the period in which they are incurred, normally when the asset is developed and the associated costs can be estimated. These liabilities are in addition to the decommissioning liabilities due to government regulations that require the Company to perform additional mitigation against the environmental issues attributed to water usage and deforestation from oil and gas activities performed. In addition, the timing of expected settlement of the environmental liabilities differs from the timing of expected settlement of the decommissioning liabilities. Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. In the Company's audited and consolidated financial statements as at December 31, 2024, the estimated total inflated, undiscounted amount required to settle the environmental obligations was approximately \$24.6 million. The present value of this amount is approximately \$9.2 million discounted at 11.2%. The Company expects to incur \$2.9 million of these expenditures over the next financial year.

Production Estimates

The following tables set out the volumes of gross and net production estimated for the one year ending December 31, 2025, based on the GLJ Report for the year ended December 31, 2024; which is reflected in the estimate of future net revenue disclosed in the forecast price tables contained under *Statement of Reserves Data and Other Oil and Gas Information - Disclosure of Reserves Data*.

	Light Crude and Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		NGLs		Oil Equivalent	
	(bbls/d)		(bbls/d)		(Mcf/d)		(bbl/d)		(boe/d)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Proved Producing	10,590	9,671	29,959	25,550	8,675	8,112	515	504	42,510	37,077
Developed Non-Producing	1,429	1,285	502	431	1,933	1,804	128	122	2,381	2,139
Undeveloped	1,923	1,745	1,883	1,590	72	68	—	—	3,818	3,346
Total Proved	13,942	12,701	32,344	27,571	10,681	9,984	643	626	48,710	42,562
Total Probable	2,140	1,951	1,450	1,214	1,060	993	52	50	3,819	3,381
Total Proved Plus Probable	16,082	14,652	33,794	28,784	11,740	10,977	695	677	52,528	45,943
Total Possible	2,539	2,314	711	607	514	476	37	35	3,373	3,035
Total Proved Plus Probable Plus Possible	18,621	16,966	34,505	29,391	12,255	11,453	732	712	55,901	48,978

Notes:

- (1) Gross production is company working interest production before royalty deductions. Net production is company working interest production less royalties.
- (2) Certain of the columns above may not add due to rounding of values.

The following tables set out the volumes of gross and net production estimated for the year ending December 31, 2025, based on the GLJ Report for the year ended December 31, 2024; for the Company's fields that account for 20% or more of the Company's total gross and net production.

Tigana, Colombia

	Light Crude Oil and Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Oil Equivalent	
	(bbls/d)		(bbls/d)		(Mcf/d)		(boe/d)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Proved Producing	—	—	9,548	8,735	—	—	9,548	8,735
Developed Non-Producing	—	—	199	179	—	—	199	179
Undeveloped	—	—	660	594	—	—	660	594
Total Proved	—	—	10,406	9,508	—	—	10,406	9,508
Total Probable	—	—	379	340	—	—	379	340
Total Proved Plus Probable	—	—	10,785	9,848	—	—	10,785	9,848
Total Possible	—	—	311	279	—	—	311	279
Total Proved Plus Probable Plus Possible	—	—	11,096	10,127	—	—	11,096	10,127

Production History

The following table sets forth certain information in respect of the gross Company production, product prices received, royalties paid, production costs and the netbacks received by the Company for each quarter of the last financial year.

	Quarter Ended				Year Ended
	2024				2024
	Dec. 31	Sept. 30	Jun. 30	Mar. 31	December
Average Daily Production⁽¹⁾⁽³⁾					
Light Crude and Medium Crude Oil (Bbl/d)	9,550	9,064	9,541	7,237	8,850
Heavy Crude Oil (Bbl/d)	34,882	37,777	43,229	45,543	40,336
Conventional Natural Gas (Mcf/d)	5,190	4,368	4,788	3,348	4,428
Average Price Received (net of quality adjustment)⁽³⁾⁽⁴⁾					
Light Crude and Medium Crude Oil (\$/Bbl)	69.22	74.09	80.75	76.28	74.86
Heavy Crude Oil (\$/Bbl)	62.98	68.03	74.59	70.30	69.26
Conventional Natural Gas (\$/Mcf)	8.12	8.05	7.31	8.39	7.93
Royalties Paid⁽³⁾⁽⁴⁾					
Light Crude and Medium Crude Oil (\$/Bbl)	6.76	8.19	9.76	8.88	8.32
Heavy Crude Oil (\$/Bbl)	9.75	11.08	13.47	11.98	11.66
Conventional Natural Gas (\$/Mcf)	0.55	0.57	0.51	0.54	0.54
Production and Transportation Costs⁽³⁾⁽⁴⁾					
Light Crude and Medium Crude Oil (\$/Bbl)	24.55	29.98	22.57	29.51	26.34
Heavy Crude Oil (\$/Bbl)	13.90	12.42	11.55	11.22	12.21
Conventional Natural Gas (\$/Mcf)	4.09	4.65	4.68	5.15	4.54
Netback Received (\$/BOE)⁽²⁾⁽³⁾⁽⁴⁾					
Light Crude and Medium Crude Oil (\$/Bbl)	37.91	35.92	48.42	37.89	40.20
Heavy Crude Oil (\$/Bbl)	39.33	44.53	49.57	47.10	45.39
Conventional Natural Gas (\$/Mcf)	3.48	2.83	2.12	2.70	2.85

Notes:

- (1) Before deduction of royalties and after the Company's own consumption.
- (2) Netbacks are calculated by subtracting royalties and operating and transportation costs from revenues and is reported before any realized commodity price hedge gain or loss.
- (3) The Company has not presented information for NGL production as it is immaterial (less than 1% of the Company's annual production for 2024).
- (4) The Company's revenues, royalties and costs by product type are different from the Company's disclosed netback information contained in the Company's Management's Discussion and Analysis for the year ended December 31, 2024. Revenues, royalties and costs contained in the above table are approximations prepared by management for each product type. Netback information disclosed in the Management's Discussion and Analysis for the year ended December 31, 2024 blends heavy and light crude oil (rather than separating them by product type) and includes other adjustments on a Company consolidated basis.

The following table indicates the Company's average daily production from the noted fields for the year ended December 31, 2024:

	Light Crude Oil and Medium Crude Oil	Heavy Crude Oil	Conventional Natural Gas	BOE
	(Bbls/d)	(Bbls/d)	(Mcf/d)	(BOE/d)
Tigana	—	12,906	—	12,906
Tua	—	1,070	—	1,070
Rumba	—	1,124	—	1,124
Jacana	—	11,802	—	11,802
Akira	—	4,637	—	4,637
Bacano	—	8,275	—	8,275
Azogue	1,036	—	—	1,036
Capachos/Andina	3,456	—	1,711	3,741
La Belleza	1,751	—	355	1,810
Total	6,243	39,814	2,066	46,401

DIVIDEND POLICY

In 2021, the Board of Directors implemented a dividend program pursuant to which the Company expects to pay a regular quarterly cash dividend. If declared, the quarterly dividend is expected to be paid in each quarter of March, June, September and December of each year to holders of record of Common Shares of such month.

It is intended that dividends declared and paid by Parex will qualify as "eligible dividends" for the purposes of the *Income Tax Act* (Canada) (and any similar applicable provincial legislation). No assurances can be given that all dividends will qualify as "eligible dividends" and the designation of dividends as "eligible dividends" will be subject to the discretion of the Board of Directors.

Notwithstanding the foregoing, the decision to declare any dividend and the amount of future cash dividends declared and paid by Parex, if any, will be subject to the discretion of the Board of Directors and may vary depending on a variety of factors and conditions existing from time to time, including, without limitation, business performance, operating environment where Parex's assets are located, financial condition, growth plans, fluctuations in commodity prices, production levels, expected capital expenditure requirements, operating costs, royalty burdens, foreign exchange rates, interest rates, compliance with any restrictions on the declaration and payment of dividends contained in any agreements to which Parex or any of its Subsidiaries is a party from time to time (including, without limitation, the agreements governing the Credit Facilities), and the satisfaction of liquidity and solvency tests imposed by the *Business Corporations Act* (Alberta) for the declaration and payment of dividends. The actual amount, the record date and the payment date of any dividend are subject to the discretion of the Board of Directors. There can be no assurance that dividends will be paid at the current rate or at any rate in the future.

The Board of Directors intends to review the dividend program from time to time, at its discretion. Depending on the foregoing factors and any other factors that the Board of Directors deems relevant from time to time, many of which are beyond the control of Parex, the Board of Directors may change the program following any such review or at any other time that the Board of Directors deems appropriate. Any such change may include, without restriction, future cash dividends being reduced or suspended entirely.

During the years ended December 31, 2024, 2023 and 2022, the Company paid the following quarterly cash dividends:

(\$ per share Cdn)	Q1	Q2	Q3	Q4	Year
2024	\$0.375	\$0.385	\$0.385	\$0.385	\$1.53
2023	\$0.375	\$0.375	\$0.375	\$0.375	\$1.50
2022	\$0.140	\$0.250	\$0.250	\$0.250	\$0.89

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares without nominal or par value. As at December 31, 2024, there were 98,339,036 Common Shares issued and outstanding and as at March 4, 2025, there were 97,994,136 Common shares issued and outstanding. The following is a description of the rights, privileges, restrictions and conditions attaching to the Common Shares.

The Company is authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled: (i) to dividends if, as and when declared by the Board of Directors; (ii) to vote at any meetings of the holders of Common Shares; and (iii) upon liquidation, dissolution or winding up of the Company, to receive the remaining property and assets of the Company.

On September 29, 2009, the Board of Directors approved the adoption of a shareholder protection rights plan, which was approved by shareholders of PARI on October 30, 2009 and by Parex on May 23, 2012, was amended and restated and approved by shareholders of Parex on each of May 12, 2015 and May 9, 2018, and the amended and restated version was reapproved by shareholders of Parex on May 6, 2021 and May 9, 2024 (the "**Parex Shareholder Rights Plan**"). Pursuant to the Parex Shareholder Rights Plan, one right ("**Right**") is attached to each Common Share. The Rights will separate from the Common Shares to which they are attached and will become exercisable upon the occurrence of certain events in accordance with the Parex Shareholder Rights Plan. Subject to adjustment as provided in the Parex Shareholder Rights Plan, each Right will entitle the holder to purchase one Common Share at a price equal to \$50.00 (the "**Exercise Price**") and, in the event of a "Flip-In Event" (as defined in the Parex Shareholder Rights Plan) each Right will constitute the right to purchase from the Company, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms of the Parex Shareholder Rights Plan, that number of Common Shares having an aggregate Market Price (as defined in the Parex Shareholder Rights Plan), on the date of consummation or occurrence of such Flip-In Event equal to four times the Exercise Price for an amount in cash equal to the Exercise Price. The Parex Shareholder Rights Plan is similar to plans adopted by several other Canadian issuers and approved by their securityholders. A copy of the Parex Shareholder Rights Plan is available on the Company's SEDAR+ profile at www.sedarplus.ca.

BANK DEBT

As of the date hereof, Parex has a \$240 million senior secured borrowing base credit facility with a syndicate of banks led by a major Canadian bank, consisting of a reserve-based revolving facility of \$220 million and an operating line of \$20 million (collectively the "**Credit Facilities**"). The Credit Facilities have a two year term and may be extended by Parex after attaining syndicate approval provided the term of the Credit Facilities does not exceed two years. The facility is subject to re-determination of the borrowing base semi-annually on November 30 and May 31 of each year. The borrowing base is determined based on, among other things, the Company's reserve report, results of operations, the lenders' view of the current and forecasted commodity prices and the current economic environment. In the event that the syndicate reduces the borrowing base below the amount drawn at the time of redetermination, the Company has 60 days to eliminate any shortfall by providing additional security or guarantees satisfactory to the lenders or repaying amounts in excess of the new re-determined borrowing base. Advances under the revolving facility bear interest at rates ranging from US base rate or SOFR plus 2.65% - 4.25% per annum, depending on utilization. Advances on the operating line bear interest at rates ranging from Canadian prime plus 1.65% - 3.25% per annum, dependent on utilization. Undrawn amounts under the Credit Facilities bear a commitment fee ranging from 0.53% to 0.85% per annum, dependent on utilization. Repayments of principal are not required provided that the borrowings under the Credit Facilities do not exceed the authorized borrowing amount and the Company is in compliance with all covenants, representations and warranties. Key covenants include a rolling four quarter total funded debt to adjusted EBITDA test of 3.50:1, and other business operating covenants customary for a facility of this type. The authorized borrowing amount is subject to an interim review as discussed above. Security is provided for by a first fixed and floating charge debenture over all assets of Parex, a pledge of the shares of material subsidiaries and pledge of certain bank accounts and contracts. As at December 31, 2024 the utilization or draw on the Credit Facilities was \$60 million.

In Colombia, the Company has provided guarantees to the ANH which on December 31, 2024 were \$160.7 million to support the exploration work commitments on its blocks. The letters of credit issued to the ANH are reduced from time to time to reflect the work performed on the various blocks.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol "PXT". The following sets forth the price range and volume of the Common Shares traded or quoted on the TSX (as reported by such exchange) for the periods indicated, in Canadian dollars.

