

Parex Resources

February 9, 2023



Our Achievements in 2022



Generating strong free funds flow & shareholder returns

- Forecast \$310MM FFF⁽¹⁾, all to go to shareholders
- Current annualized dividend of C\$1.00 per share⁽²⁾
- Repurchased 10% of public float for 4th consecutive year

Successfully applying proven technology solutions

- Horizontal drilling: Boranda, VIM-1
- Synthetic mud: Capachos, VIM-1
- Waterflood injection: Cabrestero, LLA-34

Achieving sustainable & profitable oil & gas growth

- YoY production growth of 12% and 23% on a per share basis⁽³⁾
- Recent discoveries provide runway for growth

Setting the stage to drive potential for outsized returns

- Increased land holdings by ~4x in late 2021; began work on high-quality exploration opportunities
- Strategically investing to maximize Big 'E' potential

Parex has delivered on its promised 60,000 boe/d exit production rate, which is the highest in the Company's history

Strategy: Strategic Levers to Grow



1 Exploitation & Technology

- Unlocking extensive land base using proven technology
- Step change in capital efficiency

2 Onshore Gas Potential

- Targeting liquid-rich gas fields
- Pursuing longer-term world-class underexplored gas plays

3 Outsized Exploration Potential

- Focusing on transformational big 'E' exploration targets

Colombia Advantage & ESG



Sustainable Assets



Growing Production



Return of Capital



2023 Budget

Operational Highlights

- **15% production increase⁽¹⁾**
- **One full time rig per operated block to increase efficiency**
- **Average well payout is only ~8 months including infrastructure⁽²⁾**
- **Strategic infrastructure investments to lower future capital requirements and minimize decline rates**
- **Three big 'E' opportunities that are catalysts for step change growth**

