Parex Resources Positioned to Become Colombia’s Largest Independent Oil & Gas Producer, Provides Step-Change Guidance, Reports Q1 2026 Results, and Declares Q2 2026 Dividend

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CALGARY, May 12, 2026 - Parex Resources Inc. ("Parex" or the "Company") (TSX: PXT) is pleased to announce that the Company is poised to become Colombia's largest independent oil and gas producer and to provide new corporate guidance. Additionally, the Company reports its financial and operating results for the three-month period ended March 31, 2026, and the declaration of its Q2 2026 regular dividend of C$0.385 per share. *All amounts herein are in United States Dollars ("USD") unless otherwise stated.*

"Over the first half of 2026, Parex executed a series of strategic transactions that have positioned us to be Colombia's largest independent E&P, while adding complementary assets that enhance scale, deepen the portfolio, and strengthen our platform profitability for long-term growth," said Imad Mohsen, President & Chief Executive Officer.

"This transformed version of Parex is positioned to deliver an unparalleled portfolio of development and exploration opportunities, generate substantial free cash flow, unlock new world-class reserves, and establish the Company as one of the leading growth opportunities in the global oil and gas sector, creating meaningful value for all stakeholders."

Key Highlights

- H2 2026 production guidance 82,000 to 91,000 boe/d, up 93% at the midpoint compared to Q1 2026 average production(1).
- Completing the final stages of the Frontera E&P Transaction, which will add roughly 37,000 boe/d of highly accretive barrels with strong industrial logic and compelling synergies(2).
- Adding new producing assets in the Magdalena Basin, where Parex will gain 50% production participation on roughly 15,000 boe/d in H2 2026 following the commencement of initial activity in both the Casabe and Llanito blocks(3).
- Successfully completed the LLA-111 exploration program, with four of six wells delivering positive results and early-stage production now underway.
- Continuing to progress Llanos Foothills exploration, where the Company is preparing to spud its Piedemonte exploration well in Fall 2026.
- Generated Q1 2026 funds flow provided by operations ("FFO")(4) of $114 million and FFO per share(4)(5) of $1.18.
- Declared Q2 2026 regular dividend of C$0.385 per share(5) (C$1.54 per share annualized).

(1) See "H2 2026 Guidance" section.
(2) As previously announced on March 10, 2026.
(3) As previously announced on May 4, 2026.
(4) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory."
(5) Based on weighted average basic shares for the period.

Recent Transformational M&A and Step-Change H2 2026 Guidance

Transformational M&A

Parex has executed a series of strategic transactions in the first half of 2026 that meaningfully enhance the Company's scale, depth, and long-term growth profile in Colombia.

The addition of the Frontera E&P assets materially increases Parex's reserve inventory, strengthens the Company's long-term production visibility and has been secured at an attractive valuation. This transaction not only deepens the production base providing enhanced stability, but also enables capital allocation optionality across the portfolio, positioning the allocation of free funds flow from more mature assets into Parex's best development and exploration prospects.

Complementing this, the addition of the new producing assets in the Magdalena Basin adds stable, cash-generating base production and introduces another new core operating area for Parex, with similar characteristics to the prior Putumayo transaction completed with Ecopetrol in late 2024. This provides a proven platform with a clear path to generate incremental production, where Parex can build on its established track record of driving incremental recovery through proven technology.

Upon completion of these strategic transactions, Parex expects to:

- Be the largest independent, Colombian-focused exploration & production company with average production of 82,000 to 91,000 boe/d;
- Have material size and scale, with over 7.9 million acres of land and significant, long-life reserves; and
- Offer a compelling total return proposition, with disciplined allocation of free funds flow to growth plus shareholder returns through dividends and debt reduction.

2026 Guidance

For H2 2026, after accounting for the Frontera Transaction, and the addition of the new producing assets in the Magdalena Basin, the current guidance is:

Category	H2 2026 Guidance *(May 12, 2026)*
Brent Crude Oil Average Price	$90/bbl
Average Production(1)	82,000-91,000 boe/d
Funds Flow Provided by Operations Netback(1)(2)	$30-33/boe
Funds Flow Provided by Operations(1)(3)	$475-525 million
Capital Expenditures(4)	$275-295 million
Free Funds Flow(4)	$215 million (midpoint)

(1) H2 2026 assumptions: operational downtime: ~5%; Vasconia differential: ~$4.00/bbl; production expense: $16.00-20.00/bbl; transportation expense: ~$7.50/bbl; G&A expense: ~$5.00/bbl; finance expense: ~$2.50/bbl, effective tax rate: 12-15%; see "Non-GAAP and Other Financial Measures Advisory".
(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".
(3) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".
(4) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory".