	Price Range		Volume
	High (Cdn\$/share)	Low (Cdn\$/share)	
2025			
January	15.84	13.78	13,459,630
February (1 to 28)	15.54	13.30	10,286,420
2024			
January	25.77	21.44	9,529,800
February	22.59	20.20	10,867,900
March	21.96	20.17	13,463,660
April	24.46	21.79	8,879,480
May	24.88	22.03	11,065,300
June	22.75	20.89	10,844,210
July	22.33	18.30	12,098,020
August	18.14	11.33	24,076,850
September	13.88	11.58	27,818,180
October	13.54	12.09	18,716,960
November	15.70	12.86	13,310,520
December	15.45	12.87	17,540,020

PRIOR SALES

During the year ended December 31, 2024, the Company granted on March 4, 2024, an aggregate of 248,842 stock options to acquire an aggregate of 248,842 Common Shares with a weighted average exercise price of Cdn \$21.06.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As at the date hereof, none of the Company's securities are subject to escrow or subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

The names, provinces and countries of residence, positions held with the Company, and principal occupation of the directors and officers of the Company during the past five years are set out below, and, in the case of directors, the period each has served as a director of the Company. The information below is provided for the Company's directors and officers as at March 4, 2025.

Name, Province and Country of Residence	Offices Held and Time as Director or Officer ⁽⁴⁾	Principal Occupation (for last 5 years)
Lynn Azar ⁽¹⁾⁽³⁾⁽⁵⁾ The Hague, Netherlands	Director since July 13, 2022	Ms. Azar is a senior finance executive who is currently Senior Vice President, Head of Finance at PlayStation Studios, a division of Sony Interactive Entertainment. Prior to this role, she spent 18 years in the energy industry at Shell, holding senior financial and commercial roles. Ms. Azar has a Bachelors' and Masters' degree in Economics and Finance from the American University of Beirut, is a Certified Management Accountant (CMA) and a Chartered Financial Analyst (CFA) charterholder.
Lisa Colnett ⁽³⁾⁽⁴⁾⁽⁵⁾ Ontario, Canada	Director since May 12, 2015	Ms. Colnett is currently a Director at Parkland Corporation, an international supplier and marketer of fuel and petroleum products and a leading convenience store operator, and a Director and the Chair of the Human Resources and Compensation Committee at Northland Power, a global power producer. Ms. Colnett brings over 20 years of experience in human resources for a variety of industries ranging from mining to information technology. Since 1991, Ms. Colnett has held senior roles in human resources, information technology and strategy including Senior Vice President and Chief Information Officer of Celestica Inc., Senior Vice President, Human Resources, also of Celestica Inc. and Senior Vice President, Human Resources and Corporate Services, of Kinross Gold Corporation. Ms. Colnett is a member of the Institute of Corporate Directors having completed the Directors Education Program.
Sigmund Cornelius ⁽¹⁾⁽³⁾⁽⁵⁾ Texas, United States	Director since May 14, 2020.	Mr. Cornelius has over 40 years of leadership in finance and strategic management. Most recently he was President of Freeport LNG Development L.P., a company based in Houston, Texas and from 1980 to 2010, he held various senior leadership positions at ConocoPhillips Company, retiring as Senior Vice President and Chief Financial Officer in 2010. He has served on the board of multiple public and private companies.
Robert Engbloom ⁽²⁾⁽⁵⁾ Alberta, Canada	Director since September 29, 2009	Mr. Engbloom has more than 40 years experience in the areas of mergers and acquisitions, governance, corporate and securities law. His board experience spans a range of businesses both public and private, operating nationally and internationally, primarily in the energy industry. From March, 1999 to October, 2023, Mr. Engbloom held various positions as Senior Partner, Deputy Chair and Counsel, with Norton Rose Fulbright Canada LLP, or it's predecessor firms. Norton Rose Fulbright Canada LLP is a national law firm in Canada and a member of the global Norton Rose Fulbright Group.
Wayne Foo ⁽⁵⁾ Alberta, Canada	Director since August 28, 2009 and Chair since May 11, 2017	Currently Chair of the Board of Directors of Parex. Mr. Foo was formerly Chief Executive Officer of Parex from September 29, 2009 to May 10, 2017 and President of Parex from September 29, 2009 to November 5, 2015. In addition, Mr. Foo was President and Chief Executive Officer of Parex's predecessor company, Petro Andina Resources Inc. ("Petro Andina"), a TSX listed oil and gas company focused in Latin America, from 2004 to 2009 and President and Chief Executive Officer of Dominion Energy Canada Ltd. from 1998 to October 2002.
Eric Furlan Alberta, Canada	Chief Operating Officer since February 5, 2018	Currently Chief Operating Officer of Parex, Senior Vice President of Engineering of Parex from 2017 to 2018 and Vice President of Engineering of the Company from 2012 to 2017. Mr. Furlan also served as the General Manager of Development at PARI. He has also held leadership and senior technical positions with Chevron Corporation both in Canada and internationally. Mr. Furlan is a professional engineer with close to 30 years of experience.
Cameron Grainger Alberta, Canada	Chief Financial Officer (effective March 4, 2025) (Interim Chief Financial Officer from September 21, 2024 to effective date of March 4, 2025)	Currently Chief Financial Officer of Parex. Mr. Grainger is a Chartered Professional Accountant and holds a Bachelor of Science degree from the University of Calgary. Mr. Grainger has been an integral member of the Parex team since 2011, holding senior leadership roles with increasing levels of responsibility including Vice President, Finance & Controller, and Interim Chief Financial Officer and prior to that being the Company's Controller. Before joining Parex, Mr. Grainger worked in the Audit and Assurance practice for PwC.
G. R. (Bob) MacDougall ⁽¹⁾⁽³⁾⁽⁵⁾ Alberta, Canada	Director since October 4, 2016	Mr. MacDougall is a professional engineer with close to 30 years of domestic and international oil and gas operations and senior executive management experience. Mr. MacDougall was the Executive Vice President and Chief Operating Officer of Vermilion Energy Corporation from 2004 to 2012. Mr. MacDougall is a member of the Institute of Corporate Directors having completed the Directors Education Program.

Glenn McNamara ⁽²⁾⁽⁴⁾⁽⁵⁾ Alberta, Canada	Director since October 4, 2016	Prior to retirement in 2023, Mr. McNamara was the President and Chief Executive Officer of Heritage Resources LP, a private fee title acreage owner business. Prior thereto, Mr. McNamara was the Chief Executive Officer and a director of PMI Resources Ltd. (formerly, Petromanas Energy Inc.), a public oil and gas company, from September 2010 to May 2016. From August 2005 to August 2010, Mr. McNamara was the President of BG Canada (part of the BG Group PLC, a public gas company with its head office in the United Kingdom, trading on the London Stock Exchange). Mr. McNamara also currently serves on the boards of Whitecap Resources Inc., and PrairieSky Royalty Ltd., and is a member of the Institute of Corporate Directors having completed the Directors Education Program.
Imad Mohsen ⁽⁵⁾ Alberta, Canada	President and Chief Executive Officer and Director since February 4, 2021.	Currently President and Chief Executive Officer of Parex. Mr. Mohsen is an engineering graduate of the Paris School of Mines (ENSM). Sustainable Development Advisor then Private Advisor to the CEO at Royal Dutch Shell from 1997 to 2007. Development Manager, Subsea GOM from 2007 to 2011. General Manager, Operations for Shell Egypt JV (Bapetco) from 2011 to 2013. From 2013 until joining Parex, Mr. Mohsen joined Tulip Oil Holding B.V., a private equity backed upstream company founded in 2010 to explore for and develop oil and gas opportunities in Western Europe. After initially serving as COO, he was appointed CEO in 2015.
Carmen Sylvain ⁽²⁾⁽⁴⁾⁽⁵⁾ Alberta, Canada	Director since July 6, 2017	Ms. Sylvain is a former Canadian Ambassador and Assistant Deputy Minister with 30 years of combined experience in foreign affairs, international trade and investment. She was Canada's Ambassador to Colombia, Morocco and Mauritania and served as Assistant Deputy Minister for Europe, Africa and the Middle East as well as Assistant Deputy Minister for Strategic Planning within Global Affairs. In the private sector, she was strategic advisor to Borealis Infrastructure and the OMERS pension fund. She currently serves on the Boards of LCI Education Network, Orient Investment Properties and the Egyptian Refining Company. Ms. Sylvain is a member of the Institute of Corporate Directors having completed the Directors Education Program, the (DCRO) Qualified Risk Directors Program and the (DCRO Certificate in Cyber Risk Governance).

Notes:

- (1) Member of the Finance and Audit Committee.
- (2) Member of the Corporate Governance and Nominating Committee.
- (3) Member of the Health, Safety and Environment and Reserves Committee.
- (4) Member of the Human Resources and Compensation Committee.
- (5) Parex's directors will hold office until the next annual general meeting of the Company's shareholders or until each director's successor is appointed or elected pursuant to the ABCA.

As at March 4, 2025, the directors and officers of Parex, as a group, beneficially owned or controlled or directed, directly or indirectly, 1,810,999 Common Shares or approximately 1.85% of the issued and outstanding Common Shares.

Cease Trade Orders

No current director or executive officer of the Company has, within the last ten years prior to the date of this Annual Information Form, been a director, chief executive officer or chief financial officer of any issuer (including the Company) that: (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) was subject to an order that resulted, after the director, executive officer ceased to be a director, chief executive officer or chief financial officer of an issuer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer.

Bankruptcies

Mr. Cornelius was a director of Parallel Energy Trust (a TSX listed company) from March 2011 to February 2016. Parallel Energy Trust filed an application in the Court of Queen's Bench of Alberta for creditor protection under the Companies' Creditors Arrangement Act (Canada) and voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. In the Chapter 11 proceedings, the Bankruptcy Court approved the sale of the assets of Parallel Energy Trust and the sale closed on January 28, 2016. On March 3, 2016, the Canadian entities of Parallel Energy Trust filed for bankruptcy under the Bankruptcy and Insolvency Act (Canada) and a notice to creditors was sent by the trustee on March 4, 2016.

Mr. Cornelius was a director of CARBO Ceramics Inc. ("CARBO") from November 2009 to July 2020. In March 2020, CARBO and its direct wholly-owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. As part of the process, CARBO entered into an agreement with Wilks Brothers, LLC. Pursuant to such agreement, CARBO emerged from Chapter 11 bankruptcy protection under new ownership of the Wilks Brothers, LLC.

No other current director or executive officer or security holder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the last ten years prior to the date of this document, been a director or executive officer of any company (including the Company) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement for compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition, no other current director or executive officer or securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the last ten years prior to the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or securityholder.

Penalties or Sanctions

No current director or executive officer or securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

The directors or officers of the Company may also be directors or officers of other oil and natural gas companies or otherwise involved in natural resource exploration and development and situations may arise where they are in a conflict of interest with the Company. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See *Risk Factors*.

FINANCE AND AUDIT COMMITTEE INFORMATION

Finance and Audit Committee Mandate and Terms of Reference

The Finance and Audit Committee Mandate and Terms of Reference is attached hereto as Schedule "C".

Composition of the Finance and Audit Committee

The members of the Finance and Audit Committee are Sigmund Cornelius (Chair), Lynn Azar and G.R. (Bob) MacDougall. All of the members of the Finance and Audit Committee are independent (in accordance with National Instrument 52-110 - *Audit Committees*) and are financially literate. The following is a description of the education and experience of each member of the Finance and Audit Committee.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Sigmund Cornelius Houston, Texas (Chair)	Yes	Yes	Mr. Cornelius has over 40 years of leadership in finance and strategic management. Most recently he was President of Freeport LNG Development L.P., a company based in Houston, Texas and from 1980 to 2010, he held various senior leadership positions at ConocoPhillips Company, retiring as Senior Vice President and Chief Financial Officer in 2010. He has served on the board of multiple public and private companies.
Lynn Azar Den Haag, Netherlands	Yes	Yes	Mrs. Azar is a senior finance executive who is currently Senior Vice President, Head of Finance at PlayStation Studios, a division of Sony Interactive Entertainment. Prior to this role, she spent 18 years in the energy industry at Shell, holding senior financial and commercial roles. Mrs. Azar has a Bachelors' and Masters' degree in Economics and Finance from the American University of Beirut, is a Certified Management Accountant (CMA) and a Chartered Financial Analyst (CFA) charterholder.
G. R. (Bob) MacDougall Calgary, Alberta	Yes	Yes	Mr. MacDougall is a professional engineer with close to 30 years of domestic and international oil and gas operations and senior executive management experience. Mr. MacDougall was the Executive Vice President and Chief Operating Officer of Vermilion Energy Corporation from 2004 to 2012. Mr. MacDougall is a member of the Institute of Corporate Directors having completed the Directors Education Program.

Pre-Approval of Policies and Procedures

The Finance and Audit Committee has adopted a policy to review and pre-approve any non-audit services to be provided to Parex by the external auditors and consider the impact on the independence of such auditors. The Finance and Audit Committee may delegate to one or more independent members the authority to pre-approve non audit services, provided that the member report to the Finance and Audit Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Finance and Audit Committee from time to time.