2023 Guidance



Total Production

boe/d

57,000-63,000

~15% growth vs. 2022



Funds Flow

\$ millions

\$645-715⁽¹⁾

\$80/bbl Brent

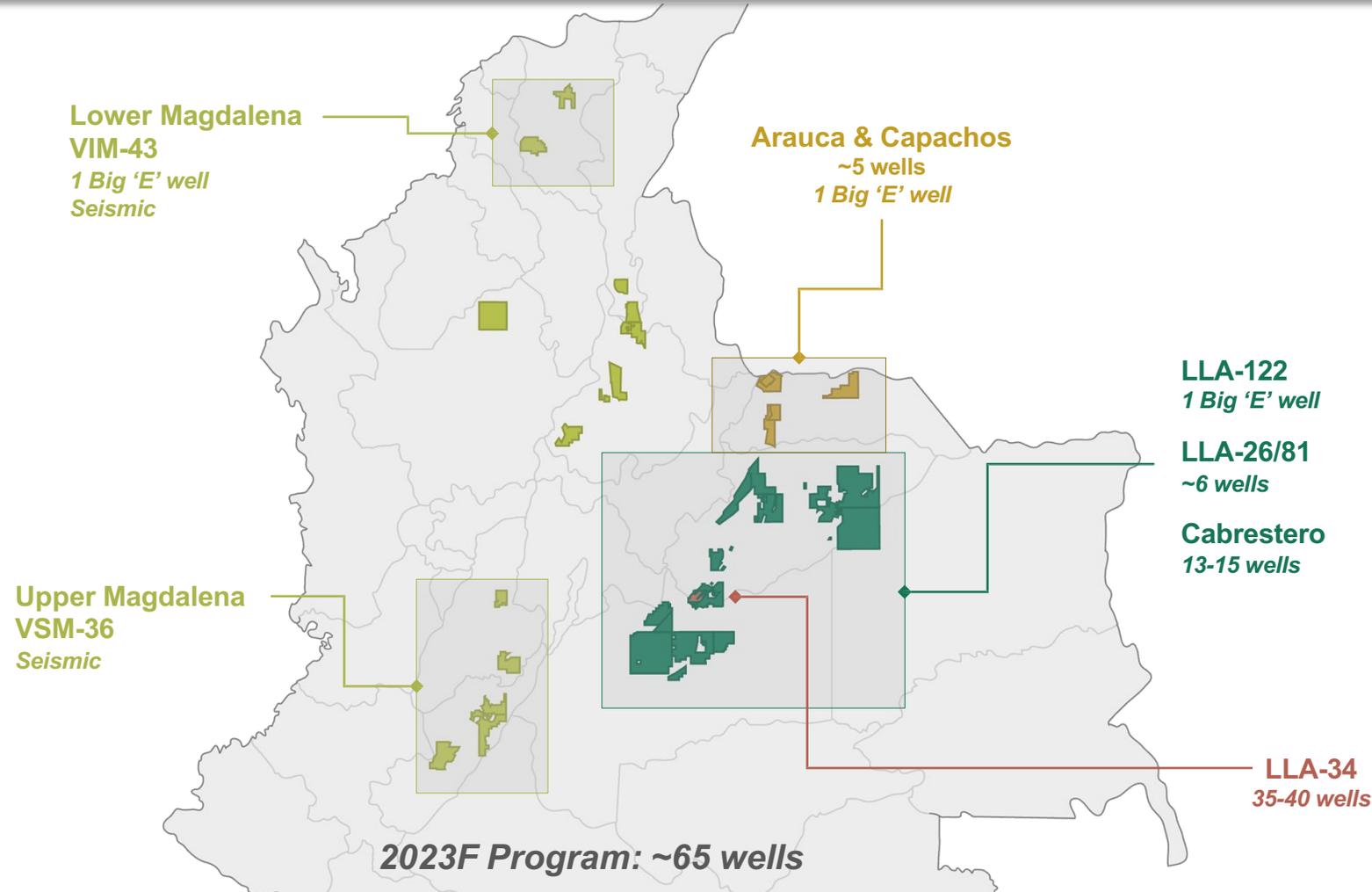


Capital Expenditures

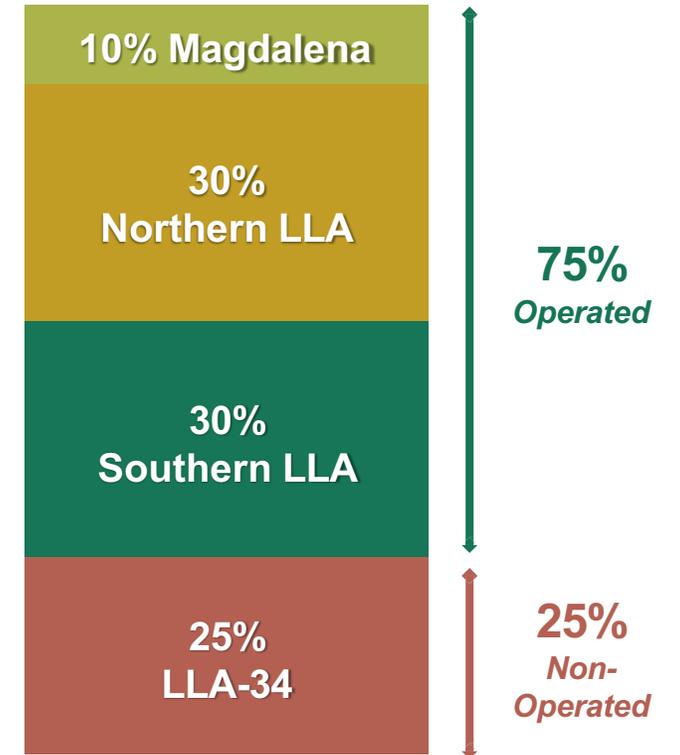
\$ millions

\$425-475⁽²⁾

~18% lower than 2022



2023F CAPITAL DISTRIBUTION

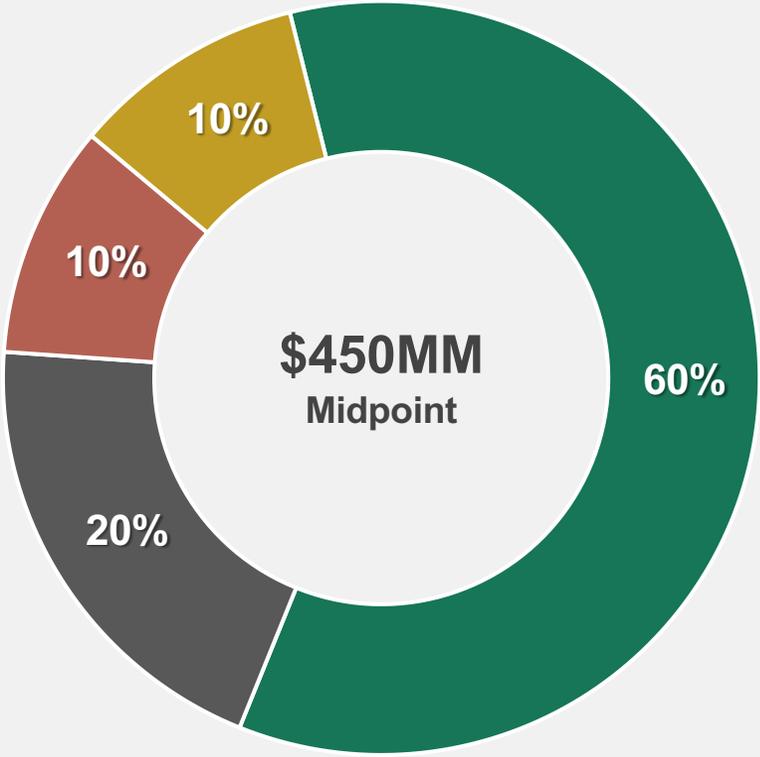


(1) Funds flow provided by operations; capital management measure; see advisory. (2) Non-GAAP financial measure; see advisory..

2023 Capital Guidance: Lower Spend Compared to 2022



2023F CAPITAL EXPENDITURE GUIDANCE⁽¹⁾ \$425-475MM



Development Activities:
\$270MM

Facilities:
\$90MM

Carry Capital⁽²⁾:
\$45MM

Big 'E' Exploration:
\$45MM

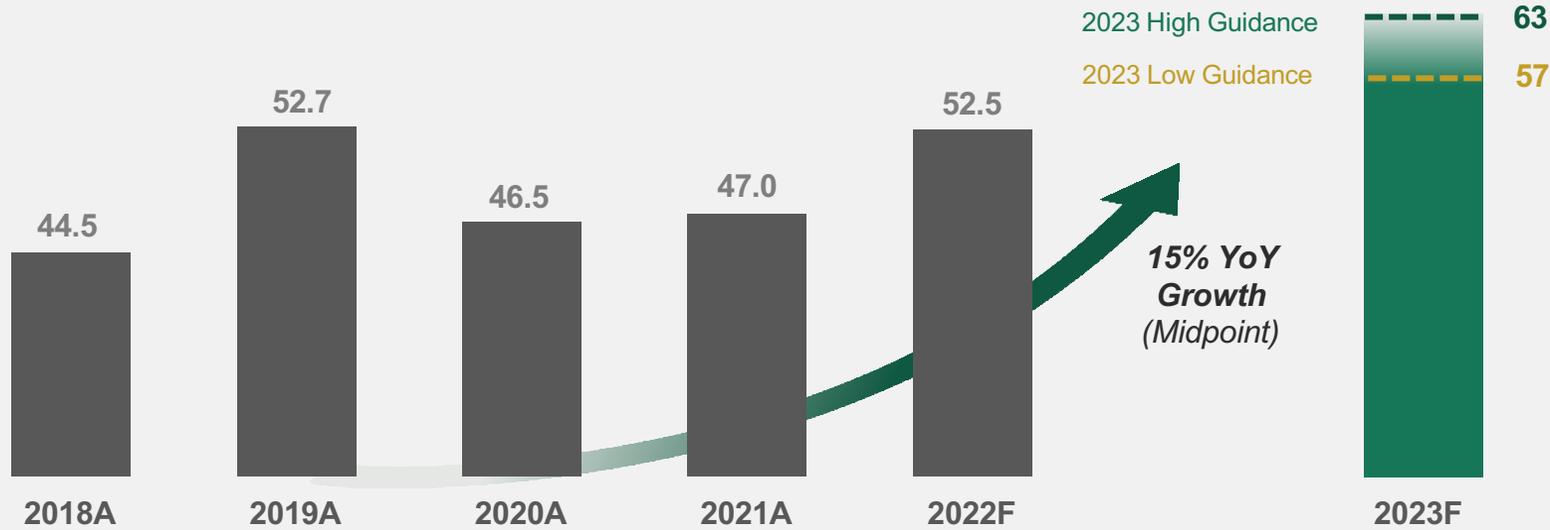
- Facilities spend focused on Northern Llanos (Arauca & Capachos), Cabrestero and LLA-34
- Includes ~\$45MM of carry capital related to the Arauca & LLA-38 farm-in agreement signed in 2021⁽²⁾
- Spudding three big 'E' wells: one at Arauca, VIM-43, and LLA-122

(1) Non-GAAP financial measure; see advisory. (2) Relates to capital expenditures from the Arauca and LLA-38 farm-in agreement with Ecopetrol S.A., announced on July 7, 2021, whereby Parex agreed to solely fund the initial work plan in exchange for proved reserves along with development and drill-ready exploration prospects.

2023 Production Guidance: Building on 2022 Growth



2023F PRODUCTION GUIDANCE (KBOE/D)



High End Guidance

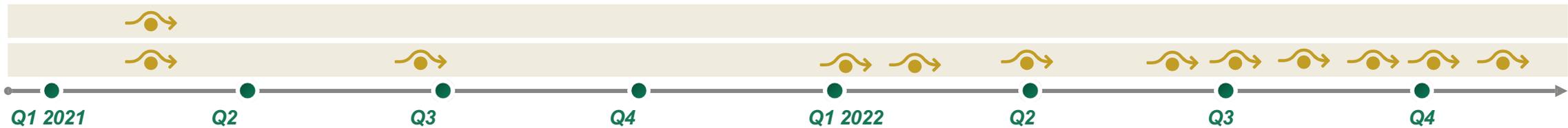
High case shows where contingency was overestimated

Midpoint includes increased downtime contingency

Low accounts for increased uncontrollable factors and is not reflective of production decline

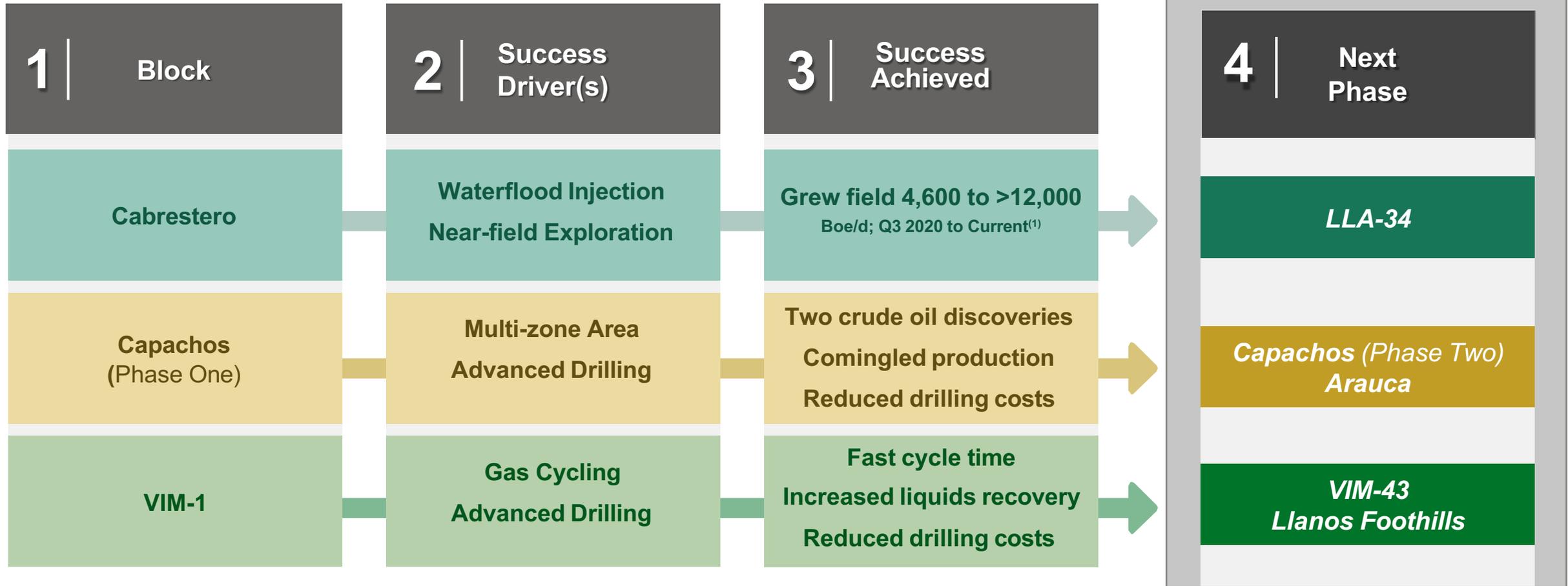
Low End Guidance

2022 saw higher than average above-ground issues from weather and election-year localized blockades.