For FY 2026, after accounting for the Frontera Transaction, and the addition of the new producing assets in the Magdalena Basin, average production is expected to be 63,000 to 67,000 boe/d alongside capital expenditures of $495 to $515 million(1).

The aforementioned H2 2026 and FY 2026 guidance reflects the ongoing nature of integration efforts and the inherent uncertainty around timing, including the expected close of the strategic transactions and the pace at which synergies may be realized.

Furthermore, the Company anticipates that its outlook for the next few quarters will factor in non-recurring costs, including those related to integration, transition, and financing activities, which could impact FFO.

(1) For the Frontera Transaction, Parex expects to receive the financial benefits from the effective date of January 1, 2026, to the expected close in Q2 2026. Following close, Parex will incorporate the Frontera E&P assets into its financial statements, including the related average production

and capital expenditures.

Frontera E&P Acquisition Update

On March 10, 2026, Parex announced that it had entered into a definitive agreement (the "Arrangement Agreement") with Frontera Energy Corp. ("Frontera") (TSX: FEC), whereby Parex would acquire 100% of Frontera Petroleum International Holdings B.V. ("Frontera E&P"), for upfront cash consideration of $500 million, the assumption of $225 million of net debt, and a contingent payment of $25 million (the "Transaction").

On April 30, 2026, the resolution was approved by 99.95% of the votes cast by the shareholders of Frontera, and on May 4, 2026, Frontera obtained a final order from the Supreme Court of British Columbia approving the Transaction by way of a plan of arrangement.

To fund the cash portion of the consideration for the Frontera Transaction, on May 11, 2026, the Company issued $500 million aggregate principal amount of senior unsecured notes due 2031 in a private placement offering. The notes were priced at par and will bear an interest rate of 8.50% per annum and mature on May 11, 2031.

Subject to the satisfaction or waiver of the remaining conditions to implement the arrangement, as set out in the arrangement agreement, the Transaction is expected to close in Q2 2026.

In anticipation of closing, the Company has initiated integration planning to ensure a smooth transition. Following completion of the Transaction, Parex will review the acquired portfolio to optimize development and enhanced oil recovery opportunities, while prioritizing safe, reliable operations.

The Transaction is also expected to generate synergies focused on marketing and tax, in addition to other areas, supporting enhanced efficiency and long-term value creation.

With an effective Transaction date of January 1, 2026, free funds flow generated prior to closing is expected to directly reduce the net consideration paid.

Addition of Producing Assets in the Magdalena Basin

Previously, on May 4, 2026, Parex announced that the Company had executed an agreement with its strategic partner Ecopetrol S.A., whereby Parex expects to earn a 50% participating share in the Casabe and Llanito blocks in the Magdalena Basin of Colombia.

Combined, the blocks currently produce approximately 14,900 bbl/d(1) of medium crude oil (gross) and have an estimated original oil in place ("OOIP") of over 3 billion barrels(2) with an average recovery factor of less than 15%.

Upon the satisfaction of certain conditions, including regulatory approval, Parex will commit to a gross capital program of $250 million ($125 million carry capital) over five years, in exchange for 50% participating interest in each block's existing base and incremental production from the start date of investment activities. Parex's entry into production participation begins upon spudding the first well on each block, which Parex expects to achieve during H2 2026.

(1) Based on Q1 2026 average production; rounded for presentation purposes; source: National Hydrocarbons Agency of the Republic of Colombia (ANH).
(2) Source: Ecopetrol S.A.; see "Oil & Gas Matters Advisory."

Operational Update

For the period of April 1, 2026, to April 30, 2026, estimated average production was 40,900 boe/d[1]. Lower near-term production was primarily driven by LLA-32 from natural declines as well as suboptimal drilling results and subsequent remediation efforts on the block.

The Company expects its standalone average production to grow gradually, exiting Q2 2026 at or greater than 45,000 boe/d. This initial production growth is being driven primarily by the continued scaling of Putumayo operations, and the advancement of recent near-field exploration successes at LLA-111.