External Auditor Service Fees

Audit Fees

The Finance and Audit Committee has reviewed the nature and amount of non-audit services provided by PricewaterhouseCoopers LLP to the Company to ensure auditor independence. Fees paid to PricewaterhouseCoopers LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

Nature of Services	Fees Paid to Auditor in the Year Ended December 31, 2024	Fees Paid to Auditor in the Year Ended December 31, 2023
Audit Fees ⁽¹⁾	\$719,166	\$608,264
Audit-Related Fees ⁽²⁾	—	—
Tax Fees - Compliance ⁽³⁾	\$115,601	\$77,921
Tax Fees - Consulting ⁽⁴⁾	\$43,232	\$94,039
All Other Fees ⁽⁵⁾	\$109,509	\$99,822
Total	\$987,508	\$880,046

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor.
- (3) "Tax Fees - Compliance" include fees related to tax compliance work for statutory tax obligations in the international jurisdictions that the Company operated in.
- (4) "Tax Fees - Consulting" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (5) "All Other Fees" include all other non-audit products and services.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Suite 3100, 111 - 5th Avenue S.W., Calgary, Alberta, T2P 5L3.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada ("**Computershare**"). The Company's Common Shares are transferable at the offices of Computershare in Calgary, Alberta and at the offices of BNY Trust Company of Canada in Toronto, Ontario.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, as at December 31, 2024, there were no material legal proceedings to which the Company was a party or which any of its respective properties was the subject matter of, nor were there any such proceedings known to the Company to be contemplated as at such date.

During the year ended December 31, 2024 there were: (i) no penalties or sanctions against the Company imposed by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements the Company entered into with a court relating to a securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Company, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding voting securities of the Company, or any other Informed Person (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or would materially affect the Company or any of its subsidiaries.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, including purchase and sale agreements, the Company has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect other than the following:

- The Parex Shareholder Rights Plan. See *Description of Capital Structure*.
- The Credit Facilities. See *Bank Debt*.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by Parex other than GLJ, Parex's independent reserves evaluators, and PricewaterhouseCoopers LLP, Chartered Professional Accountants, Parex's auditors. None of the principals of GLJ had any registered or beneficial interests, direct or indirect, in any securities or other property of Parex or of Parex's associates or affiliates, either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter, or to be received by them. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Professional Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Parex or of any associate or affiliate of Parex.

INDUSTRY CONDITIONS

The following is a brief summary of the economic and energy market conditions encountered in conducting oil and natural gas operations in Colombia. The industry related information in this section has been taken from public sources. See *Market, Independent Third Party and Industry Data* in this Annual Information Form.

Colombia

Economic

GDP growth in Colombia was 1.7% in 2024 and Colombian inflation was 5.2% in 2024, 2.2% above the central bank's target rate of 3.0%. Based on the Central Bank of Colombia data, the Colombian peso ("**COP**") was 4,071:\$1 in 2024, compared to current rates of approximately COP 4,102.00:\$1.

Colombian GDP is expected to grow by 2.5% in 2025 and 2.9% in 2026.

Royalties

In 2004, the ANH released new fiscal terms based on a royalty/tax system, abolishing the incumbent association contract model. The most fundamental change to the terms is that Ecopetrol, the national oil company, has no mandatory back-in right. The contractor has rights to all production net of royalty.

Royalty payments vary depending on the quality of oil and the rate of production and are applied on a production area or, in some cases, block basis. For light/medium oil, the stated royalty rate is as presented in the following table:

Field Production (bbl/d)	Royalty Rate*
0-5,000	8%
5,001-125,000	8%-20%
125,001-400,000	20%
400,001-600,000	20%-25%

*For new discoveries of heavy oil, classified as those with an API equal to or less than 15°, the royalties will be 75% of the royalty rates for light and medium oils presented above.

All of Parex's Colombian E&P Contracts are subject to this sliding scale royalty.

High Price Participation

For E&P Contracts signed under the new ANH oil regulatory regime, in 2004 and onwards, a high price share royalty applies once a production area or the contracted area (depending on the contract model) has cumulatively produced more than 5 MMbbls of oil, determined after the deduction of royalties. For the Company's ANH E&P Contracts, the high price share royalty to be paid is based on the established percent (S) of the part of the average monthly reference WTI price (P) that exceeds a base price (Po), divided by the average monthly reference price (P).

Quality	Base Price (Po) 2025 Threshold Prices
Less than 10° API	Nil
10° to 15° API	\$69.42/bbl
15° to 22° API	\$48.59/bbl
22° to 29° API	\$46.85/bbl
Greater than 29° API	\$45.10/bbl

Average Monthly Reference WTI Price (P)	Established Percentage (S)
$P_o \leq P < 2P_o$	30%
$2P_o \leq P < 3P_o$	35%
$3P_o \leq P < 4P_o$	40%
$4P_o \leq P < 5P_o$	45%
$5P_o \leq P$	50%

Crude oil production with a quality higher than 15° and lower than 22° API and a WTI oil price of \$80/bbl results in a production share equivalent to an incremental 14% royalty, bringing the total government royalty to approximately 22% for a production area with production less than 5,000 bbl/d, excluding potential X-factor. Threshold prices are adjusted annually and high price share is calculated after base royalties and X-factor if applicable.

Parex has no outstanding material disputes in respect of the interpretation of the royalty regime and the high price participation. However, Parex is aware of disputes between other ANH E&P Contract holders and the ANH regarding the high price participation royalty.

X-Factor

For E&P Contracts acquired in the 2008 Heavy Oil Bid round and in some of the subsequent bid rounds, the ANH required an additional royalty percentage, or X-factor, to be bid as the primary criteria for awarding of blocks by the ANH. The X-factor is also now one of the bid criteria for new E&P Contracts, and the minimum X-factor is one percent.

Summary of Fiscal Terms by ANH E&P Contract and Convenios

Each E&P Contract/Convenio with the ANH has a sliding scale royalty of 8% - 25% based on the average monthly production level of a field, plus potentially two additional payments that vary by contract, a high price participation payment and an X-factor. The following table summarizes the base royalty, high price participation factors and X-factors applicable to Parex's E&P Contracts/Convenios/Association Contracts.

Block	Base Royalty	X-Factor	High Price Participation Basis
Aguas Blancas ⁽²⁾	8%	NIL	NIL
Arauca ⁽²⁾	32% base with 8% for incremental	NIL	NIL
Area Sur	20% base with 8% incremental	NIL	New discoveries + sliding scale factor
Boranda ⁽²⁾	8%	NIL	NIL
Cabrestero	8%	NIL	Exploitation area + sliding scale factor
Capachos ⁽²⁾	8%	NIL	NIL
CPE-2-2	8%	1%	Block + sliding scale factor
CPO-4-1	8%	1%	Block + sliding scale factor
CPO-10	8%	1%	Block + sliding scale factor
CPO-11-2	8%	1%	Block + sliding scale factor
Fortuna ⁽¹⁾	8%	NIL	NIL
LLA-16-1	8%	1%	Block + sliding scale factor
LLA-26	8%	1%	Exploitation area + sliding scale factor
LLA-30	8%	1%	Exploitation area + sliding scale factor
LLA-32	8%	1%	Exploitation area + sliding scale factor
LLA-34	8%	1%	Exploitation area + sliding scale factor
LLA-38	8%	1%	Block + sliding scale factor
LLA-40	8%	1%	Block + sliding scale factor
LLA-43-1	8%	1%	Block + sliding scale factor
LLA-74	8%	1%	Block + sliding scale factor
LLA-81	8%	1%	Block + sliding scale factor
LLA-94	8%	1%	Block + sliding scale factor
LLA-95	8%	1%	Block + sliding scale factor
LLA-111	8%	1%	Block + sliding scale factor
LLA-112	8%	1%	Block + sliding scale factor
LLA-113	8%	1%	Block + sliding scale factor
LLA-121	8%	1%	Block + sliding scale factor
LLA-122	8%	1%	Block + sliding scale factor
Los Occaros	8%	NIL	Exploitation area + sliding scale factor
Nororiente	20% base with 8% incremental	NIL	New discoveries + sliding scale factor
Occidente	20% base with 8% incremental	NIL	New discoveries + sliding scale factor
Orito	20% base with 8% incremental	NIL	New discoveries + sliding scale factor
Siriri ⁽²⁾	20% base with 8% incremental	NIL	New discoveries + sliding scale factor
VIM-1	8%	17% (conventional) & 1% (unconventional)	Oil: Block + sliding scale factor Gas: 5 years after starting production + price conditions
VIM-10-2	8%	1%	Block + sliding scale factor
VIM-43	8%	1%	Block + sliding scale factor
VMM-4-2	8%	1%	Block + sliding scale factor
VMM-46	8%	1%	Block + sliding scale factor
VSM-13-2	8%	1%	Block + sliding scale factor
VSM-14-1	8%	1%	Block + sliding scale factor
VSM-25	8%	1%	Block + sliding scale factor
VSM-36	8%	1%	Block + sliding scale factor
VSM-37	8%	1%	Block + sliding scale factor

Notes:

- (1) There is an R Factor (additional royalty) applicable under the Association Contract with Ecopetrol if cumulative gross production exceeds 60 MMbbls.
- (2) ANH Convenios

Income Tax

In August 2022, the Ministry of Finance submitted a tax reform bill to Congress proposing changes to the Colombian tax regime. The tax reform bill was sanctioned by President Petro as Law 2277 of 2022 on December 13, 2022, and became effective starting January 1, 2023. This tax reform included, among other things, a base income tax rate for 2023 and beyond of 35% plus creation of an income tax surcharge for companies engaged in the extraction of crude oil and coal of 0%, 5%, 10% or 15%, based on international prices. For fiscal year 2025, the surtax of 5%, 10% or 15% applies when the Brent price reaches USD \$70.56/bbl, USD \$77.50/bbl and USD \$82.05/bbl, respectively, according to ANH Resolution No. 0181 (revenues from the sale of natural gas are not subject to this surtax).

Other Tax

In February 2025, the Colombian government has proposed a new tax reform aimed at raising an additional COP 12 trillion (approximately US\$2.85 billion) by the end of 2025. This tax reform includes, among other things:

- A temporary 1% tax imposed on the production of fossil fuels, including oil and coal, effective until December 31, 2025. This initiative is expected to generate approximately COP 3 trillion (around US\$721 million) in additional revenue.
- A 1% stamp tax has been introduced on some contracts exceeding COP 300 million, effective until December 31, 2025.

These temporary taxes, effective from February 22, 2025, are part of a fiscal strategy to address Colombia's budget deficit and fund social initiatives. The government has expressed intentions to make some of these taxes permanent through future tax congressional reforms but the outcome of this is uncertain at this time.

Regulatory Regime

The regulatory regime in Colombia underwent a significant change, effective January 1, 2004, with the formation of the ANH, which has assumed the role of regulating the Colombian oil industry. This function was previously performed by Ecopetrol.

The ANH developed a new E&P Contract that took effect near the end of the first quarter of 2005. This contract has significantly changed the way the industry views Colombia and has significantly increased the amount of new exploration in the country. In place of the earlier association contracts in which the government, through the state company (Ecopetrol) had an immediate back-in to production, the new agreement provides full risk/reward benefits for the contractor. Under the terms of the contract, the successful operator will retain the rights to all reserves, production and income from any new exploration block, subject to existing royalty and income tax regulations with a windfall surcharge provision for larger fields.

Also, the ANH developed a new contract for direct operated areas from Ecopetrol ("*Convenio*") with similar terms and conditions to the E&P Contract except for the non-application of economic rights and allowing the production period to last until the economic limit of the respective field.

Previously, the ANH dealt with exploration acreage proposals on a "first-come, first-served" basis, but since 2008 has adopted a system of competitive bidding rounds, or rounds whereby the ANH invites a selected group of companies to submit proposals. Once the ANH is satisfied that the successful oil company has the proper technical and financial resources to fulfill its obligations under the proposed contract, a definitive work program is negotiated. This work program typically includes technical studies, reprocessing or shooting new seismic and/or drilling wells. The ANH contract term consists of two periods. The first period is the exploration period, which lasts six years and comprises two phases (a) an initial phase 1 lasting 3 years and (b) an optional phase 2, which is also 3 years. Upon a declared discovery, and at the contractor's request, the evaluation stage commences and may last between one and five years (depending on the fulfillment of certain contractual conditions), during which the contractor must declare commerciality or relinquish the block. The second period is the production period with a basic 24 year term, extendable under certain circumstances.

If a discovery is made, the contractor has the option to request an appraisal period of up to two years, with the possibility of extending such appraisal period in case of drilling exploration wells not included in the initial appraisal program. If the evaluation plan relates to a natural gas or heavy oil field, two additional years may be granted because of the complex planning and marketing required. At the end of this phase, the contractor must declare commerciality or return the block.

Once the evaluation phase is complete and the operator declares commerciality, the exploitation phase begins. The duration of the exploitation period of each declared field is 24 years. The contractor may obtain an extension of the exploitation period beyond the 24 years, if the contractor complies with three basic requirements: (i) continuous production, (ii) an active enhanced oil recovery plan or infill project, and (iii) a payment of 5% for natural gas and 10% for oil of the remaining reserves value.

Relinquishment of part or all of the license area depends on which phase the operations are in. Except for Parex's 2019 E&P Contract where the relinquishment of areas does not apply for the initial exploration and subsequent exploration periods, under normal circumstances the contractor must relinquish 50% of the license area at the end of the six-year exploration period if the contractor continues to explore, and there is an evaluation program or a discovery. If not, the operator must relinquish 100% of the license area. The operator and the ANH may also agree on the relinquishment of certain parts of a license area during the initial six-year exploration period as part of the contract and on a block by block basis, depending on the scope of the exploration work program and the size of the area. The contractor also has the option to relinquish all or part of the area after each exploration phase.