We are proactively partnering with government and communities to minimize downtime.

Replicating our Success



(1) Current production of over 12,100 bbl/d of heavy oil (see October 13, 2022 news release).

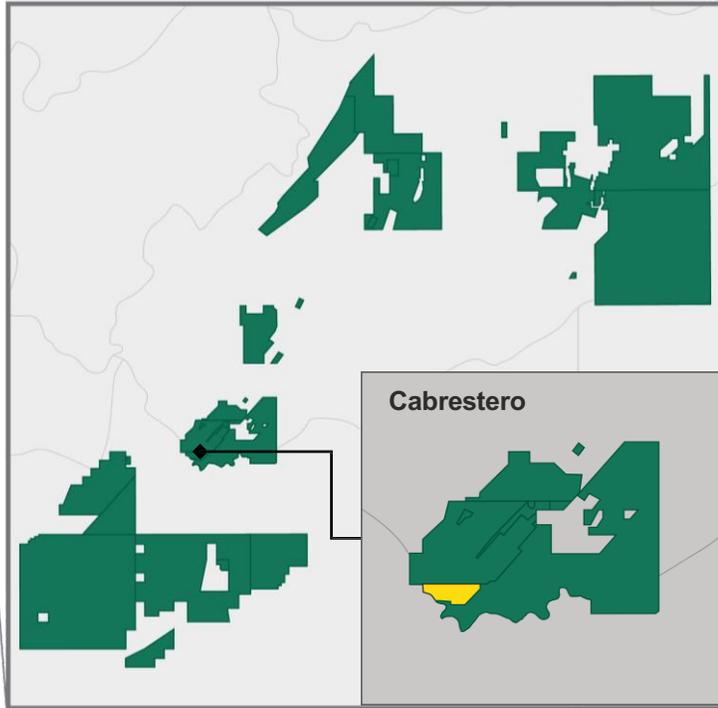
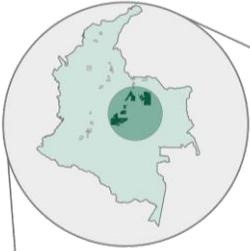
Cabrestero: Waterflood & Exploitation



Basin: Southern Llanos

Operator: PXT

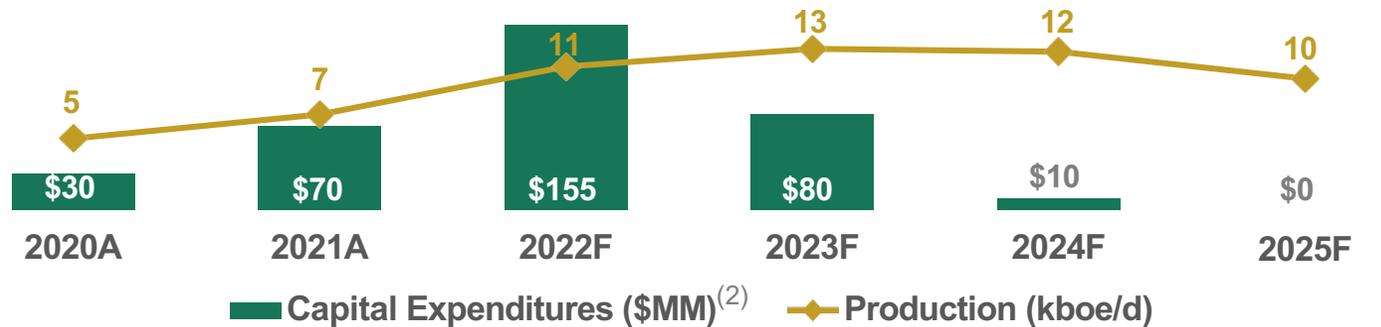
W.I.: 100%



Focused on pressure management, minimizing decline & near-field exploration

- Current development plan includes down spacing and waterflood injection
 - Flattens decline rate and accelerates oil recovery
- Facility expansion
 - Expansion of current capacity from 30 kbfpd to ~120k in 2023
- Near-field exploration opportunities
 - In 2022 executed a near-field exploration discovery in a new play
 - Near-field successes can be immediately tied into existing facilities

PRODUCTION & CAPITAL FORECAST PROFILE (NET)⁽¹⁾



(1) After 2023F, budgets and forecast have not been finalized and are subject to a variety of factors, including prior year's results. (2) Non-GAAP financial measure; see advisory.

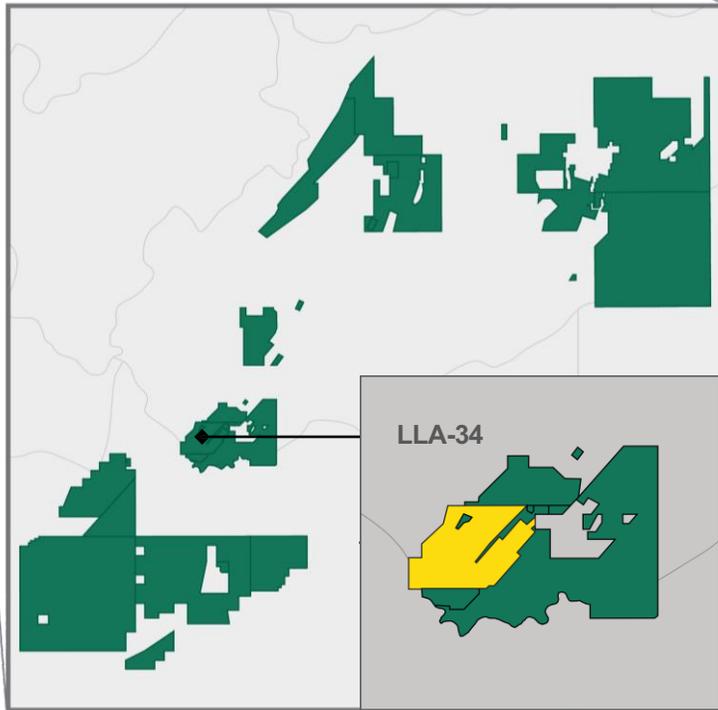
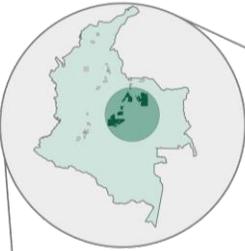
LLA-34: Replicating Success from Cabrestero



Basin: LLA-34 (Llanos)

Non-Operator

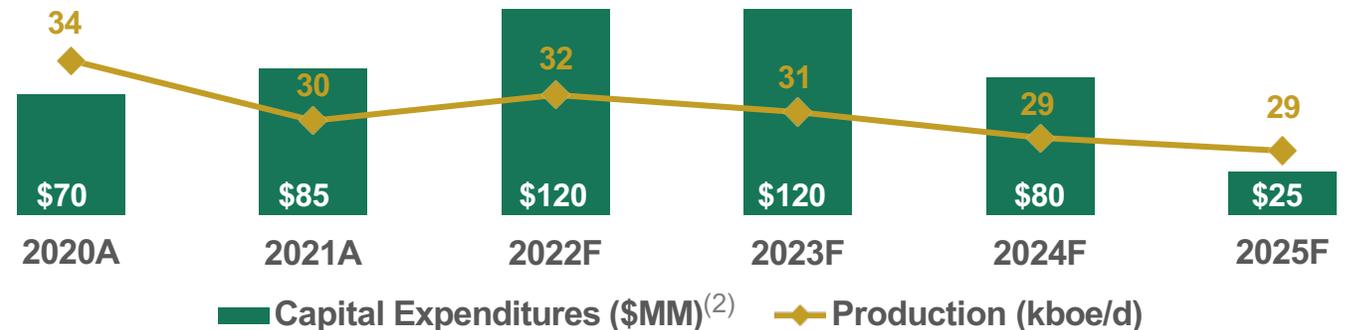
W.I.: 55%



Focused on accelerating production, minimizing decline and delineation

- **Current development plan includes down spacing and waterflood injection**
 - Down spacing to ~40 acres and waterflood injection pattern
 - Major facility expansion to ~610 kbfpd in 2023 to accelerate oil recovery
- **Operational reliability has been improved by the electrification of the block**
 - National grid tie-in complete H2 2022
- **Maximizing delineation efforts through utilization of sidetrack options**
 - Roughly 10 horizontal well locations have been identified for future exploitation

PRODUCTION & CAPITAL FORECAST PROFILE (NET)⁽¹⁾



(1) After 2023F, budgets and forecast have not been finalized and are subject to a variety of factors, including prior year's results. (2) Non-GAAP financial measure; see advisory.