Following recently announced transactions and a preliminary review of its expanded portfolio, the Company is refining its 2026 program to reflect year-to-date performance and anticipated activity surrounding acquisitions. Supported by a constructive commodity price environment, Parex is accelerating capital deployment toward its highest-value opportunities to maximize free funds flow.

The Company's focus for the remainder of the year is expected to center on the following key priorities:

- Successful integration of the Frontera E&P assets and people;
- Completing initial work to drill the first wells of the Casabe and Llanito programs;
- Continued development of the Putumayo, with a focus on Orito;
- Progressing new exploration discoveries in the eastern Llanos (LLA-111); and
- Preparing to spud the Piedemonte Foothills well in Fall 2026.

Putumayo Update

The Company continues to advance operations across multiple blocks in the Putumayo basin.

Notably, meaningful progress is being made in the Orito block, where the initial appraisal horizontal well continues to demonstrate strong performance. The Company is also advancing its development strategy, including drilling a multilateral well to test the applicability of this approach in the area. Drawing on proven development strategies from North American plays such as the Clearwater formation, the Company is designing optimized producer and injector well patterns.

Management believes that the combination of horizontal and multilateral wells, alongside reservoir repressurization via waterflooding, could meaningfully expand the block's production profile, reserves base, and inventory runway.

LLA-111 Exploration Success

Parex has drilled six exploration wells to date, with four wells across separate areas demonstrating positive results. One well has begun initial production at approximately 1,500 bbl/d of medium crude oil[2], while the remaining wells have shown encouraging indicators, including oil on logs, with testing expected in the near term.

All six wells were delivered on budget at approximately $2 million per well, approximately 65% lower than exploration wells that cost roughly $6 million each, driven by a fast-moving rig as well as streamlined well and pad design.

LLA-111 is subject to seasonal wet weather that can impact access timing, underscoring strong execution in the initial exploration phase. Supported by a constructive commodity price environment, the Company is advancing a multi-well development program across three of the four fields. Additional development activity in the fourth area as well as further exploration on the block is expected to resume during the next dry season in early 2027.

With encouraging results, capital is now increasing to support civil works for reliable year-round operations and the drilling of larger-diameter and horizontal wells to enhance production potential. While production has begun, sustained production across the three fields is expected in late Q2 2026. Looking ahead, up to seven development and appraisal wells are planned for H2 2026 to drive further growth from the block.

Llanos Foothills Update

Parex continues to prioritize Foothills exploration, targeting leading global onshore prospects with transformational upside potential.

Civil works for the Piedemonte prospect is expected to begin this quarter as Parex advances toward a fall 2026 spud.

Parex is also advancing early-stage activity at Farallones, the second planned Foothills prospect, which remains on track to begin civil works in H2 2026.

(1) Estimated average production; light & medium crude oil: ~12,782 bbl/d, heavy crude oil: ~26,760 bbl/d, conventional natural gas: ~8,152 mcf/d; rounded for presentation purposes.
(2) Short-term production rate. See "Oil & Gas Matters Advisory."

Target Total Return Framework and Capital Allocation

Parex's focus is on optimizing capital allocation across its diversified portfolio, targeting 3-5% base production growth, maintaining a stable dividend, and deploying excess free funds flow primarily toward debt reduction, while advancing high-impact exploration opportunities with outsized potential, underpinning a compelling total return proposition.

Capital allocation principles include:

- Stable dividend: core to the total return framework; expected to be sustainable under varying commodity price environments.
- Balance sheet strength and flexibility: maintain a strong credit profile with a high level of liquidity and a medium-term target net debt to EBITDA of ?0.5x.
- Reinvestment: drive self-funded, sustainable business model in the short- and medium-term, while strategically advancing high-impact, transformational exploration prospects in the Llanos Foothills.
- Excess free funds flow: primarily directed towards debt reduction.