In 2019 there were two bid rounds completed by the ANH and five new blocks were awarded to Parex Colombia. In 2020 there was one bid round completed by the ANH and two new blocks awarded to Parex Colombia. For the first time in recent history the ANH asked for industry to nominate blocks and where deemed appropriate, these blocks were included in the bid round.

In 2021 there was one bid round completed by the ANH and 18 blocks were awarded to Parex Colombia.

There were no Colombian federal bid rounds in 2022, 2023 and 2024. Further, the Colombian government has stated that they intend to halt further bid rounds.

Environmental Regulation

The environmental regulatory framework in Colombia which governs the oil and natural gas industry is divided into two parts: planning and compliance.

1. Planning

The National Authority for Environmental Licenses ("ANLA") requires that environmental impact assessments ("EIAs") and environmental management plans ("EMPs") be submitted as the principal planning tools for all new projects, ensuring local and specific environmental and social variables are included in project planning. Following approval of the EIA, the ANLA awards an environmental license. The environmental license deals with usage of natural resources, road and site construction, flowlines, loading facilities and in general terms any activity orientated to exploration activities including production testing. Should exploration work result in a field to be declared commercial it requires a new development EIA and EMP for the development of a permanent oil and natural gas production field and development drilling. The process is similar to the one for the exploration phase.

An in-field pipeline (defined as wider than 6") design and construction is subject to a two part environmental licensing process. First, an environmental option assessment is conducted, whereby both the company and the government environmental authority review options to agree on an environmentally friendly pipeline design and layout. Once an agreement is reached, the company can apply for the pipeline environmental license through a comprehensive EIA and EMP.

Once a production field's environmental license is in place, development drilling, flowlines, batteries and other production infrastructure can be added by preparing specific EMPs.

2. Compliance

In Colombia, regulations relating to compliance standards include specific standards for water and air quality, wastewater and solid waste treatment and disposal, air emission control, and industrial hygiene. In addition, the environmental license normally includes obligations which have to be complied with by the operator.

Crude Oil Market Conditions

Colombia has a well-developed oil infrastructure system, comprising over 6,000 kilometres of crude and product pipelines. The system is concentrated on transporting crude from the main producing basins (Llanos and the Magdalenas), via a central hub at Vasconia in the interior, to Colombia's main oil export terminal at Coveñas on the Caribbean coast. These include the 520-mile Ocesa pipeline, which has the capacity to transport 745,000 bbl/d from the Cusiana/Cupiagua area in the Llanos Basin. Additionally, the Caño Limon pipeline runs from the Caño Limón field near the Venezuelan border to Coveñas. In the far south, the Oleoducto Trans-Andino carries crude to the Pacific port of Tumaco. The Bicentenario Pipeline is capable of transporting 110,000 bbls/d of crude oil from the Llanos Basin (Araguaney) to Banadia where it connects to the Caño Limon pipeline. Other transportation options exist besides pipelines to transport crude oil to export terminals such as truck and barge. Colombia currently operates five refineries, four of which are owned by Ecopetrol. Two of these, in Barrancabermeja and Cartagena, are main fuels refineries, accounting for almost all of the country's refining capacity. The remaining three refineries are small and simple. Total domestic crude processing capacity is approximately 450,000 bbls/d.

RISK FACTORS

Parex is exposed to a number of risks through the pursuit of its strategic objectives. Some of these risks impact the oil and gas industry as a whole and others are unique to the Company's operations. The impact of any risk or a combination of risks may adversely affect, among other things, Parex's business, reputation, financial condition, results of operations and cash flows, which may reduce or restrict its ability to pursue its strategic priorities, respond to changes in the operating environment, and fulfill commitments and obligations, and may materially affect the market price of the Company's securities.

The Enterprise Risk Management ("ERM") program drives the identification, measurement, prioritization, and management of risk across Parex. In addition, Parex continuously monitors its risk profile.

Risk Governance

The Company's ERM program, approved by the Board of Directors, outlines the Company's risk management principles and expectations, as well as the roles and responsibilities of all staff. The ERM program includes a Risk Management Framework and Risk Assessment Tools, including a Risk Matrix. The Risk Management Framework contains the key attributes recommended by the International Standards Organization ("ISO") in its ISO 31000 – Risk Management Guidelines (2018). The results of the ERM program are documented in a semi-annual summary presented to the Board of Directors as well as through regular updates.

Risk Factors

Colombia

Parex's indirect Colombian entities have various working interests in numerous exploration blocks in the Llanos basin, as well as the Upper Magdalena, Middle Magdalena and Lower Magdalena basins. Further, all of Parex's oil and gas reserves and production is in Colombia. The contracts have exploration commitments and in some cases a portion of the commitments are guaranteed by issued letters of credit. Therefore, Parex will be subject to additional risks associated with international operations in Colombia.

Social Disruptions and Instability

The oil and natural gas exploration, development and operating activities conducted by Parex may, at times, be subject to disruption. Parex operates in Colombia. In Colombia companies operating in the oil and gas industry have experienced interruptions to their operations and production curtailments as a result of social instability and labour disruptions.

Parex has experienced and continues to experience interruptions to operations as a result of social instability. Refer to the "Guerrilla Activity in Colombia" section below for a description of these events. The Company cannot provide assurances that this type of social instability or labour disruption will not be experienced in future. The potential impact of future social instability, labour disruptions and any lack of public order may have on the oil and gas industry in Colombia, and on the Company's operations in particular, is not known at this time. This uncertainty may affect operations in unpredictable ways, including disruptions of fuel supplies and markets, ability to move equipment such as drilling rigs from site to site, or disruption of infrastructure facilities, including pipelines, production facilities, public roads, and off-loading stations, which could be targets or experience collateral damage as a result of social instability, labour disputes or protests. Parex may suffer loss of production or be required to incur significant costs in the future to safeguard its assets against such activities, incur standby

charges on stranded or idled equipment or to remediate potential damage to the Company's facilities. There can be no assurance that Parex will be successful in protecting itself against these risks and the related financial consequences. Further, these risks may not in any part be insurable in the event the Company does suffer damage.

Guerrilla Activity in Colombia

A 50-year armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups, both thought to be funded by the drug trade, continues in Colombia. Insurgents continue to attack civilians and violent guerrilla activity continues in certain parts of the country. Regions that border Venezuela and Ecuador have historically been areas of high security risk and there continues to be guerrilla activity.

Within the framework of total peace, the National Government has been attempting to advance peace dialogues with different armed groups to achieve peace in the territories through the solution of the armed conflict in Colombia. Among the organized armed structures of high impact crime with which the Government has been attempting to advance peace talks and/or dialogue approaches are: Ejército de Liberación Nacional (ELN), Disidencias de las FARC, Estado Mayor Central, Segunda Marquetalia, Autodefensas Gaitanistas de Colombia (AGC), Autodefensas Conquistadoras de la Sierra Nevada, Criminal Gangs of Medellín, Quibdó and Buenaventura. President Petro has promoted several cease fires with most of the aforementioned groups which have not achieved reduction of violence or actual progress in peace dialogues. Currently most of the cease fires have been ended by the government and in some cases criminal judiciary processes against outlaw peace negotiators have been reactivated.

In January 2025, intensified combats between ELN and FARC dissidents related to territorial and drug trafficking control, increased exponentially homicide and internal displacement in the northeastern Catatumbo region resulting in a humanitarian crisis. President Gustavo Petro declared an internal state of emergency in the affected northeastern Catatumbo region and suspended peace negotiations with ELN. This state of emergency enabled the Executive to issue legislative decrees including special and temporary taxes, all of which are being reviewed by the Constitutional Court. See *Income Tax* under the *Industry Conditions* section of this AIF for additional information.

The Colombian government's biggest challenge is perceived to be ensuring that the negotiations lead to a long-lasting peace and that demobilized members of the FARC and ELN rejoin civilian life, rather than regrouping in criminal bands.

Continuing attempts to reduce or prevent guerrilla activity may not be successful and guerrilla activity may disrupt Parex Resources Colombia Ltd.'s ("Parex Colombia") operations in the future as it has in prior periods. The Company may not be able to establish or maintain the safety of its operations and personnel in Colombia and this violence may affect its operations in the future. Continued or heightened security concerns in Colombia could also result in a significant loss to Parex and/or costs exceeding current expectations.

Since 2017 Parex has been performing work on the Capachos Block located approximately 75 kms from the Venezuela border, in the department of Arauca. During 2021 and 2022, Parex commenced additional operations on the Arauca Block which is in close proximity to Capachos. Historically the ELN has had a presence in the greater area.

Parex has experienced security concerns and social-related shut-ins in both Capachos and Arauca at times, which can halt drilling and affect production. In January 2024, Parex shut-in its operations at the Capachos Block, as well as halted drilling and testing operations at the Arauca Block due to ongoing social protests in the area. Operations on Capachos and Arauca resumed in February 2024. Additionally, in November 2024, Parex shut-in the Capachos Block due to social factors, which resumed operations in December 2024. As at the date of this AIF, the Company has fully resumed operations at its Capachos and Arauca Blocks.

Geopolitical Risks and Political Uncertainty

Political, legal and regulatory changes in Canada, the US, Colombia and other countries can impact Parex's operations and business performance. In 2024, there were national elections in several of the world's largest economies, including Japan, India, the European Union, France, the United Kingdom, Mexico and the United States. Additional elections will take place in 2025, including within Canada and Germany. These elections have brought, or may bring, new political leadership with substantially different political, social and economic policy priorities than their predecessors on both domestic and foreign policy matters, including environment, trade and tariffs and energy.

These political shifts may create uncertainty about future government policies, regulations, and trade relationships between major global economies which could result in broad-based volatility and decreased investor confidence. Adverse changes to the trade relations between the governments of the United States, Canada, and Mexico on matters related to energy could have a material adverse effect on Parex and its business.

Changes in government, government policy or regulations, changes in law or interpretation of settled law, implementation of new, or expansion of existing, tariffs on exported and/or imported products, opposition from government or other political actors to industrial activities generally or projects specifically, and extended regulatory review periods and third-party consultation requirements could impact Parex's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licenses and permits for Parex's activities or restrict the operation of third-party infrastructure and supply chains that Parex relies on. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact Parex's results.

Other government and political factors that could adversely affect Parex's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect Parex's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for Parex's products.

A change in federal, provincial or municipal governments in Canada or Colombia may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic in Canada and Colombia, which has resulted in a rise in civil disobedience surrounding oil and natural gas development — particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt Parex's activities.

There have been certain events in Colombia and abroad, which have resulted in political tensions between Colombia and some of its neighboring countries. Colombia is immediately adjacent to Venezuela, which is continuing to go through a period of political uncertainty. The impact on the Company's operations in Colombia as a result of Venezuela's political situation are not known and cannot be reasonably foreseen. However, since August 2022, diplomatic relations have been reestablished with the Government of Venezuela and the government of Colombia, and this situation allows to generate greater cooperation actions to resolve situations at the border. Note that with the exception of the Capachos and Arauca Blocks the Company's reserves and production are not proximate to the Colombia-Venezuela border.

Parex is aware of and at all times complies with any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC").

Although continuity in political relations is expected, the result of these relations remains uncertain, therefore, it is possible that impacts on border towns and cities related to migration and border operations could again occur and therefore, could negatively affect Colombia's economy, social issues and overall security situation.

Risks of Foreign Operations

Parex's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of Parex, including, but not limited to: nationalization, expropriation of property without fair compensation or marketable compensation, or renegotiation or nullification of existing concessions and contracts; the imposition of specific drilling obligations and the development and abandonment of fields; changes in energy and environmental policies or the personnel administering them; changes in oil and natural gas pricing policies; the actions of national labour unions; currency fluctuations and devaluations; currency exchange controls; economic sanctions; and royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which Parex's operations will be conducted, as well as risks of loss due to civil strife, acts of war, terrorism, guerrilla activities and insurrections. Parex's operations may also be adversely affected by laws and policies of Colombia affecting foreign trade, taxation of the oil and gas sector and investment. If Parex's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, its business may be harmed. Prolonged problems may threaten the commercial viability of its operations.

In addition, there can be no assurance that contracts, licenses, license applications or other legal arrangements will not be adversely affected by changes in governments in foreign jurisdictions, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

In the event of a dispute arising in connection with Parex's operations in Colombia, Parex may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgements in such other jurisdictions. Parex may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, Parex's exploration, development and production activities in Colombia could be substantially affected by factors beyond Parex's control, any of which could have a material adverse effect on Parex.

Acquiring interests and conducting exploration and development operations in foreign jurisdictions often require compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase Parex's cost of doing business or affect its operations in any area.

Parex assets and operations are located in Colombia and the Company's sales are currently derived from its Colombian crude oil and natural gas production. Accordingly, the Company's financial condition and results of operations depend to a significant extent on macroeconomic and political and regulatory conditions prevailing from time to time in Colombia and on the exchange rates between the COP and the USD.

If the perception of improved overall security in Colombia deteriorates or if the investment climate worsens, the Colombian economy may face lower growth rates than the ones posted recently, which could negatively affect the Company's financial condition and results of operations.