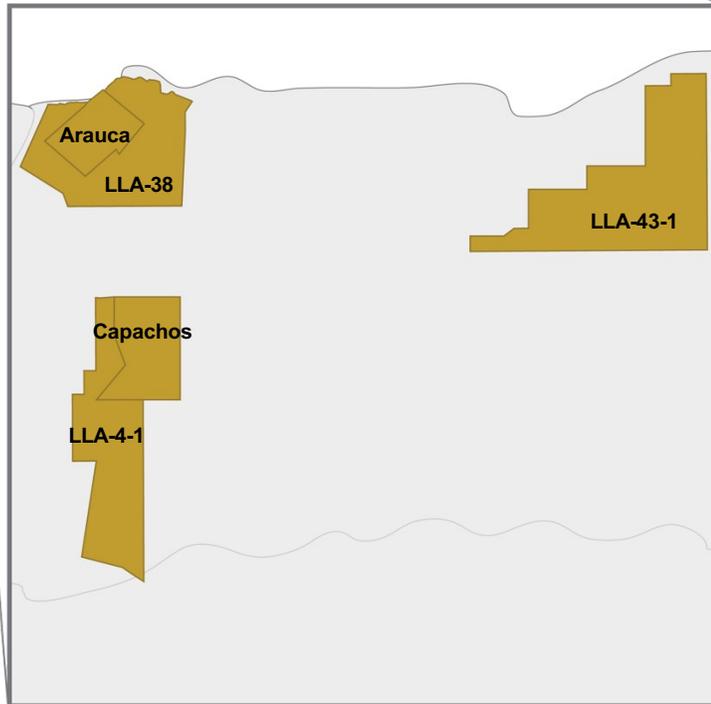
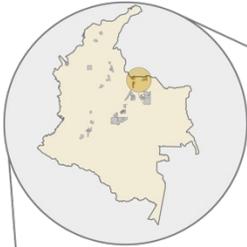
Capachos & Arauca: Northern Llanos Future Growth Engine



Basin: Northern Llanos

Operator: PXT

W.I.: 50%



Accelerating development with high growth potential in the future

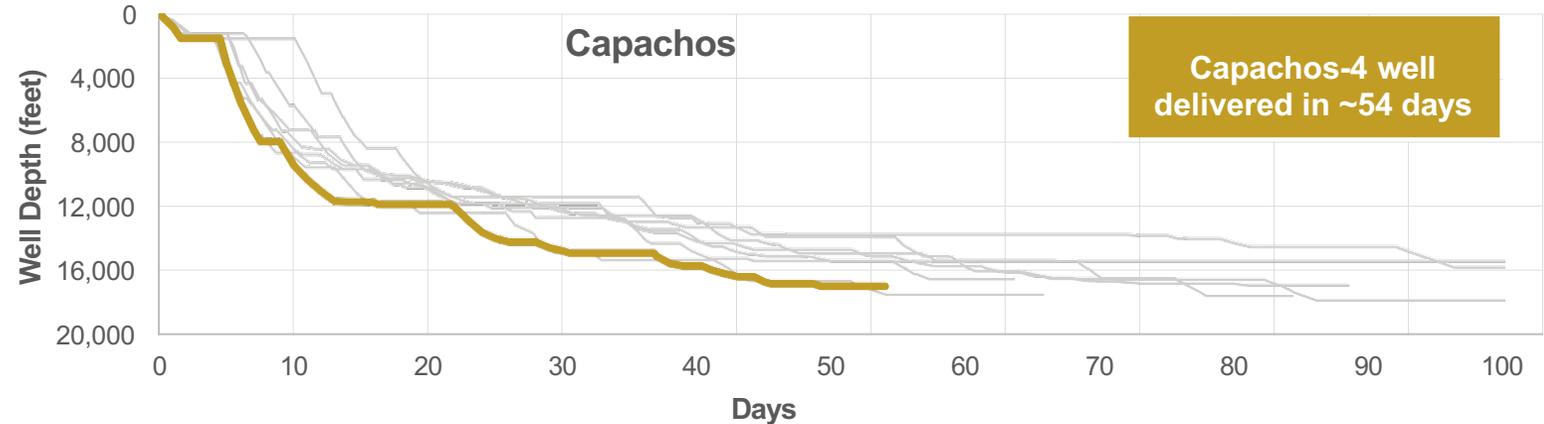
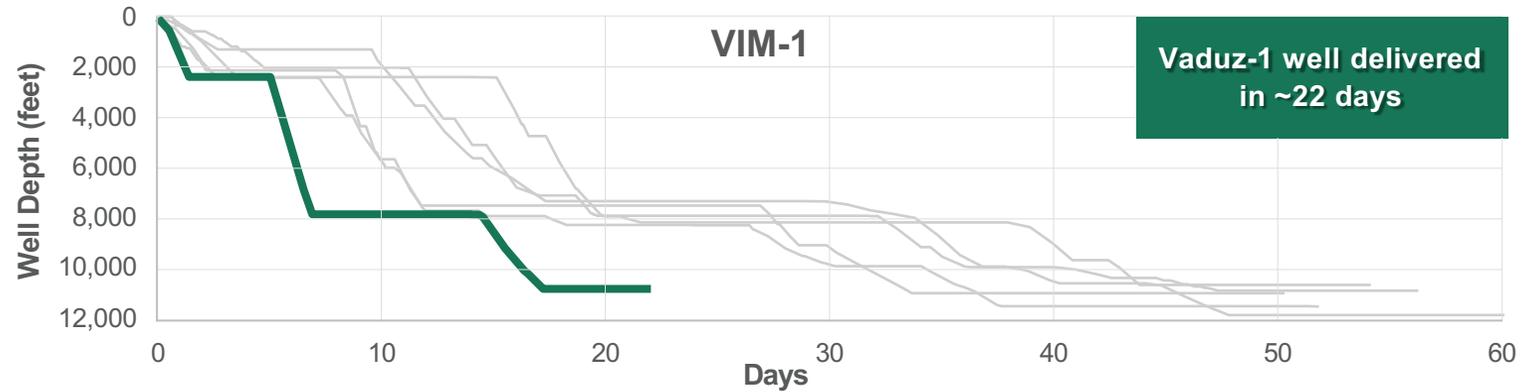
- **Historically difficult to access and challenging to drill**
 - Successfully operating in Capachos since 2018
 - Plan to move first rig to Arauca in Q1 2023 to begin drilling campaign
 - Drilling wells in Capachos at roughly 1/3 of the cost of early historical wells
- **Superior reservoir quality and attractive royalty structures**
 - Multi-layer potential with three zones that can be targeted
 - Highest netbacks in the portfolio: ~\$80/bbl operating netback at ~\$100/bbl Brent
- **Removing facility restrictions by expanding and pre-investment**
 - Capachos: increasing fluid handling from 15 kbb/d to 25 kbb/d
 - Arauca: installing facilities in 2023 to handle ~40 kbb/d

Using Proven Technology to Increase Efficiency



Advanced Drilling Techniques

- Synthetic mud has created step change in ability to drilling challenging formations
 - E.g., VIM-1 and Capachos
- Only Colombian company that processes onsite synthetic mud cuttings
 - Recycling 70% of the volume for re-use on the next well
- Significantly advanced horizontal drilling capabilities in 2022
 - Drilled 54,000 feet of horizontal wells



Technological advancements, including synthetic mud & horizontals, allows Parex to drive down drilling costs and ultimately increase production efficiency