Q1 2026 Highlights

- Average production was 44,735 boe/d(1), compared to 43,658 boe/d(1) in Q1 2025.
- Recognized net income of $5 million or $0.05 per share basic(2) compared to net income of $81 million or $0.82 per share basic(2) in the comparative quarter of 2025. The decrease is primarily attributed to unrealized losses on commodity risk management contracts, an increase in deferred tax expense, higher cash settled share-based compensation expense, and the recognition of one-time costs, partially offset by lower current income tax.
- Previously, the Company had hedged Brent crude oil prices for Q2 2026 on approximately 25% of its planned net production. In early Q2 2026, these hedging positions were unwound at a cost of $29 million. The Company is currently unhedged for 2026, with full exposure to higher commodity prices.
- Generated FFO(3) of $114 million and FFO per share(2)(3) of $1.18. One-time costs in Q1 2026 total approximately $17 million, comprised of: a Colombian temporary corporate wealth tax of $7 million; site restoration costs of $7 million, with a significant portion expected to be recovered through insurance; and $3 million of project and other G&A costs.
- Realized adjusted EBITDA(4) of $133 million.
- Produced an operating netback(5) of $39.16/boe and an FFO netback(5) of $28.35/boe from an average Brent crude oil price of $78.38/bbl.
- Incurred $91 million of capital expenditures(4), primarily from activities at the Orito and Occidente blocks in the Putumayo, and LLA-32 and LLA-111 in the Llanos.
- Generated $23 million of free funds flow(4); working capital surplus(3) was $136 million, bank debt was $175 million, and cash $45 million at quarter end.
- Paid a C$0.385 per share(2) regular quarterly dividend.

(1) See "Operational and Financial Items" for a breakdown of production by product type.
(2) Based on weighted average basic shares for the period.
(3) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory."
(4) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory."
(5) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory."

Q2 2026 Dividend

Parex's Board of Directors have approved a Q2 2026 regular dividend of C$0.385 per share to shareholders of record on June 8, 2026, to be paid on June 15, 2026. This regular dividend payment to shareholders is designated as an "eligible dividend" for purposes of the Income Tax Act (Canada).

Q1 2026 - Operational and Financial Items	Three Months Ended		
(unaudited)	Mar. 31, 2026	Mar. 31, 2025	Dec. 31, 2025
Operational			
Average daily production			
Light Crude Oil and Medium Crude Oil (bbl/d)	13,980	10,650	14,835
Heavy Crude Oil (bbl/d)	29,269	32,207	32,267
Crude Oil (bbl/d)	43,249	42,857	47,102
Conventional Natural Gas (mcf/d)	8,916	4,806	9,024
Oil & Gas (boe/d)(1)	44,735	43,658	48,606
Operating netback ($/boe)			
Reference price - Brent ($/bbl)	78.38	74.98	63.08
Oil & gas sales price ($boe/d)(4)	67.67	67.29	57.05
Royalties(4)	(9.17)	(9.22)	(6.57)
Net revenue(4)	58.50	58.07	50.48
Production expense(4)	(14.29)	(14.41)	(13.09)
Transportation expense(4)	(5.05)	(4.26)	(5.29)
Operating netback ($/boe)(2)	39.16	39.40	32.10
Funds flow provided by operations netback ($/boe)(2)	28.35	30.90	28.19
Financial ($000s except per share amounts)			
Net income	4,589	80,629	74,865
Per share - basic(6)	0.05	0.82	0.78
Funds flow provided by operations(5)	113,702	121,944	122,922
Per share - basic(2)(6)	1.18	1.24	1.28
Capital expenditures(3)	91,043	57,054	84,620
Free funds flow(3)	22,659	64,890	38,302
EBITDA(3)	95,830	139,032	104,764
Adjusted EBITDA(3)	132,684	135,407	128,653
Long-term inventory expenditures, net of sales	(6,817)	(4,648)	(7,678)
Dividends paid	26,937	26,365	26,853
Per share - Cdn$(4)(6)	0.385	0.385	0.385
Shares repurchased	-	5,239	7,644
Number of shares repurchased (000s)	-	525	580
Outstanding shares (end of period) (000s)			
Basic	96,115	97,814	95,974
Weighted average basic	95,991	98,115	96,239
Weighted average diluted	96,174	98,115	96,374
Working capital surplus(5)	135,506	69,040	28,027

Bank debt(7)	175,200	50,000	33,000
Cash	44,775	81,025	58,328

(1) References to crude oil or natural gas in the above table and elsewhere in this press release refer to the light and medium crude oil and heavy crude oil and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.
(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures Advisory".
(3) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures Advisory".
(4) Supplementary financial measure. See "Non-GAAP and Other Financial Measures Advisory".
(5) Capital management measure. See "Non-GAAP and Other Financial Measures Advisory".
(6) Per share amounts (with the exception of dividends) are based on weighted average common shares. Dividends paid per share are based on the number of common shares outstanding at each dividend record date.
(7) Borrowing limit of $240.0 million as of March 31, 2026.