Parex may in the future acquire oil and natural gas properties and operations outside of Colombia, which expansion may present challenges and risks that Parex has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of Parex.

Royalties

The Colombia government may adopt new royalty regimes, or modify the existing royalty regimes, which may impact the economics of the Company's projects. An increase in royalties reduces the Company's earnings and could make future capital investments, or the Company's operations less economic.

Income Taxes

The Company and its subsidiaries file all required income tax returns, and the Company believes that it is in full compliance with applicable Canadian, Colombian, and Swiss tax laws; however, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company's tax filings, whether by re-characterization of exploration and development expenditures, or questioning the deductibility of expenses or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Company. Furthermore, tax authorities having jurisdiction over the Company may disagree with how the Company calculates its income for tax purposes or could change administrative practices to the Company's detriment.

Foreign Subsidiaries

Parex conducts all of its operations in Colombia through foreign subsidiaries and foreign branches. Therefore, to the extent of these holdings, Parex will be dependent on the funds flow provided by the operations of these subsidiaries to meet its obligations excluding any additional equity or debt Parex may issue from time to time. The ability of its subsidiaries to make payments and transfer cash to Parex may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which it operates; and the introduction of foreign exchange and/or currency controls or repatriation restrictions, or the availability of hard currency to be repatriated.

Legal Systems

Colombia is a civil law jurisdiction. Additionally, all of the Company's material subsidiaries (which excludes its Colombian branches) are domiciled in countries where the legal system is based on civil code. The Colombia branches are domiciled in Colombia, which also has a legal system based upon civil code. There can be no assurance that joint ventures, licenses, license or permit applications or other legal arrangements will not be adversely affected by changes in governments, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

Regulatory Approvals

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (exploration, development, production, pricing, marketing and transportation). In Colombia, the oil and gas industry regulatory body is the ANH, and for environmental permitting a separate body, the National Environmental Licensing Authority. Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase the Company's costs, either of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, the Company will require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Minimum Work Commitments on Exploration Blocks

Parex must fulfill certain minimum work commitments on certain projects in Colombia. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Parex may lose certain exploration rights on the blocks affected and may be subject to certain financial penalties that would be levied by the applicable governmental authority. However, the Company has the right to request suspensions or extensions due to force majeure events.

Indigenous Rights

Parex currently carries out and plans to continue carrying out activities in areas classified by the Government as indigenous reserves and Afro-Colombian lands. To undertake these activities, Parex must first comply with prior consultation processes, set forth by Colombian law. These prior consultation processes are required for obtaining environmental licenses to start projects, works or activities in areas inhabited by ethnic communities. In addition, consultations can be seen as a potential instrument to involve communities in the decision of developing extracting industry and infrastructure projects in their territories. Generally, these consultation processes last between six months to one year depending on the community expectations but may be significantly delayed if an agreement with the communities cannot be reached. Parex strives to be respectful of the constitution and laws and the autonomy of indigenous and afro-descendant communities, and therefore does not enter their territories until an agreement has been reached with them. Parex also strives to structure management plans to prevent, mitigate, repair or offset the impact of projects, as identified by local communities.

In recent years, indigenous communities have also been claiming their ancestral territories and requesting recognition of their right to be consulted about projects already in operation. This opposition results from, among other factors, the communities' view on the exploitation of natural resources, the environment, and the effects on their cultures, territories and spiritual beliefs. According to this, Parex may be exposed to operational restrictions as a result of the opposition of these communities.

No certainty can be given that Parex will be able to reach an agreement with the different communities that object to planned or continued operations or that such communities will participate in consultation processes if available.

Title to Assets

The assignment of working interests under the exploration and production contracts in the jurisdictions in which the Company operates is a detailed and time-consuming process. The Company's properties may be subject to unforeseen title claims. Title to assets in Colombia is by way of an undivided working interest provided by the exploration and exploitation contracts or convenio signed with ANH. While the Company will diligently investigate title to all property and will follow usual industry practice in obtaining satisfactory title opinions and, to the best of the Company's knowledge, title to all of the Company's properties are in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undisclosed and undetected defects. The Company does not warrant title to the oil properties.

Risks Associated with Geographically Concentrated Operations

The majority of the Company's production comes from one block in the Llanos Basin in Colombia. For the year ended December 31, 2024, the Tigana, Jacana, Tigui and Tua Fields located in Block LLA-34 collectively generated approximately 52% of the Company's production and at December 31, 2024, Block LLA-34 accounted for 55% of its proved oil and gas reserves. As a result of this concentration, the Company may be disproportionately exposed to the impact of, among other things, regional supply and demand factors including limitations on its ability to most profitably sell or market its oil and gas to a smaller pool of potential buyers, delays or interruptions of production from wells in these areas caused by governmental regulation, community protests, guerrilla activities, processing or transportation capacity constraints, continued authorization by the government to explore and drill in these areas, severe weather events and the availability of drilling rigs and related equipment, facilities, personnel or services. Due to the concentrated nature of the Company's portfolio of properties, a number of the Company's properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on its results of operations than it might have on other companies that have a more diversified portfolio of properties.

The Company relies on local infrastructure and the availability of transportation for storage and shipment of its products. This infrastructure, including storage and transportation facilities, is less developed than that in North America and may be insufficient for the Company's needs at commercially acceptable terms in the localities in which it operates. Further, the Company operates in remote areas and may rely on helicopters, boats or other transportation methods. Some of these transport methods may result in increased levels of risk and could lead to operational delays which could affect the Company's ability to add to its reserve base or produce oil and could have a significant impact on the Company's reputation or cash flow. Additionally, some of this equipment is specialized and may be difficult to obtain in the Company's areas of operations, which could hamper or delay operations, and could increase the cost of those operations.

Non-Operated Risk of Significant Assets

Block LLA-34 is not operated by the Company in which the Company has a 55% working interest, and the majority of the Company's oil production and oil reserves are attributed to that block. As a result, the Company may not have the ability to manage development of the blocks oil and natural gas reserves on a pace that the Company would choose. Further, managing the cost of development is largely the responsibility of the operator of the block. Historically, the operator of Block LLA-34 and the Company have agreed on the exploration and development efforts for the block. The Joint Operating Agreement for the block provides the Company with certain protection such as the right to audit the operator, the right for approval of all capital plans for the block and the approval of an annual capital and operating budget.

Diversification

The Company's business focuses on the petroleum industry in Colombia. Other companies have the ability to manage their risk by diversification; however, the Company lacks diversification, in terms of the geographic scope of its business. As a result, factors affecting the industry or the regions in which it operates will likely impact the Company more acutely than if the Company's business was more diversified.

Expansion into New Activities

The operations and expertise of the Company's management are currently focused primarily on oil and gas production, exploration and development in Colombia. In the future the Company may acquire or move into new industry related activities or new geographical areas and acquire different energy related assets, and, as a result, may face unexpected risks or, alternatively, significantly increase the Company's exposure to one or more existing risk factors, which may in turn result in the Company's future operational and financial conditions being adversely affected.

United States Relations with Colombia

Colombia is among several nations whose progress in stemming the production and transit of illegal drugs is subject to annual certification by the President of the United States of America. Although Colombia has received a current certification, there can be no assurance that, in the future, Colombia will receive certification or a national interest waiver. The failure to receive certification or a national interest waiver may result in any of the following:

- all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended;
- the Export-Import Bank of the United States and the Overseas Private Investment Company would not approve financing for new projects in Colombia;

- United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia, although such votes would not constitute vetoes, and
- the President of the United States and Congress would retain the right to apply future trade sanctions.

Each of these consequences could result in adverse economic consequences in Colombia and could further heighten the political and economic risks associated with operations there. Any changes in the holders of significant government offices could have adverse consequences on Parex Colombia's relationship with the ANH and the Colombian government's ability to control guerrilla activities and could exacerbate the factors relating to Parex's subsidiaries foreign operations. Any sanctions imposed on Colombia by the United States government could threaten Parex's subsidiary's ability to obtain any necessary financing to develop the Colombian properties. There can be no assurance that the United States will not impose sanctions on Colombia in the future, nor can the effect in Colombia that these sanctions might cause be predicted.

Canada relations with Colombia

The Canada-Colombia Free Trade Agreement became effective on August 15, 2011. Through the agreement, Canada's producers and exporters benefit from reduced or eliminated tariffs on nearly all of Canada's exports to Colombia. The agreement also provides a more predictable, transparent and rules-based trading environment for Canadian investors and businesses. The Canada-Colombia Tax Convention came into force June 12, 2012 for the avoidance of double taxation.

Reputational Risk Associated with the Company's Operations

The Company's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Company or as a result of any negative sentiment toward, or in respect of, the Company's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns. The Company's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Company has no control. In particular, the Company's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by the Company's operations, or due to opposition from special interest groups opposed to oil and natural gas development. In addition, if the Company develops a reputation of having an unsafe work site it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Company's reputation. Damage to the Company's reputation could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Company's securities.

Forced or Child Labour in Supply Chains

In May 2023 *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act* and to amend the Customs Tariff was passed and came into force on January 1, 2024 in Canada. Pursuant to the new legislation, any company that is subject to the reporting requirements, including Parex, is required to conduct certain due diligence on its supply chains and to file an annual report accordingly. While the Company is currently unaware of any forced or child labour in any of its supply chains, the increased scrutiny on the supply chains of Canadian companies could uncover the risk or existence of forced or child labour in a supply chain to which the Company has a connection, which could negatively impact the reputation of the Company. Additionally, due to the fact that the reporting requirements are new and thus there is no existing industry standard, the Company is at risk of inadvertently preparing a report that is insufficient.

Corruption

The Company's operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies in place to prevent any form of corruption or bribery, which includes enforcement of policies against giving or accepting money or gifts in certain circumstances and an annual certification from each employee confirming that each employee has received and understood the Company's anticorruption policies. It is possible that the Company, some of its subsidiaries, or some of the Company or its subsidiaries' employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair the Company's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern. Further, from time to time the Company may acquire a company that subsequently is subject to a bribery or corruption charge, whereby the Company could assume onerous penalties and/or suffer reputational damage as a result of activities in which the Company had no part.

Liabilities under Anti-Bribery Laws

The Company is subject to anti-bribery laws in Canada and Colombia and may be subject to similar laws in other jurisdictions where it may operate in the future. The Company may face, directly or indirectly, corrupt demands by federal or local officials, tribal or insurgent organizations, international organizations, contractors looking for work with Parex, or other private entities. As a result, the Company faces the risk of unauthorized payments or offers of payments by employees, contractors, agents, and partners of its subsidiaries or affiliates, given that these parties are not always subject to the Company's control or direction. It is the Company's policy to prohibit these practices. However, the Company's existing safeguards and any future improvements to those measures may prove to be less than effective or may not be followed, and the Company's employees, contractors, agents, and partners may engage in illegal conduct for which it might be held responsible. A violation of any of these laws, even if prohibited by the Company's policies, may result in criminal or civil sanctions or other penalties (including profit disgorgement) as well as reputational damage and could have a material adverse effect on the Company's business and financial condition.

Pandemics and their Effect on the Global Economy

In the event of a global pandemic, countries around the world may close international borders and order the closure of institutions and businesses deemed non-essential. This could result in a significant reduction in economic activity in Canada, Colombia and internationally along with a drop in demand for oil and natural gas. Any reduction in economic activity in certain countries resulting from outbreaks, government-imposed lockdowns and other restrictions could have a negative effect on demand for oil and natural gas and could aggravate the other risk factors identified herein.

Commodity Prices, Markets and Marketing

Numerous factors beyond the Company's control do and will continue to affect the marketability and price of oil and natural gas acquired, produced or discovered by the Company. Accordingly, commodity prices are the Company's most significant financial risk. The Company's ability to market its oil and natural gas may depend upon its ability to acquire capacity on pipelines to deliver that oil and natural gas to commercial markets. Deliverability uncertainties related to the distance the Company's reserves are to pipelines, processing and storage facilities, operational problems affecting pipelines and facilities and government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil, and natural gas. Many other aspects of the oil and natural gas business may also affect the Company. At present, crude oil sales are generally benchmarked against Brent reference prices and subject to price differentials for crude quality.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of additional factors beyond the control of the Company. These factors include economic and political conditions, in the United States, Canada, Europe, China and emerging markets, the actions of OPEC and other oil and gas exporting nations, governmental regulation, political stability in the United States, Middle East, Ukraine, Northern Africa and elsewhere, the foreign supply and demand of oil and natural gas, risks of supply disruption, the price of foreign imports, and the availability of alternative fuel sources. Prices for oil and natural gas are also subject to the availability of foreign markets and the Company's ability to access such markets. A material decline in prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change

because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Company's reserves. The Company might also elect not to produce from certain wells at lower prices.

All these factors could result in a material decrease in the Company's expected net production revenue and a reduction in its oil and natural gas production, development and exploration activities. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Company's reserves, borrowing capacity, revenues, profitability and funds flow provided by operations, and may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, pandemics, OPEC and non-OPEC producers actions in respect of supply, political uncertainties, sanctions imposed on certain oil producing nations by other countries and ongoing conflicts in the Middle East, the Russia - Ukraine war, the Israel - Palestine war and elsewhere. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects. The Company monitors market conditions and may selectively utilize derivative instruments to reduce exposure to crude oil price movements. However, the Company is of the view that it is neither appropriate nor possible to eliminate 100% of its exposure to commodity price volatility.