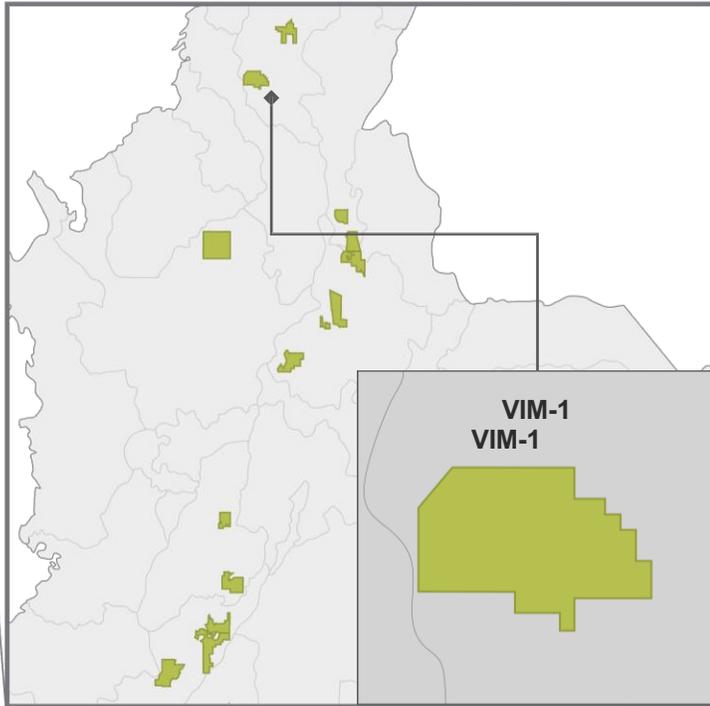
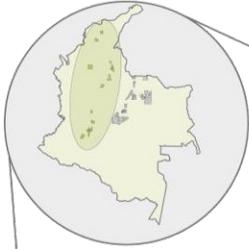
VIM-1: Steppingstone that Diversifies the Portfolio



Basin: Magdalena

Operator: PXT

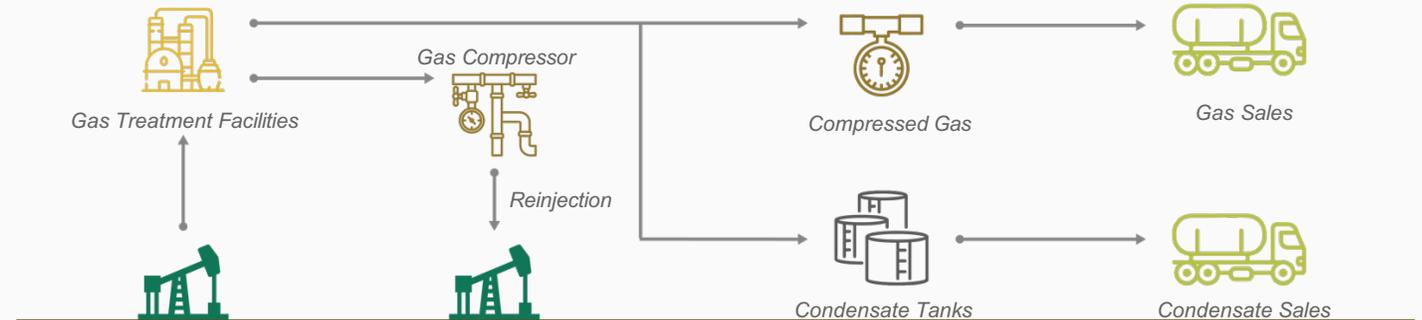
W.I.: 50%



Growing long-term liquids recovery through reinjecting gas

- Liquids-rich gas condensate reservoir
- Original discovery (La Belleza-1) has been on steady production at a facility restricted rate of ~1,600 bbls of condensate per day and ~7 MMCFD of gas
- Follow-up well (La Belleza-2) successfully completed in Q4 2022 with strong results

ILLUSTRATIVE GAS REINJECTION GRAPHIC



The first PXT installation of a gas cycling project that is expected to become a template for future expansions at VIM-1 & 43, plus Northern Llanos and Llanos Foothills

VIM-1: Exceptional Well Results Driving Facility Expansion

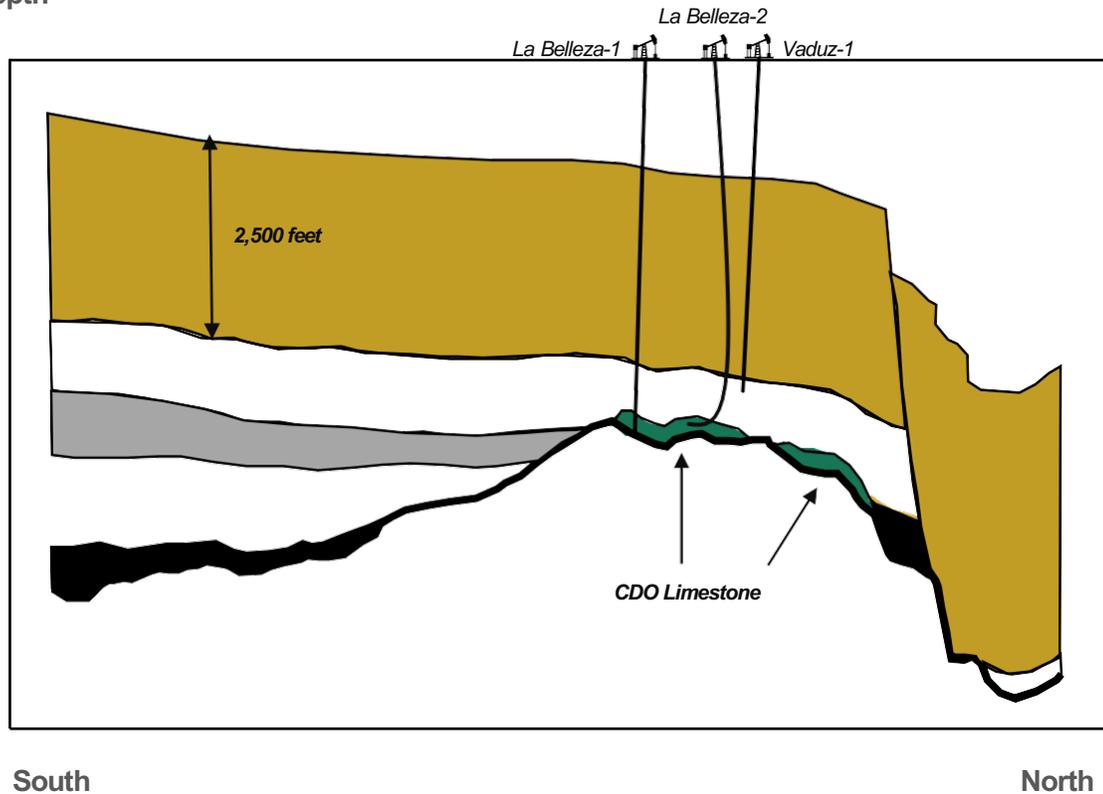


Basin: Magdalena

Operator: PXT

W.I.: 50%

Depth



Testing Update⁽¹⁾

La Belleza-2

~38.5 mmcf/d gas (gross)

~7,500 bbl/d oil (gross)

10% Drawdown

Vaduz-1

Testing Q4 2022

Porquero Zone

Key Takeaways

- Gas reinjection is a proven technology to increase liquids recovery factor
- Doubling recovery factor: ~30% recovery to 50-75%
- Current injection facility limited to 20 mmcf/d
- Expansion plan to approximately double is currently under evaluation

Injecting gas to increase liquids recovery while planning to build a long-term infrastructure solution to monetize dry gas

(1) See "Oil and Gas Information" advisory; well test details (see December 6, 2022 news release).