Q1 2026 Results - Conference Call & Webcast

Parex will host a conference call and webcast to discuss its Q1 2026 results on Tuesday, May 12, 2026, beginning at 9:30 am MT (11:30 am ET). To participate in the conference call or webcast, please see the access information below:

Conference ID:	409805475
Participant Dial-In Number:	1-365-657-4084
Participant Toll-Free Dial-In Number:	1-833-461-5787
Webcast:	https://events.q4inc.com/attendee/409805475

Annual General & Special Meeting of Shareholders

On Tuesday, May 12, 2026, Parex will hold its Annual General & Special Meeting of Shareholders at 11:00 am MT (1:00 pm ET) both in-person and virtually. Participants may gather at the 4th Floor Conference Center, Eight Avenue Place, East Tower, 525, 8th Ave SW, Calgary, Alberta - and virtual participants can join through the following link: https://meetings.lumiconnect.com/400-300-692-772.

Additional information regarding the Annual General & Special Meeting of Shareholders, including meeting materials, can be found at www.parexresources.com under Investors.

About Parex Resources Inc.

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

For more information, please contact:

Mike Kruchten
Senior Vice President, Capital Markets & Corporate Planning
Parex Resources Inc.
403-517-1733
investor.relations@parexresources.com

Steven Eirich
Senior Investor Relations & Communications Advisor
Parex Resources Inc.
587-293-3286
investor.relations@parexresources.com

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Non-GAAP and Other Financial Measures Advisory

This press release uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" and "capital management measures" (as such terms are defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure), which are described in further detail below. Such measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP measures as indicators of Parex's performance. The forward-looking non-GAAP financial measures used in this press release have no significant difference from their equivalent historical non-GAAP financial measures.

These measures facilitate management's comparisons to the Company's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Company's performance. Further, management believes that such financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities.

Set forth below is a description of the non-GAAP financial measures, non-GAAP ratios, supplementary financial measures and capital management measures used in this press release.

Non-GAAP Financial Measures

Capital expenditures, is a non-GAAP financial measure which the Company uses to describe its capital costs associated with oil and gas expenditures. The measure considers both property, plant and equipment expenditures and exploration and evaluation asset expenditures which are items in the Company's statement of cash flows for the period and is calculated as follows:

	For the three months ended		
	Mar. 31,	Mar. 31,	Dec. 31,
($000s)	2026	2025	2025
Property, plant and equipment expenditures	$ 48,282	$ 44,951	$ 47,575
Exploration and evaluation expenditures	42,761	12,103	37,045
Capital expenditures	$ 91,043	$ 57,054	$ 84,620

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

	For the three months ended		
	Mar. 31,	Mar. 31,	Dec. 31,
($000s)	2026	2025	2025
Cash provided by operating activities	$ 24,086	$ 87,621	$ 107,744
Net change in non-cash assets and liabilities	89,616	34,323	15,178
Funds flow provided by operations	113,702	121,944	122,922
Capital expenditures	91,043	57,054	84,620
Free funds flow	$ 22,659	$ 64,890	$ 38,302

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

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

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

	For the three months ended		
	Mar. 31,	Mar. 31,	Dec. 31,
($000s)	2026	2025	2025
Net income	$ 4,589	$ 80,629	$ 74,865
Adjustments to reconcile net income to EBITDA:			
Finance income	(3,404)	(1,297)	(1,154)
Finance expense	6,765	5,056	5,076
Other expense	17,357	1,147	11,785
Income tax expense (recovery)	19,234	3,078	(40,078)
Depletion, depreciation and amortization	51,289	50,419	54,270
EBITDA	$ 95,830	$ 139,032	$ 104,764
Non-cash impairment charges	-	-	17,610
Share-based compensation expense	18,667	2,092	10,046
Transaction costs	610	-	-
Unrealized foreign exchange loss (gain)	710	(4,919)	677
Unrealized loss (gain) on risk management contracts	29,585	(798)	172
Unrealized gain on marketable securities	(12,718)	-	(4,616)
Adjusted EBITDA	$ 132,684	$ 135,407	$ 128,653

Non-GAAP Ratios

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

Funds flow provided by operations netback per boe or FFO netback per boe, is a non-GAAP ratio that includes all cash generated from operating activities and is calculated before changes in non-cash assets and liabilities, divided by produced oil and natural gas sales volumes. The Company considers funds flow provided by operations netback per boe to be a key measure as it demonstrates Parex's profitability after all cash costs relative to current commodity prices.