Reserves Estimates

There are numerous uncertainties inherent in estimating reserves, and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties; production rates; ultimate reserve recovery; timing and amount of capital expenditures; marketability of oil and natural gas; royalty rates; and the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results.

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves. Such variations could be material.

In accordance with applicable securities laws, the Company's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Company's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Company intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the Company's reserves since that date.

Conditions in the Oil and Natural Gas Industry

The petroleum industry is competitive in all of its phases. The Company competes with numerous other entities in the exploration, development, production and marketing of oil and natural gas. The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Company. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, and reliability of delivery and storage.

The impact on the oil and natural gas industry from commodity price volatility is significant. During periods of high prices, producers may generate sufficient funds flow provided by operations to conduct active exploration programs without external capital. Increased commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. The cost of purchasing land or properties and work commitments associated with new exploration blocks similarly can increase in price during these periods. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers may also decline.

Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration or development activities by Parex will result in discoveries of oil or natural gas that are commercially or economically feasible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Parex's operations will be subject to all the risks normally associated with the exploration, development and operation of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, potential environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to property of Parex and others. In accordance with customary industry practice, Parex will maintain insurance coverage, but will not be fully insured against all risks, nor are all such risks insurable.

Oil and natural gas exploration and development activities are dependent on the availability of seismic, drilling, completions and other specialized equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Parex and may delay exploration and development activities.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Company's existing reserves and the production from them will decline over time as the Company produces from such reserves. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Company will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

The Company is exposed to a high level of exploration risk. The Company's current and future proved reserves (to the extent discovered or acquired) will decline as reserves are produced from its properties unless the Company is able to acquire or develop new reserves. The business of exploring for, developing or acquiring reserves is capital-intensive and is subject to numerous estimates and interpretations of geological and geophysical data. There can be no assurance the Company's future exploration, development and acquisition activities will result in material additions of proved reserves. To manage this risk, to the extent possible, Parex employs highly experienced geologists and geophysicists and technology such as 3D seismic as a primary exploration tool and focuses exploration efforts in known hydrocarbon-producing basins. In addition, the Company takes a portfolio approach to exploration by dispersing drilling locations among different exploration blocks and geological basins and by targeting multiple play-types. The Company may also choose to mitigate exploration risk through acquisitions that may require raising funds.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and production declines from normal field operating conditions, which can negatively affect revenue and funds flow provided by operations levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. In particular, the Company may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Company.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

As is standard industry practice, the Company is not fully insured against all risks, nor are all risks insurable. Although the Company maintains liability insurance and business interruption insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event the Company could incur significant costs.

Gathering and Processing Facilities and Pipeline Systems

The Company delivers its products through gathering, processing and pipeline systems, some of which it does not own. The amount of oil and natural gas that the Company can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering, processing and pipeline systems. The lack of availability of capacity in any of the gathering, processing and pipeline systems could result in the Company's inability to realize the full economic potential of its production or in a reduction of the price offered for the Company's production. The Company currently produces oil in multiple basins in Colombia and is heavily reliant on the Ocesa pipeline system. Although pipeline expansions in Colombia have occurred from time to time, the lack of firm pipeline capacity may limit the ability to produce and to market oil and natural gas production. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Company's business and, in turn, the Company's financial condition, results of operations and funds flow provided by operations.

All of the Company's production is delivered for export to shipment on facilities owned by third parties and over which the Company does not have control. From time to time, these facilities may discontinue or decrease operations, either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect the Company's ability to process its production and to deliver the same for sale. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Company's production, operations and financial results.

Availability of Drilling Equipment and Access

Oil and natural gas exploration, development and operating activities are dependent on the availability of third-party contractor drilling and related equipment as well as skilled personnel trained to use such equipment in the areas where such activities will be conducted. Demand for such limited equipment and skilled personnel or access restrictions may affect the availability of such equipment and skilled personnel to the Company and may delay exploration and development activities.

Power Supply

Several of the Company's producing fields are connected to the national transmission system and depend on its expansion and reliability to keep stable production levels. The national electricity market is volatile due to changes in hydrology and availability of fuels (natural gas, diesel, etc.), which brings uncertainty to energy prices. If energy were to become unavailable or difficult to obtain, the Company's results of operation and financial condition could be adversely affected. Due to the EL-Niño-induced drought across Colombia, the decrease in power generated from hydroelectricity increased power costs, which resulted in higher operating expenses during the past year.

Water Management

Parex produces water as part of its operations. Taking into account the nature of reservoirs, the water production levels to be managed by the Company may increase in the future. In order to achieve oil and gas production goals and to avoid any production restrictions going forward, Parex will need to secure the required capacity to manage water levels. Factors that may trigger a possible constraint to the Company's crude oil production due to the rising water production levels are: (i) ineffective project management of the required facilities, (ii) the Company's and its partners' ability to timely obtain the environmental permits related to water management, (iii) social and community interactions that could affect the development and operation of these projects, and (iv) the availability of capital to execute the required projects.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, and the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses and assets may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and assets required to provide such services. In this regard, non-core assets may be periodically disposed of so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company may realize less on disposition than their carrying value on the financial statements of the Company.

Abandonment and Reclamation Cost Risk

Parex is subject to oil and gas asset abandonment, remediation and reclamation liabilities for its operations including those imposed by regulation under federal, territorial, state, regional and municipal legislation in the jurisdictions in which the Company conduct operations. Parex maintains estimates of abandonment, remediation and reclamation liabilities; however, it is possible that these costs may change materially before decommissioning due to regulatory changes, technological changes, acceleration of decommissioning timelines, and inflation, among other variables. The present value cost for decommissioning and abandonment of wells and facilities is estimated based on known regulations, procedures, and costs today for undertaking the decommissioning, the majority of which is projected to be incurred in the 2030s.

Environmental Regulation and Risks

The Company is subject to environmental laws and regulations that affect aspects of the Company's past, present and future operations. All phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to extensive national, provincial and local environmental laws and regulations in Colombia that will and do affect nearly all of the operations of Parex. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including air emissions, water quality, wastewater discharges and the generation, transport and disposal of waste and hazardous substances; provide for penalties and other liabilities for the violation of such standards; and establish, in certain circumstances, obligations to remediate current and former facilities and locations where oil and gas operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation and unconventional blocks.

There is uncertainty around the impact of environmental laws and regulations, including those currently in force and proposed laws and regulations, and Parex cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered, interpreted from time to time, or enforced. It is not possible to predict the outcome and nature of these requirements on the Company and its business at the current time; however, failure to comply with current and proposed regulations can have a material adverse impact on the Company's business and results of operations by substantially increasing its capital expenditures and compliance costs and its ability to meet its financial obligations, including debt payments. It may also lead to the modification or cancellation of operating licenses and permits, penalties and other corrective actions which may have an impact on production operations. Further, compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by Parex for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on Parex.

Environmental regulation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The Company's activities have the potential to impair natural habitat, damage plant and wildlife, or cause contamination to land or water that may require remediation under applicable laws and regulations. These laws and regulations require the Company to obtain and comply with a variety of environmental registrations, licenses, permits and other approvals. In Colombia, licensing and permitting processes relating to the exploring and drilling for and development of oil and natural gas takes significant time and it is outside the control of the Company, specifically, the Exploitation License that may cause operational delays and higher development costs. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas and can impact on the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures. Both public officials and private individuals may seek to enforce or change environmental laws and regulations against the Company.

Significant liability could be imposed on Parex for costs resulting from potential unknown and unforeseeable environmental impacts arising from the Company's operations, including damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased by Parex or non-compliance with environmental laws or regulations. While these costs have not been material to the Company in the past, there is no guarantee that this will continue to be the case in the future.

Given the nature of the Company's business, there are inherent risks of oil spills occurring at the Company's drilling and operating sites. Large spills of oil and oil products can result in significant clean-up costs. Oil spills can occur from operational issues, such as operational failure, accidents and deterioration and malfunctioning of equipment. In Colombia where the Company operates, oil spills can also occur as a result of sabotage and damage to the pipelines. Further, the Company sells oil at various delivery stations and the oil can be transported by truck. There is an inherent risk of oil spills caused by road accidents which the Company may still be deemed to be responsible for as the owner of the crude oil. All of these may lead to significant potential environmental liabilities, such as clean-up and litigation costs, which may materially adversely affect the Company's financial condition, funds flow provided by operations and results of operations. Depending on the cause and severity of the oil spill, the Company's reputation may also be adversely affected, which could limit the Company's ability to obtain permits and affect its future operations.

To prevent and/or mitigate potential environmental liabilities from occurring, the Company has policies and procedures designed to prevent and contain oil spills. The Company works to minimize spills through a program of well-designed facilities that are safely operated, effective operations integrity management, continuous employee training, regular upgrades to facilities and equipment, and implementation of a comprehensive inspection and surveillance system. Also, the Company's facilities and operations are subject to routine inspection by various Federal and Provincial authorities in Colombia to evaluate the Company's compliance with the various laws and regulations.

Climate Change

Global climate issues continue to attract public and scientific attention. Governments, financial institutions, insurance companies, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to implement, among other things, regulatory and policy changes, changes in investment patterns, and modifications in energy consumption habits and trends which, individually and collectively are intended to or have the effect of accelerating the reduction in the global consumption of carbon based energy, the conversion of energy usage to less carbon-intensive forms and the general migration of energy usage away from carbon-based forms of energy.

Climate change and its associated impacts may increase the Company's exposure to, and magnitude of, each of the risks identified in the Risk Factors section of this AIF. Overall, Parex is not able to estimate at this time the degree to which climate change related regulatory, climatic conditions, and climate-related transition risks could impact the Company's financial and operating results. The Company's business, financial condition, results of operations, cash flows, reputation, access to capital, access to insurance, cost of borrowing, access to liquidity and ability to fund business plans may, in particular, without limitation, be adversely impacted as a result of climate change and its associated impacts.

Transition Risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when the measures will be implemented. However, international multilateral agreements, the obligations adopted thereunder and the legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures.

GHG emissions legislation is emerging and subject to change. For example, on an international level, in December 2015, almost 200 nations agreed to an international climate change agreement in Paris, France (the "Paris Agreement"), that calls for countries to set their own GHG emission targets and be transparent about the measures each country will use to achieve its GHG emission targets. Colombia has signed the Paris Agreement.

Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, it is expected that the current and future climate change regulations will have the effect of increasing the Company's operating expense, and, in the long-term, potentially reducing the demand for crude oil and natural gas, potentially resulting in a decrease in the Company's profitability, a decrease in the value of its reserves and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from crude oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against crude oil and natural gas companies, including Parex, for alleged personal injury, property damage, greenwashing or other potential liabilities. While Parex is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the Company's cost of capital, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolio on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestment of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured commercial and investment banks and insurance providers to reduce or stop financing and providing insurance coverage to crude oil and natural gas and related infrastructure businesses and projects. The impact of such efforts require the Company's management to dedicate significant time and resources to these climate change-related concerns, may adversely affect the Company's operations and negatively impact the Company's cost of capital and access to capital markets.

Parex is committed to transparent and comprehensive reporting of its sustainability performance and considers existing standards such as the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board's documentation, and recommendations issued by the Task Force for Climate Related Financial Disclosures. If Parex is not able to meet the sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals and authorizations from various government authorities, and raise capital may be adversely affected.

Physical Risks

Extreme climatic conditions may also have material adverse effects on Parex's financial condition and results of operations. Weather and climate affect demand, and therefore, the predictability of the demand for energy is affected to a large degree by the predictability of weather and climate. In addition, Parex's exploration, production and construction operations, and the operations of major customers and suppliers, can be affected by floods, forest fires, earthquakes, hurricanes, and other extreme weather events. This may result in cessation or diminishment of production, delay of exploration and development activities or delay of plant construction.

Climate change may increase the frequency of severe weather conditions in these locations including winds, flooding and variable temperatures. Other crude oil and natural gas production activities are also subject to chronic physical risks such as a shorter timeframe for the Company's dry season drilling program, changes in the water table and reduced access to water due to drought conditions. A systemic change in temperature or precipitation patterns could result in more challenging conditions for the construction and reclamation activities and could reduce the availability of water due to the increasing likelihood of drought conditions.

Demand and Commodity Prices

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and renewable energy generation devices could reduce the demand for oil and liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and gas products. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and funds flow provided by operations by decreasing the Company's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Shareholder Activism

Shareholder activism has been increasing generally and in the energy industry. Investors may from time to time attempt to effect changes to Parex's business or governance by means such as shareholder proposals, public campaigns, proxy solicitations or otherwise. Such actions could adversely impact the Company by distracting the Board and employees from core business operations, increasing advisory fees and related costs, interfering with the Company's ability to successfully execute on strategic transactions and plans and provoking perceived uncertainty about the future direction of the business.

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Potential litigation may develop in relation to personal injuries (including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, environmental issues, including claims relating to contamination or natural resource damages and contract disputes). The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and, as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Company's financial condition.

Information Technology Systems and Cyber-Security

The Company has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. The Company depends on various information technology systems to estimate reserve quantities, process and record financial data, manage its land base, manage financial resources, analyze seismic information, administer its contracts with its operators and lessees and communicate with employees and third-party partners.