Arauca (Arauca-8): Multi-Zone, High-Impact Exploration Target



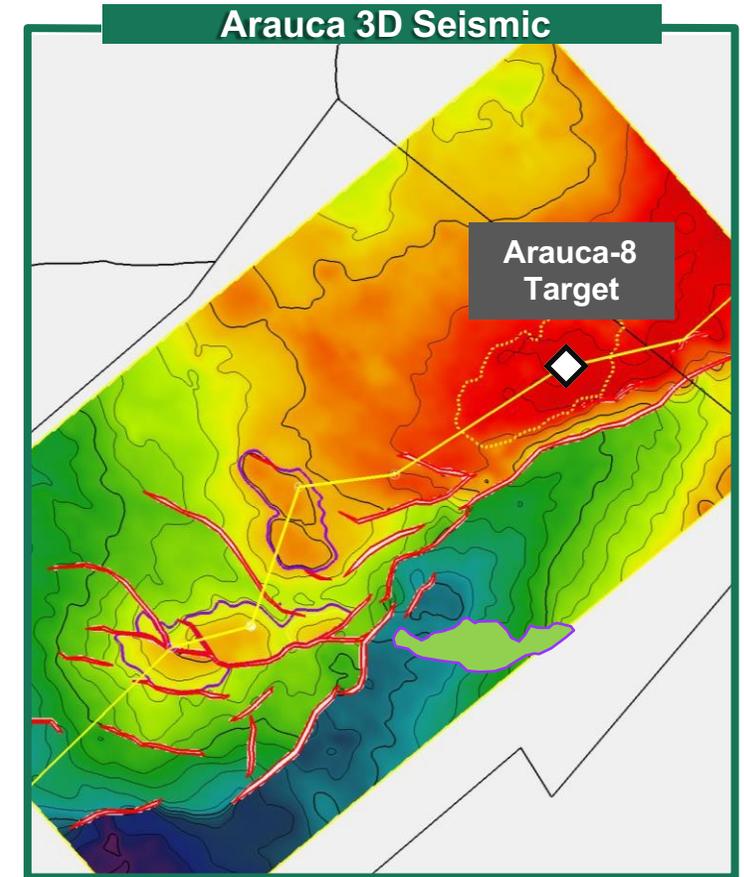
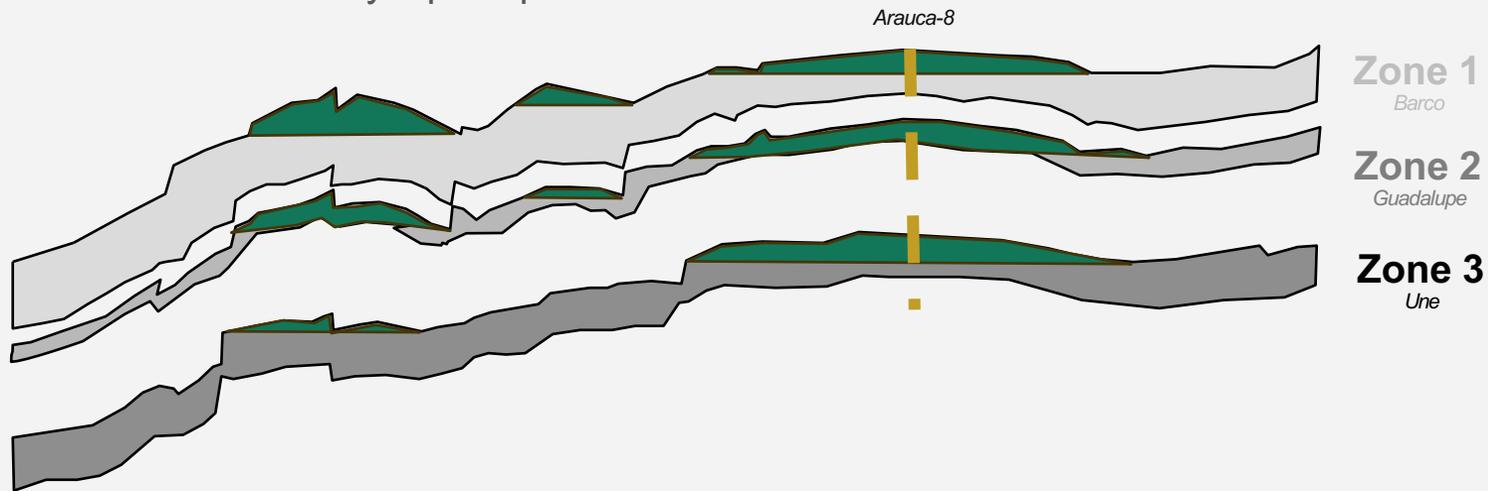
Basin: Northern Llanos

Operator: PXT

W.I.: 50%

Proven light-oil reservoir with high chance of success

- Previous development was on 2D seismic and halted due to social issues
- What success looks like:** development plan with 3-10 wells and gas cycling plan would allow for early liquids production



 Oil, Gas & Condensate Target



H1 2023
Initial Spud Date



H2 2023
Initial Results Expected

Nearby Producing Field: Capachos Block EUR⁽¹⁾
3P: 48 mmboe
2P: 37 mmboe
1P: 28 mmboe

(1) Gross Estimated Ultimate Recovery from independent reserves report prepared by GLJ Ltd. dated February 3, 2022 with an effective date of December 31, 2021; see "Oil & Gas Information" advisory.

VSM-25/36/37: Multiple Oil-Weighted Targets



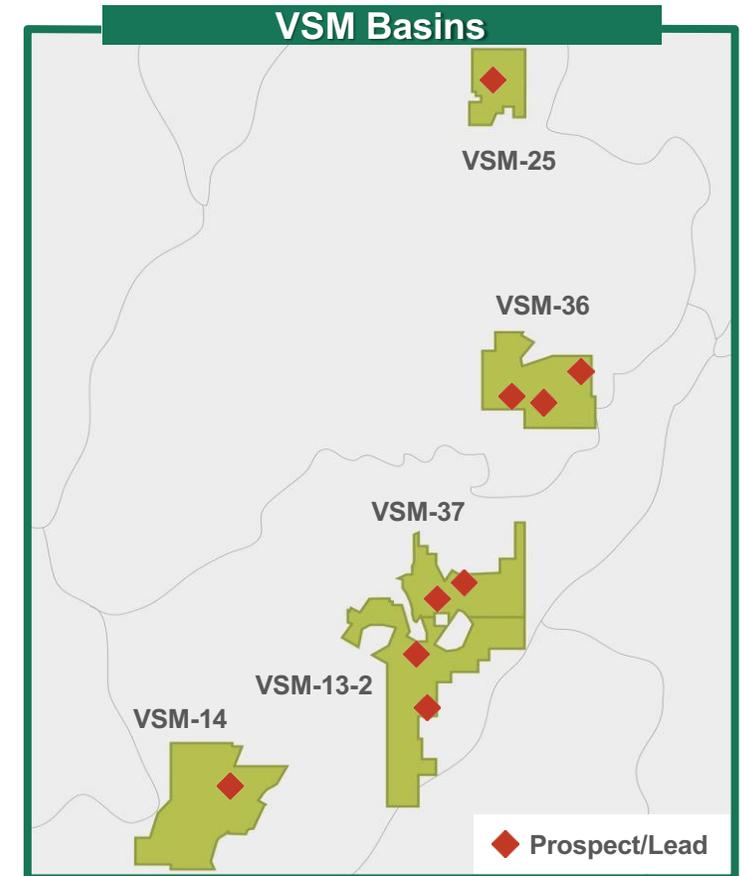
Basin: Magdalena

Operator: PXT

W.I.: 100%

Campaign drilling in underexplored, proven reservoirs

- Last significant exploration in this basin was in the mid 1990's
 - Acquiring 3D seismic in 2023 to finalize drill locations
 - Some blocks were acquired with existing 3D's
- Rig being brought in to test several prospects with campaign-style drilling
 - Well cost ranges from \$5-10MM
- What success looks like:
 - Multi-well oil developments with waterflood to ensure maximum recovery
 - Proof of concept for additional prospects across entire land base