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

Capital Management Measures

Funds flow provided by operations or FFO, is a capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash assets and liabilities. The Company considers funds flow provided by operations to be a key measure as it demonstrates Parex's profitability after all cash costs. A reconciliation from cash provided by operating activities to funds flow provided by operations is as follows:

	For the three months ended		
	Mar. 31,	Mar. 31,	Dec. 31,

($000s)	2026	2025	2025
Cash provided by operating activities	$ 24,086	$ 87,621	$ 107,744
Net change in non-cash assets and liabilities	89,616	34,323	15,178
Funds flow provided by operations	$ 113,702	$ 121,944	$ 122,922

Working capital surplus, is a capital management measure which the Company uses to describe its liquidity position and ability to meet its short-term liabilities. Working capital surplus is defined as current assets less current liabilities.

	For the three months ended		
	Mar. 31,	Mar. 31,	Dec. 31,
($000s)	2026	2025	2025
Current assets	$ 411,425	$ 259,256	$ 273,994
Current liabilities	275,919	190,216	245,967
Working capital surplus	$ 135,506	$ 69,040	$ 28,027

Supplementary Financial Measures

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

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the total equivalent sales volume and excludes purchased oil volumes.

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

"Production expense per boe" is comprised of production expense, as determined in accordance with IFRS, divided by the total equivalent sales volume and excludes purchased oil volumes.

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

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

Oil & Gas Matters Advisory

The term "Boe" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

Original Oil in Place ("OOIP") is the quantity of petroleum that is estimated to originally exist in naturally occurring accumulations prior to production. OOIP is equivalent to petroleum initially in place as defined in the COGE Handbook. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the OOIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. With respect to the portion of the OOIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of OOIP will never be recovered. OOIP disclosed herein in respect of the Casabe and Llanito Blocks by area and in aggregate, was internally estimated by Ecopetrol S.A. There is no certainty that these OOIP estimates were prepared in accordance with the COGE Handbook. The estimates may not be comparable to similar measures presented by other companies and therefore should not be used to make such comparisons.

This press release contains a number of oil and gas metrics, including, operating netbacks and FFO netbacks. These oil and gas metrics have been prepared by management and do not have standardized meanings or standard methods of calculation; 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. Therefore such metrics should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide security holders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this news release, should not be relied upon for investment or other purposes.

Any reference in this press release to short-term production rates is useful in confirming the presence of hydrocarbons; however such rates are not a determination of the rates at which such wells will continue production and decline thereafter and readers are cautioned not to rely on such rates in calculating the aggregate production of Parex.

Distribution Advisory

The Company's future shareholder distributions, including but not limited to the payment of dividends and the acquisition by the Company of its shares pursuant to an NCIB, if any, and the level thereof are uncertain. Any decision to pay further dividends on the common shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) or acquire shares of the Company will be subject to the discretion of the Board of Directors of Parex and may depend on a variety of factors, including, without limitation the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on the Company under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that the Company will pay dividends or repurchase any shares of the Company in the future.

Advisory on Forward-Looking Statements

Certain information regarding Parex set forth in this document contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "continue", "believe", "should", "anticipate", "estimate", "forecast", "guidance", "potential", "budget" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Parex's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Parex's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