Further, the Company is subject to a variety of information technology and system risks as a part of its operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Company's business activities or its competitive position.

In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim to a cyber phishing attack it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. The Company's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Company's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

The Company maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Company also employs encryption protection of its confidential information, all computers and other electronic devices. Despite the Company's efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities remain a serious problem that may damage its information technology infrastructure. The Company applies technical and process controls in line with industry-accepted standards to protect its information assets and systems including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Company's performance and earnings, as well as on its reputation and any damages sustained may not be adequately covered by the Company's current insurance coverage, or at all. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Dependence on Management

The Chief Executive Officer and the other senior officers of the Company are critical to its success. In the event of the departure of the Chief Executive Officer or another senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success.

If the Company is not successful in attracting and retaining qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future funds flow provided by operations, earnings, results of operations and financial condition. The Company strongly depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration, development and operation of oil and gas properties in the jurisdictions in which the Company operates is limited, and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, technical and operations staff, as necessary. If Parex is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future funds flow provided by operations, net income, results of operations and financial condition.

Labour Relations

Parex operates in a country that has large state sponsored or majority owned oil and gas companies that have traditionally employed unionized personnel. From time to time, unions may attempt or threaten to disrupt field operations and crude oil transportation activities of their employers which may directly or indirectly effect the operations of Parex.

In addition, in the legislative field in Colombia, new labor legislation is expected to be enacted during 2025. The proposed law includes an 18-point reform to individual and collective labor legislation. Some of the changes cover areas such as: job stability and hiring modalities; outsourcing/subcontracting; parameters on the use of service contracts; apprenticeship contracts; workday length; decarbonization; work on digital platforms; informal and migrant work, among others. Parex cannot assure the contents of the final legislation or that it will not have an adverse effect on the Company's operations and financial condition.

Liquidity

The Company's ability to fund current and future capital projects and carry out the business plan is dependent on its ability to generate cash flow, as well as raise capital in a timely manner under favourable terms and conditions and is impacted by the Company's credit ratings and the condition of the capital and credit markets. In addition, changes in credit ratings may affect the ability to, and the associated costs of, entering into derivative or hedging transactions, as well as entering into and maintaining certain contracts with customers and suppliers on acceptable terms. For example, if Parex experiences a downgrade in its credit ratings, it may be required to post collateral, letters of credit, cash or other forms of security as financial assurance for its performance under certain contractual arrangements with third parties. The occurrence of any of the foregoing could adversely impact the Company's ability to execute portions of its business strategy, including hedging, and could have a material adverse effect on the Company's liquidity and capital position. Management of liquidity risk requires Parex to maintain sufficient cash and cash equivalents, along with other sources of capital consisting of cash flow from operating activities, available credit facilities, commercial paper, and access to debt capital markets, to meet its obligations as they become due.

Credit Facilities

The Company currently has a credit facility, and the amount authorized thereunder is dependent on the borrowing base determined by its lenders. The Company is required to comply with covenants under its credit facility which may, in certain cases, include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that the Company does not comply with these covenants, the Company's access to capital could be restricted or, if drawn, repayment could be required. Events beyond the Company's control may contribute to the failure of the Company to comply with such covenants. In addition, the Company's credit facility may impose operating and financial restrictions on the Company that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Company's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others. The Company's lenders use the Company's reserves, commodity prices, applicable discount rate and other factors, to periodically determine the Company's borrowing base. Commodity prices remain volatile as a result of various factors including political uncertainty, actions taken to limit OPEC and non-OPEC production, the Russia - Ukraine war, the Israel - Palestine war, pandemics, and production by U.S. shale producers.

The borrowing base under the Company's revolving Credit Facility is currently \$240.0 million. Parex's borrowing base is re-determined by the lenders twice per year. The Company's borrowing base may decrease as a result of fluctuations in oil and natural gas prices, operating difficulties, declines in reserves, unforeseen increase cost, lack of sufficient lenders willing to participate in the facility and lending requirements or regulations. This could, if the credit facility is drawn, result in the requirement to repay a portion, or all, of the Company's indebtedness.

Additional Funding

Depending on future exploration, development, acquisition and divestiture plans, Parex may require additional financing. The ability of Parex to arrange any such financing in the future will depend in part upon the prevailing capital market conditions, risk associated with the international operations, as well as the business performance of Parex. Periodic fluctuations in commodity prices may affect lending policies for potential future lenders. This in turn could limit growth prospects in the short run or may even require Parex to dedicate existing cash balances or funds flow provided operations, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, disappointing drilling results, or economic or political dislocation in foreign countries. There can be no assurance that Parex will be successful in its efforts to arrange additional financing on terms satisfactory to Parex. Due to the conditions in the oil and gas industry, global economic volatility, and that the Company operates in an emerging market country, the Company may from time to time have restricted access to capital and increased borrowing costs. If additional financing is raised by the issuance of shares from the treasury of Parex, control of Parex may change and shareholders may suffer additional dilution.

As a result of global economic and political volatility, the Company may from time to time have restricted access to capital and increased borrowing costs. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, forgo certain acquisition opportunities and reduce or terminate its operations. If the Company's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Company's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing shareholders. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay in development or production on the Company's properties.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or shares of other entities. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Company may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Company's articles nor its bylaws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time, could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Dilution

In order to finance future operations or acquisition opportunities, the Company may issue common shares or raise funds through the issuance of common shares or the issuance of debt instruments or securities convertible into common shares, which will be dilutive to Parex shareholders. The Company cannot predict the size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of Parex's common shares.

Third-Party Credit Risk

Parex may be exposed to third-party credit risk through its contractual arrangements with its current or future customers of its crude oil and natural gas sales and counterparties to the Company's derivative risk management contracts. In addition, Parex may be exposed to third-party credit risk from purchasers of assets from Parex for various liabilities, including well abandonment and reclamation obligations assumed by the purchasers. If such third parties fail to meet their contractual obligations to Parex, such failures may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects. The use of derivative risk management contracts involves the risk that the counterparties will be unable to meet the financial terms of such transactions. Parex is unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if Parex accurately predicts the sudden changes, the Company's ability to negate this risk may be limited depending upon market conditions and the contractual terms of the agreements. During periods of declining commodity prices, the Company's derivative receivable positions generally increase, which increases the Company's counterparty credit exposure. Should any of such third parties be petitioned for bankruptcy, become insolvent or make a proposal or institute any

proceedings relating to bankruptcy or insolvency, Parex may be unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Company's financial and operational results.

Variations in Foreign Exchange Rates

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 USD/COP exchange rate has fluctuated significantly during the last several years. Given the effects of inflation, the volatility in interest rates in the U.S. and Colombia, different global growth perspectives, pandemics, political tensions in the world's largest economies, current and expected crude oil prices in the next few years and political uncertainty in Colombia, there is no clear view of how the USD and the COP will behave in the medium to long-term. Continued market volatility is expected to continue to lead to USD fluctuations that will remain difficult to forecast.

Inflation, Cost Management, and Interest Rates

Parex may experience high levels of inflation, supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs and commodity prices, and additional government intervention through stimulus spending or additional regulations. These factors could increase the Company's costs. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

The cost or availability of oil and gas field equipment may adversely affect the Company's ability to undertake exploration, development and construction projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows.

In addition, many central banks including the Bank of Canada, the Bank of Colombia and U.S. Federal Reserve have taken steps to raise interest rates in an attempt to combat inflation, followed by modest lowering of interest rates as inflation concerns stabilize. The increase in borrowing costs, and the volatility of interest rates in the future, may impact project returns and future development decisions, which could have a material adverse effect on the Company's financial performance and cash flows. Rising interest rates could also result in a recession in Canada, the United States, Colombia or other countries. A recession may have a negative impact on the demand for crude oil and natural gas, causing a decrease in commodity prices.

An increase in interest rates could result in the Company's financing expenses increasing and the cost of capital could deteriorate, which could have an adverse effect on the Company's ability to execute certain projects, results of operations and financial condition. Finally, if Parex incurs new debt in the future to fund working capital, capital projects or acquisitions, the prevailing interest rates and spreads at any specific time could be less favorable in terms of cost, which could adversely affect the Company's financial condition and results of operations.

Insurance and Security

Parex maintains insurance coverage as part of its risk management program. However, such insurance may not provide comprehensive coverage in all circumstances, nor are all such risks insurable. Parex self-insures some risks, and its insurance coverage does not cover all the costs arising out of the allocation of liabilities and risk of loss arising from the Company's operations.

The Company's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead Parex to decide to reduce or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Company's overall risk exposure could be increased and Parex could incur significant costs.

Colombia has a publicized history of security problems. The Company and its personnel are subject to these risks, but through effective security and social programs, Parex believes these risks can be effectively managed. The Company maintains insurance in an amount that it considers adequate and consistent with industry practice and its operations, however, it is difficult to obtain insurance coverage to protect against terrorist incidents and, as a result, the Company's insurance program excludes this coverage. Consequently, incidents like this in the future could have a material adverse impact on the Company's operations.

Market Price of Common Shares

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to the Company's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oil and gas market. In recent years, the volatility of commodities has increased, in part, due to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, in certain jurisdictions institutions, including government sponsored entities, have determined to decrease their ownership in oil and gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities. Similarly, the market price of Parex's common shares could be subject to significant fluctuations in response to variations in the Company's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Parex's common shares will trade cannot be accurately predicted.

Risk Management of Commodity Prices or Currency

From time to time, the Company may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Company engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Company's risk management arrangements may expose itself to the risk of financial loss in certain circumstances, including instances where: production falls short of the hedged volumes or prices fall significantly lower than projected; a widening of price-basis differentials between delivery points for production and the delivery point assumed in the risk management arrangement; the counterparties to the risk management arrangements or other price risk management contracts fail to perform under those arrangements; or a sudden unexpected event materially impacts oil and natural gas prices. The Company may also enter into agreements to receive currencies at a fixed price or fix interest rates of floating rate-based debt. Therefore, similar to commodity price risk management, there are risks associated with any currency or interest rate swap, or commodity derivative agreement.

Purchase of Securities under the NCIB

Any potential purchase of Parex securities by the Company under the NCIB is at the discretion of the Board, and is dependent upon, among other things, cash flow, results of operations, financial condition of the Company, the need for funds to finance ongoing operations and other considerations, as the Board of Directors considers relevant.

Dividends

Regular and special dividends are not guaranteed and could fluctuate with the performance of the Company and its subsidiaries. The Board of Directors has the discretion to determine the amount of dividends to be declared and paid to shareholders each quarter. In determining the level of dividends, the Board of Directors will take into consideration numerous factors, including current and expected future levels of earnings; cash flow from operating activities; income taxes; capital expenditures; working capital requirements; current and potential future environmental liabilities; the impact of interest rates and/or foreign exchange rates; crude oil prices; the need for funds to finance ongoing operations and other considerations, as the Board of Directors considers to be relevant. Dividends may be increased, reduced, suspended or eliminated entirely depending on the Company's operations and the performance of its assets and businesses.

Cost of New Technologies

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that provides technological advantages and may in the future allow them to implement new technologies before the Company. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Company does implement such technologies, there is no assurance that the Company will do so successfully. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. In such case, the Company's business, financial condition and results of operations could be affected adversely and materially. If the Company is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies its business, financial condition and results of operations could also be adversely affected, potentially in a material way.

Accounting Adjustments and Earnings

The Company's accounting policies conform to IFRS which constitutes generally accepted accounting principles in Canada. The presentation of financial information in accordance with IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the Company's consolidated financial statements. Accounting under IFRS may result in non-cash charges and/or write-downs of net assets in the financial statements on a quarterly basis. Similarly, non-cash gains and reversals of asset write-downs may also be recorded from time-to-time. Such non-cash charges and write-downs may be viewed unfavorably by the market and may result in an inability to borrow funds and/or may result in a decline in the price of the Company's common shares.

Lower oil and gas prices may increase the risk of write-downs of Parex's oil and gas property investments. Under IFRS, property, plant and equipment costs are aggregated into groups known as CGUs for impairment testing. CGUs are reviewed for indicators that the carrying value of the CGU may exceed its recoverable amount. If an indication of impairment exists, the CGU's recoverable amount is then estimated. A CGU's recoverable amount is defined as the higher of the fair value less costs to sell and its value in use. If the carrying amount exceeds its recoverable amount an impairment loss is recorded to comprehensive net income in the period to reduce the carrying value of the CGU to its recoverable amount. While these impairment losses would not affect funds flow provided by operations, the charge to comprehensive net income could be viewed unfavourably in the market.

Cash from Subsidiaries

The Company's ability to obtain cash from its foreign subsidiaries may be restricted. The Company currently conducts all of its operations through its foreign subsidiaries and foreign branches. Therefore, the Company will be dependent on the funds flow provided by the operations of these subsidiaries to meet its obligations and/or pay any future dividends. The ability of its subsidiaries to make payments to the Company may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdictions in which it operates; the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated; and contractual restrictions with third parties. Currently, there are no restrictions on the repatriation from Colombia of earnings to foreign entities; however, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future.

Potential Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers of the Company will be subject in connection with the operations of the Company. Some of the directors and officers are engaged and will continue to be engaged in the search for oil and natural gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts of interest, if any, which arise will be subject to and be governed by procedures prescribed by the Business Corporation Act (Alberta) ("ABCA") which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the Company, to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Based on their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, and even those controls determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and harm the trading price of the Common Shares.