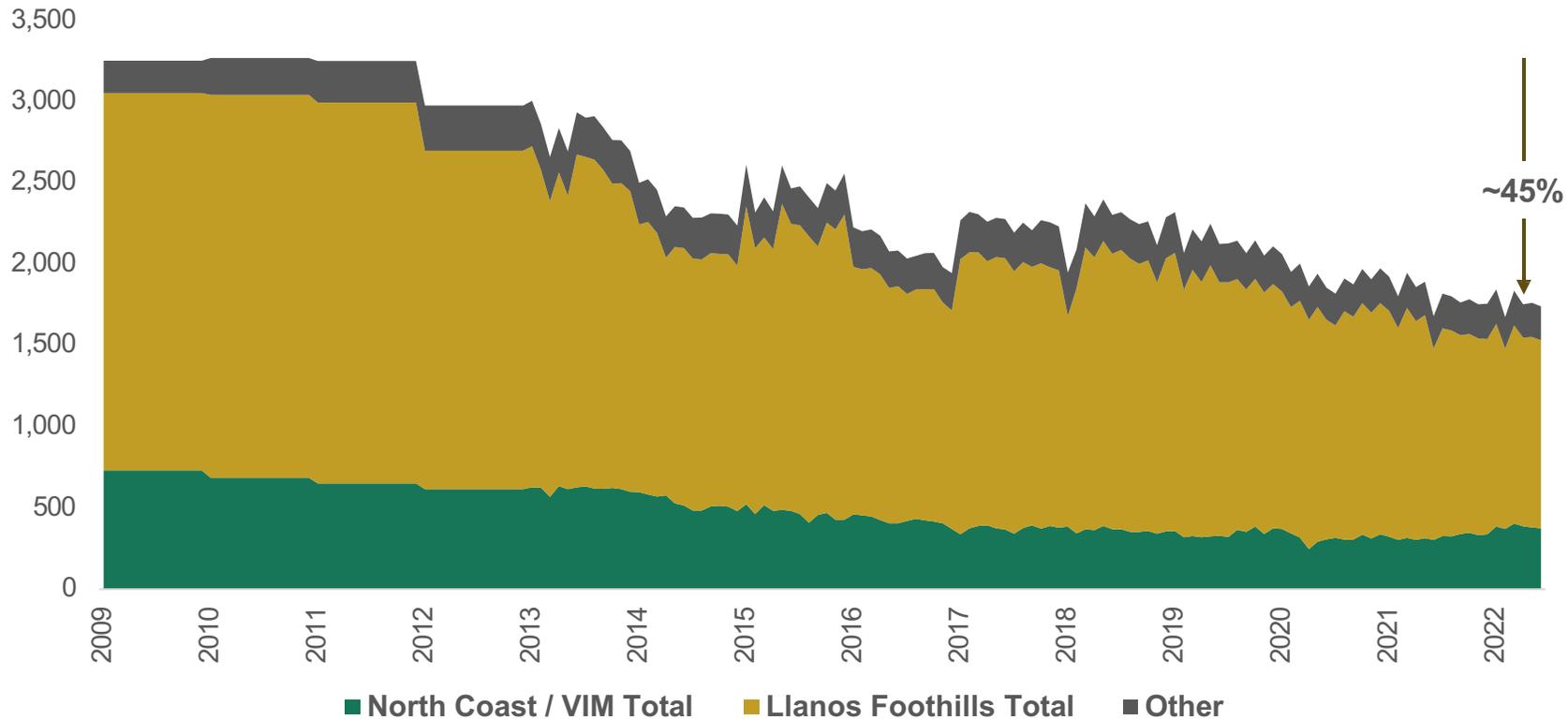
Nearby Producing Field Analogues⁽¹⁾
Basin: VSM
Production: ~10,000 boe/d
Cumulative Recovery: ~55 mmboc

(1) Source: IHS; see "Analogous Information" advisory.

Gas Supply Shortfall Provides Opportunities for Parex



COLOMBIA GAS PRODUCTION⁽¹⁾
(Including flaring & reinjection; mmcf/d)



Why Gas?

- Projected supply and demand imbalance
- PXT is well positioned to provide a solution for new sources of domestic gas to Colombian market
- New gas revenue sources bring further diversification to PXT
- Aligned with current government objectives

Declining Gas Supply in a Growing Market

(1) Source: Welligence.

VIM-1: Multiple Exploration Opportunities



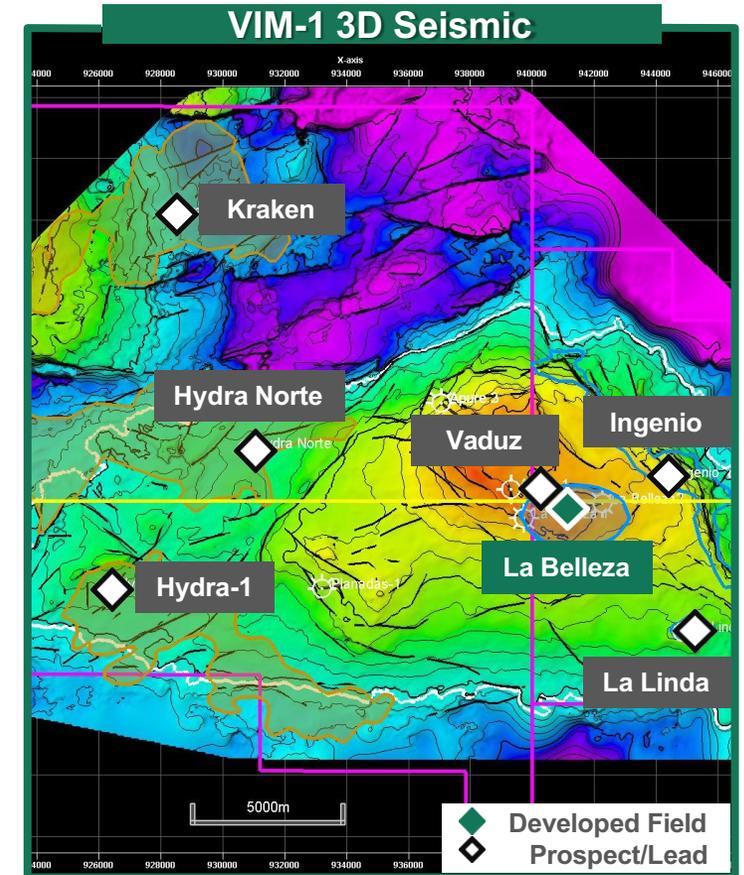
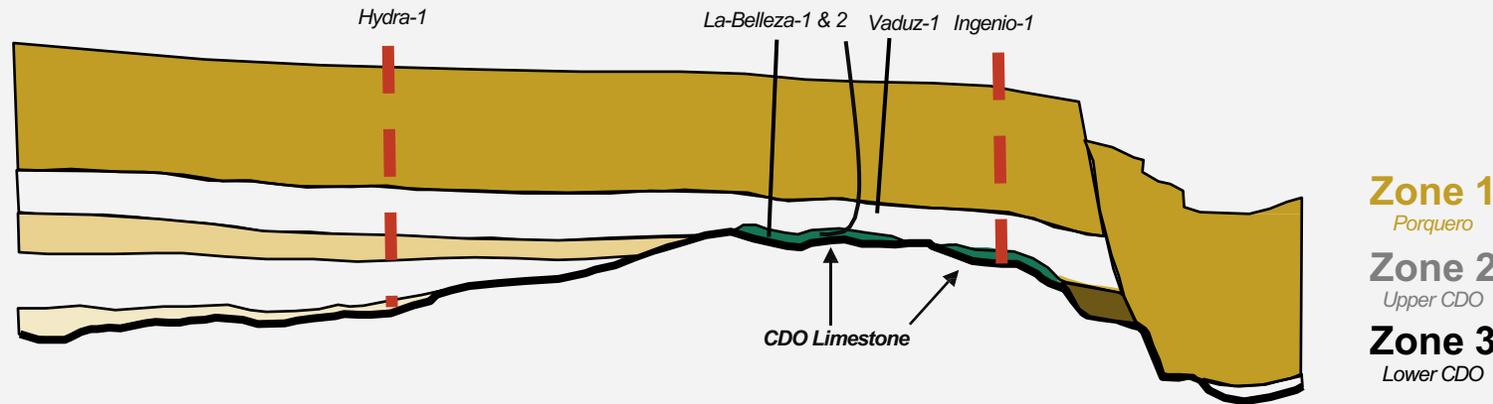
Basin: Magdalena

Operator: PXT

W.I.: 50%

Potential plays surround La Belleza Development

- Identified four potential reservoirs
- Testing Porquero zone at Vaduz-1 well in Q4 2022
- What success looks like: a gas and liquids core area with expansion of existing infrastructure



Nearby Producing Field Analogues⁽¹⁾
 Field: La Creciente
 Production: ~10,000 boe/d
 Cumulative Recovery: ~35 mmboc

(1) Source: IHS; see "Analogous Information" advisory.