In particular, forward-looking statements contained in this document include, but are not limited to: statements with respect to the Company's operational and financial position; the Company's plan, strategy and focus; expectation that Parex is positioned to become Colombia's largest independent oil and gas producer; 2026 production guidance; the expected timing of the closing of the Frontera Transaction and the benefits flowing therefrom; the Company's 2026 guidance, including anticipated Brent crude oil average price, average production, funds flow provided by operations netback, funds flow provided by operations, capital expenditures and free funds flow; the Company's anticipated activities at certain of its locations, including the anticipated timing thereof; the expectation that the spudding of the first well on each block in the Magdalena basin will be achieved during H2 2026; the expectations that the Company's standalone average production to grow gradually; the expectations that the Company will refine its 2026 program to reflect year-to-date performance and anticipated activity surrounding acquisitions; the Company expected development, exploration and production plans; the anticipated terms of the Company's Q2 2026 regular quarterly dividend including its expectation that it will be designated as an "eligible dividend"; anticipated timing of beginning civil works in the area of the Piedemonte; Parex's expectation to spud the foothills prospect; and anticipated timing of beginning civil works in Farallones. In addition, 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.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada and Colombia; determinations by OPEC and other countries as to production levels; volatility in commodity prices; industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced, in Canada and Colombia; competition; the risk that the Frontera Transaction may not close on the anticipated timeline, or at all; risks related to the integration of the Frontera assets and personnel; the risk that anticipated synergies from the Frontera Transaction may not be realized; the risk that the Magdalena Basin transaction may not receive regulatory approval or commence on the anticipated timeline, or at all; lack of availability of qualified personnel; the results and timelines of exploration and development drilling, test, monitoring and work programs and related activities; obtaining required approvals of regulatory authorities, in Canada and Colombia; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; the risk that tariffs, taxes, restrictions or prohibitions on import or export of certain goods including oil and gas may have on the Company, the oil and gas industry or the global economy; volatility in market prices for oil; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs relating to the oil industry; changes to pipeline capacity; ability to access sufficient capital from internal and external sources; risk that Parex's evaluation of its existing portfolio of development and exploration opportunities is not consistent with its expectations; that production test results may not necessarily be indicative of long term performance or of ultimate recovery; the risk that Parex may not commence exploration activities in the Llanos Foothills area when anticipated, or at all; the risk that Parex's H2 2026 average production may be less than anticipated; the risk that Parex's financial and operating results may not be consistent with its expectations; the risk that Parex may not have sufficient financial resources in the future to provide distributions to its shareholders; the risk that the Board may not declare dividends in the future or that Parex's dividend policy changes; 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 press release are based upon assumptions which Management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, Parex has made assumptions regarding, among other things: current and anticipated commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil, including the anticipated Brent oil price; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; receipt of partner, regulatory and community approvals; royalty rates; future operating costs; uninterrupted access to areas of Parex's operations and infrastructure; recoverability of reserves and future production rates; the status of litigation; timing of drilling and completion of wells; on-stream timing of production from successful exploration wells; operational performance of non-operated producing fields; pipeline capacity; that Parex will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Parex's conduct and results of operations will be consistent with its expectations; that Parex will have the ability to develop its oil and gas properties in the manner currently contemplated; that Parex's evaluation of its existing portfolio of development and exploration opportunities is consistent with its expectations; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of Parex's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; the timing and successful completion of the Frontera Transaction and benefits derived therefrom; the timing and successful completion of the Ecopetrol partnership arrangement and benefits derived therefrom; that Parex will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; that Parex will have sufficient financial resources to pay dividends and acquire shares pursuant to its normal course issuer bids in the future; that Parex is able to execute its plans with respect to the Company's drilling program and related activities as disclosed herein; and other matters.

This press release contains information that may be considered a financial outlook under applicable securities laws about the Company's potential financial position, including, but not limited to: the Company's 2026 guidance, including anticipated funds flow provided by operations netback, funds flow provided by operations, capital expenditures and free funds flow; and the anticipated terms of the Company's Q2 2026 regular quarterly dividend including its expectation that it will be designated as an "eligible dividend". Such financial outlook has been prepared by Parex's management to provide an outlook of the Company's activities and results. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed above and assumptions with respect to the costs and expenditures to be incurred by the Company, including capital equipment and operating costs, foreign exchange rates, taxation rates for the Company, general and administrative expenses and the prices to be paid for the Company's production.

Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth in the analysis presented in this press release, and such variations may be material. The Company and Management believe that the financial outlook has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of Management's knowledge, Parex's expected expenditures and results of operations. However, because this information is highly subjective and subject to numerous risks including the risks discussed above, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such financial outlook. The financial outlook contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Company's potential future business operations. Readers are cautioned that the financial outlook contained in this press release is not conclusive and is subject to change.

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

bbl	one barrel
bbl/d	barrels per day
boe	barrels of oil equivalent of natural gas; one barrel of oil or natural gas liquids for six thousand cubic feet of natural gas
boe/d	barrels of oil equivalent of natural gas per day
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
W.I.	working interest

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