Forward-Looking Statements May Prove Inaccurate

Shareholders and investor are cautioned not to place undue reliance on forward-looking statements and other future looking financial information. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found under the heading "Forward Looking Statements" of this Annual Information Form.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent annual meeting of securityholders that involved the election of directors. Additional financial information is contained in the Company's consolidated financial statements and the related management's discussion and analysis for the Company's most recently completed financial year.

SCHEDULE "A"

FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Report of Management and Directors on Reserves Data and Other Information

Management of Parex Resources Inc. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of the board of directors of the Company has:

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data, contingent resources data, or prospective resources data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

DATED as of this 4th day of March, 2025.

(signed) "*Imad Mohsen*"
Imad Mohsen
President and Chief Executive Officer

(signed) "*Cameron Grainger*"
Cameron Grainger
Chief Financial Officer

(signed) "*Bob MacDougall*"
Bob MacDougall
Chair of the HSE and Reserves Committee

(signed) "*Wayne Foo*"
Wayne Foo
Chair of the Board of Directors

SCHEDULE "B"
FORM 51-101F2
REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor

To the board of directors of Parex Resources Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2024. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2024, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2024, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
GLJ Ltd.	December 31, 2024	Colombia	—	4,140,859	—	4,140,859
Totals			—	4,140,859	—	4,140,859

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.
8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

GLJ Ltd., Calgary, Alberta, Canada, March 4, 2025

Original Signed by Patrick A. Olenick, P.Eng.
Senior Vice President

SCHEDULE "C"

PAREX RESOURCES INC. FINANCE AND AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

1. Overall Purpose & Objectives

A standing committee of the Board of Directors (the "**Board**") of Parex Resources Inc. (the "**Corporation**") consisting of members of the Board is hereby appointed by the Board from amongst its members and complying with all other legislation, regulations, agreements, articles and policies to which the Corporation and its business is subject is hereby established and designated the Finance & Audit Committee (the "**Audit Committee**" or the "**Committee**").

The Audit Committee will assist the Board in fulfilling its oversight responsibilities, including without limitation the review, approval or recommendation to the Board for approval, of:

- the Corporation's financial statements, management's discussion and analysis and the integrity of the financial reporting process;
- the management of financial and other enterprise risks;
- the external audit process and the Corporation's process for monitoring compliance with financial reporting laws and regulations;
- any material disclosure of information to shareholders, securities regulators and the public, including, without limitation, the Corporation's annual information form; and
- if requested, significant acquisitions and divestitures.

The Audit Committee shall also take the steps necessary to address and resolve all instances or allegations of fraud or other complaints reported to the Audit Committee in accordance with the Corporation's Whistleblower Policy.

While the Audit Committee has the duties and responsibilities set forth herein, the Audit Committee is not responsible for planning or conducting an audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles or international financial reporting standards, as applicable. Similarly, it is not the responsibility of the Audit Committee to ensure that the Corporation complies with all laws and regulations.

As the Corporation is a reporting issuer under applicable securities laws the Board adopts this Mandate for the Committee which reflects, among other things, compliance with stock exchange and legal requirements and guidelines for financial reporting.

2. Composition

- (a) The Audit Committee shall be composed of at least three individuals appointed by the Board from amongst its members. The Board shall appoint one member of the Committee as Chair of the Audit Committee (the "**Chair**").
- (b) All members of the Audit Committee shall be Board members who are not members of management of the Corporation ("**Management**"). Subject to certain exemptions that may be available under applicable securities legislation, all members of the Audit Committee must be "independent", as defined in National Instrument 52-110 – *Audit Committees* (as amended or replaced from time to time) of the Canadian Securities Administrators ("**NI 52-110**").
- (c) Members of the Audit Committee must be financially literate, as defined in NI 52-110, and at least one member must have accounting or related financial management expertise.
- (d) A member shall cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation or upon ceasing to be "independent".

3. Meetings

- (a) The Audit Committee shall meet at least quarterly with Management, and at least quarterly with the external auditors, such meetings generally coinciding with the release of the Corporation's interim or year-end financial information. Special meetings may be convened as required upon the request of the Audit Committee or the officers of the Corporation.
- (b) A quorum shall be a majority of the members of the Audit Committee.

- (c) Effective agendas, with input from Management, shall be circulated to Committee members and relevant Management personnel along with background information on a timely basis prior to the Committee meetings.
- (d) Minutes of each meeting shall be prepared.
- (e) The meetings and proceedings of the Audit Committee shall be governed by the provisions of the by-laws of the Corporation that regulate meetings and proceedings of the Board.
- (f) The Audit Committee may invite the Chief Executive Officer or Chief Financial Officer or his or her designate(s), such directors, officers or employees of the Corporation, the Corporation's external auditor(s) and any other independent external advisors or consultants as it may see fit, from time to time, to attend its meetings and take part in the discussion and consideration of matters being considered by the Audit Committee.

4. Reporting / Authority

- (a) Following each meeting, the Chair will report to the Board and provide a summary of the meeting.
- (b) Copies of the minutes from all meetings, as well as information and supporting schedules reviewed and discussed by the Audit Committee at any meeting shall be retained and made available for examination by the Board or any director upon request to the Chair.
- (c) The Audit Committee shall have the authority to investigate any activity of the Corporation falling within the terms of this Mandate, and may request any employee of the Corporation to cooperate with any request made by the Audit Committee, including any investigation in accordance with the Corporation's Whistleblower Policy.
- (d) The Audit Committee may retain external persons having special expertise and obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation and approve the terms of retainer and the fees payable to such parties.

5. Duties & Responsibilities

(a) Financial Information and Shareholder Communication

Review:

- (i) the audited annual financial statements and unaudited quarterly financial statements with Management and the external auditors (including disclosures under "Management's Discussion & Analysis"), in conjunction with the report of the external auditors, and obtain explanation from Management of all material variances between comparative reporting periods. Upon satisfactory completion of the review, the Committee will recommend that the Board approve the annual and quarterly financial statements and management's discussion and analysis;
- (ii) shareholder communications based on the quarterly and annual financial statements, including, without limitation, all annual and interim earnings press releases;
- (iii) the Corporation's annual information form;
- (iv) press releases and all other public disclosure containing audited or unaudited financial information or financial guidance; and
- (v) significant accounting and tax compliance issues where there is choice among various alternatives or where application of a policy has a material effect on the financial results of the Corporation.

(b) Internal Controls

- (i) Review annually and approve as required:
 - (A) processes adopted by Management for establishing effective internal controls, to be responsible for the accurate reporting of the Corporation's revenues and expenses, and the safeguarding of its assets;
 - (B) the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's external auditors and Management;
 - (C) the quality and integrity of the Corporation's disclosure controls and procedures and management information systems through discussions with Management and the external auditors;

- (D) major changes to the Corporation's disclosure controls and procedures and management information systems; and
- (E) spending authority and approval of limits.
- (ii) Oversee Management's reporting on internal controls and disclosure controls and procedures.
- (c) **Enterprise Risk Management ("ERM")**
 - (i) Review and assess the identification and management of ERM matters pertaining to the Audit Committee.
- (d) **External Auditors**
 - (i) Instruct the auditors that: (a) they are ultimately accountable to the Audit Committee (as representatives of the shareholders of the Corporation); (b) they must report directly to the Committee; and (c) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's external auditors.
 - (ii) Oversee the independence of the auditors and take such actions as it may deem necessary to satisfy it that the Corporation's auditors are independent within the meaning of applicable securities laws by, among other things: (a) requiring the independent auditors to deliver to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation; and (b) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors' independence.
 - (iii) Annually:
 - (A) recommend to the Board an independent accounting firm to conduct the annual audit;
 - (B) review with Management and auditors the purpose and scope of the audit examination, review the terms of the external auditors' engagement and the fees for the annual audit;
 - (C) review and recommend to the Board the compensation of the external auditors;
 - (D) assess the qualifications and performance of the auditors, taking into account the opinions of Management, and present conclusions to the Board;
 - (E) obtain and review a report by the external auditors describing: the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review (or peer review) of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues;
 - (F) ensure compliance with any legal requirements regarding the rotation of applicable partners of the external auditors, on a regular basis, as required;
 - (G) obtain a certificate attesting to the external auditors' independence, which identifies all relationships between the external auditors and the Corporation;
 - (H) review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (as amended or replaced from time to time) of the Canadian Securities Administrators ("**NI 51-102**"), on a routine basis, whether or not there is a change of auditors; and
 - (I) meet independently with auditors in the absence of Management to discuss any issues which the auditors may wish to bring forward including any restrictions imposed by Management or significant accounting issues in which there was a disagreement with Management.
 - (iv) Review the performance of the auditors and recommend to the Board the replacement or termination of the independent auditors (subject to required shareholder approvals) when circumstances warrant.
 - (v) Where there is a change of auditor, review all issues related to the change, including information to be included in the notice of change of auditors (NI 51-102) and the planned steps for an orderly transition.

- (vi) Generally oversee the work of the external auditor, including resolving any issues that arise between Management and the external auditors.
- (vii) Pre-approve engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence.
- (viii) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(e) **Audit**

- (i) Review with Management and the external auditors major issues regarding accounting principles and financial statement presentation, including any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of Management that may be material to financial reporting.
- (ii) Question Management and the external auditors regarding significant financial reporting issues during the fiscal period and the method of resolution of such issues.
- (iii) Monitor the steps taken by Management to deal with issues arising from the annual audit.
- (iv) Review the auditors' report to Management, containing recommendations of the external auditors', and Management's response and subsequent remedy of any identified weaknesses.
- (v) Review and approve the Audit Committee information that may be required by applicable securities laws to be included in the Corporation's annual management proxy circular or annual information form, as applicable.

(f) **Legal**

- (i) Review annually the legal expenses incurred by the Corporation.
- (ii) Assist the Board with oversight of the Corporation's compliance with applicable legal and regulatory requirements, including meeting with general counsel and outside counsel, when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation.

(g) **Budget and Forecast of Operations**

- (i) Be responsible for the Corporation having in place a process to review all general and administrative expenditures (including income tax) to improve future planning and cost control.
- (ii) Be responsible for the Corporation having in place a process to review all material capital investments to assess where value has been created and improve future decisions.

(h) **New Business Development**

Review of proposed acquisitions and divestitures at the request of the Board, including a review of the financial and legal due diligence conducted, and make recommendations to the Board as to the completion of such transactions.

(i) **Audit Committee Evaluation and Complaints**

Periodically, in conjunction with the Corporate Governance and Nominating Committee:

- (i) assess individual Audit Committee member and Chair performance and evaluate the performance of the Audit Committee as a whole, including its processes and effectiveness;
- (ii) review the Corporation's procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (iii) review the Corporation's procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (iv) take the steps necessary to address and resolve all instances or allegations of fraud or other complaints reported to the Audit Committee in accordance with the Corporation's Whistleblower Policy; and

- (v) develop and approve Audit Committee member eligibility criteria, identify directors qualified to become Committee members and recommend appointments to and removals from the Audit Committee.

(j) **ESTMA**

Review and report to the Board on the procedures in place for reporting and certification under the *Extractive Sector Transparency Measures Act* (Canada) ("**ESTMA**") at such time as Parex is required to comply with ESTMA.

(k) **Environmental, Social and Governance ("ESG")**

- (i) In collaboration with the Environmental, Social and Governance Management Steering Committee review and assess ESG-related risks relevant to the Corporation, including those identified in the Corporation's annual ESG report.
- (ii) Regularly review the Corporation's risk management policies, processes and analyses relative to addressing ESG risks.
- (iii) Review the Corporation's annual ESG report and other ESG related disclosures in furtherance of executing on the Committee's duties and responsibilities set forth in this Mandate.

6. Other Duties & Responsibilities

- (a) The Audit Committee shall be available to meet with any member of Management or any employee of the Corporation who wishes to raise any concern with respect to conflicts of interest, ethical issues or concerns raised under the Corporation's Whistleblower Policy.
- (b) The responsibilities, practices and duties of the Audit Committee outlined herein are not intended to be comprehensive. The Board may, from time to time, charge the Audit Committee with the responsibility of reviewing items of a financial, control or risk management nature.

7. Finance and Audit Committee Evaluation

Annually in conjunction with the Corporate Governance and Nominating Committee:

- (a) assess individual Committee member and Chair performance and evaluate the performance of the Committee as a whole, including its processes and effectiveness; and
- (b) develop and approve committee member eligibility criteria, identify directors qualified to become Committee members and recommend appointments to and removals from the Committee.

8. Mandate Review

Parex's Corporate Governance and Nominating Committee shall review this Mandate every other year, or more frequently as may be determined necessary by the Corporate Governance and Nominating Committee, to ensure the Committee is achieving its purpose.

9. Authorization

This Audit Committee Mandate is hereby approved on behalf of the Board this 30th day of October, 2009 as amended on November 9, 2011, November 13, 2013, November 2, 2015, October 4, 2017, March 5, 2018, February 4, 2021, August 3, 2022 and July 31, 2024.

(signed) "Sigmund Cornelius"

Sigmund Cornelius
Chair of the Finance and Audit Committee
Parex Resources Inc.

(signed) "Wayne Foo"

Wayne Foo
Chair of the Board of Directors
Parex Resources Inc.