VIM-43 (*Chirimoya*): Transformational Exploration Prospect



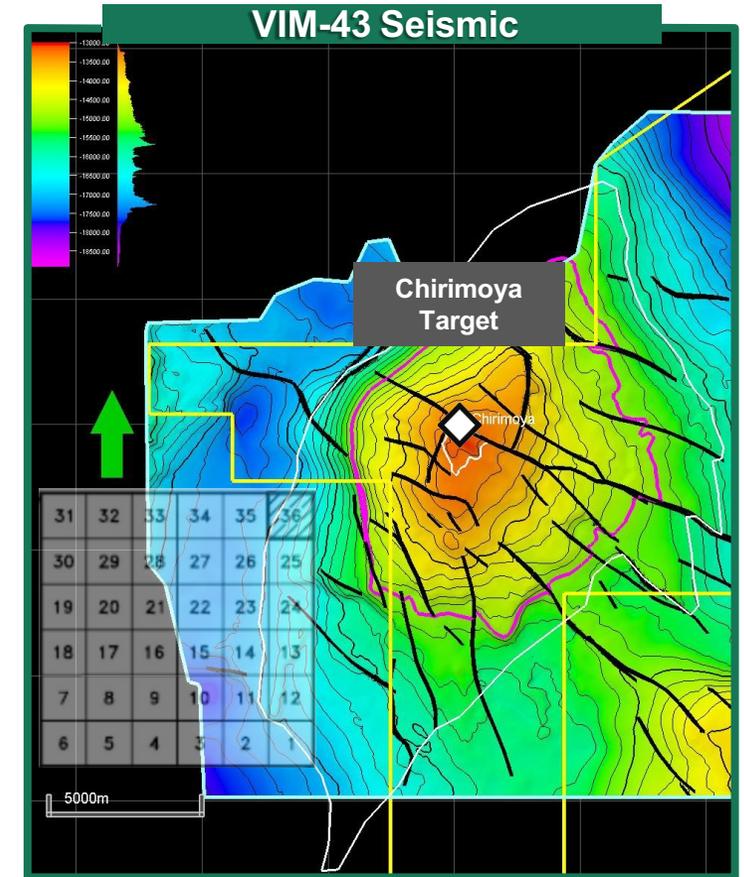
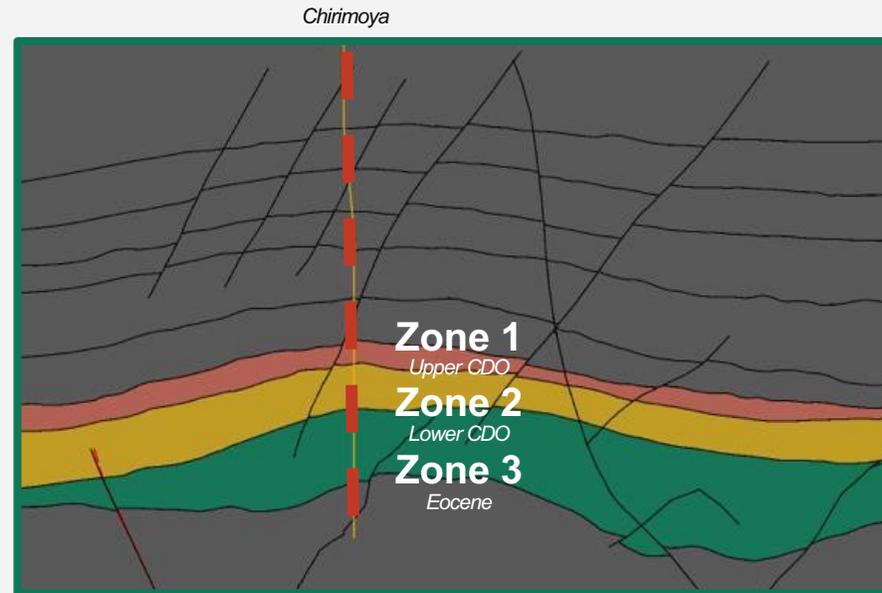
Basin: Magdalena

Operator: PXT

W.I.: 100%

Stacked reservoir highly increases chance of success

- Identified three potential reservoirs
- Others tried to drill for the target in the 1940's & 70's; did not get to target
- PXT has drilling capability to successfully chase play
- What success looks like: development program with >10 wells



 **Condensate & Gas Target**



H1 2023
Initial Spud Date



H2 2023
Initial Results Expected

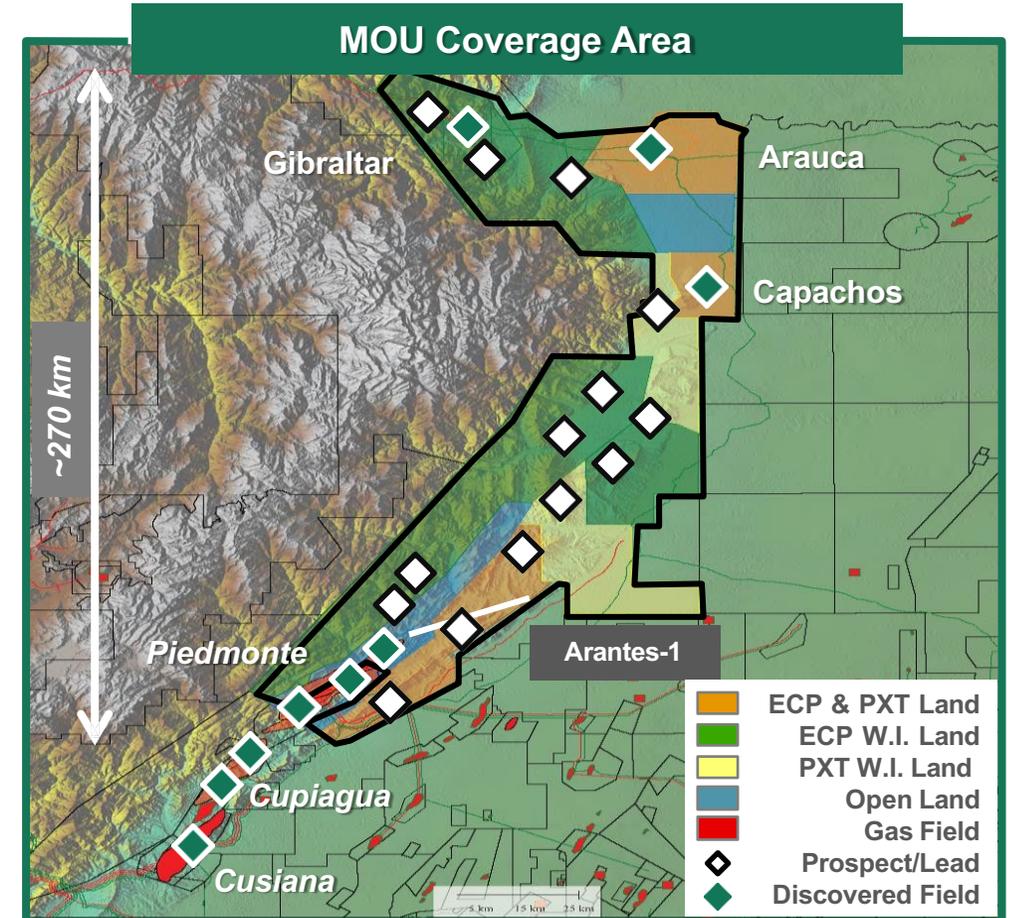
No Comparable Analogues Nearby

High-Potential Foothills Trend



Memorandum of Understanding (MOU) with Ecopetrol S.A.

- **MOU signed with Ecopetrol, Colombia's national oil company**
 - Building on existing, successful relationship with Ecopetrol
 - Area of coverage spans 13 blocks in the high-potential Foothills trend in the Llanos Basin
- **Focus of the MOU**
 - Maximize synergies within the trend
 - Maximizing use of existing infrastructure
- **Progress is already underway**
 - Capachos farm-in: operating block
 - Arauca & LLA-38 farm-in: first well to be spudded Q1 2023
 - Next step: Llanos 122 (Arantes-1) to be spudded in H2 2023



Nearby
Producing Field
Analogues⁽¹⁾

Basin: Foothills
Production: ~25,000 boe/d
Cumulative Recovery: ~150 mmmboe

(1) Source: IHS; See "Analogous Information" advisory.