

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheets (unaudited)

As at (thousands of United States dollars)	NOTE	June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents	19	\$ 98,825	\$ 98,022
Restricted cash and cash equivalents	19	597	581
Accounts receivable	5	64,774	82,686
Prepays and other current assets		27,371	29,042
Derivative financial instruments	21	4,131	—
Current income tax receivable		43,578	33,595
Crude oil inventory	6	209	2,017
		239,485	245,943
Exploration and evaluation	7	172,417	116,928
Property, plant and equipment	8	1,428,155	1,419,301
Long-term inventory	9	191,159	199,474
Other long-term assets	19	16,117	11,489
Deferred tax asset		102,393	88,475
Goodwill		73,452	73,452
		\$ 2,223,178	\$ 2,155,062
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 208,355	\$ 170,731
Derivative financial instruments	21	—	1,160
Current portion of decommissioning and environmental liabilities	15	11,082	14,655
		219,437	186,546
Bank debt	11	18,000	60,000
Lease obligations	12	4,534	4,622
Cash settled share-based compensation liabilities	17	7,292	9,553
Decommissioning and environmental liabilities	15	72,193	63,020
Deferred tax liability		5,487	—
		326,943	323,741
Shareholders' equity			
Share capital	16	627,166	632,899
Contributed surplus		20,386	20,024
Retained earnings		1,248,683	1,178,398
		1,896,235	1,831,321
		\$ 2,223,178	\$ 2,155,062

Commitments and Contingencies (note 23)

See accompanying Notes to the Consolidated Interim Financial Statements

Approved by the Board:

"signed"
Sigmund Cornelius
Director

"signed"
Bob MacDougall
Director

Consolidated Statements of Comprehensive Income (unaudited)

(thousands of United States dollars, except per share amounts)	NOTE	For the three months ended June 30,		For the six months ended June 30,	
		2025	2024	2025	2024
Oil and natural gas sales	13	\$ 239,070	\$ 364,874	\$ 504,705	\$ 700,172
Royalties		(30,913)	(60,772)	(67,318)	(113,854)
Net revenue		208,157	304,102	437,387	586,318
Other revenue	13	2,319	1,759	4,831	3,180
Commodity risk management contracts gain	21	1,530	—	967	—
Revenue		212,006	305,861	443,185	589,498
Expenses					
Production		49,492	62,741	106,350	122,565
Transportation		17,421	16,472	34,239	32,569
Purchased oil		(30)	356	162	457
General and administrative		16,684	18,807	34,455	37,975
Impairment of exploration and evaluation assets	7	—	4,661	—	4,661
Equity settled share-based compensation expense	16	182	228	362	426
Cash settled share-based compensation expense	17	6,294	5,542	8,206	2,881
Depletion, depreciation and amortization	8	47,949	56,883	98,368	109,114
Other expenses ⁽¹⁾		12,453	1,462	13,600	2,201
Foreign exchange (gain) loss		(2,037)	1,114	(3,621)	(54)
		148,408	168,266	292,121	312,795
Finance (income)	14	(612)	(1,097)	(1,909)	(2,354)
Finance expense ⁽¹⁾	14	5,474	3,959	10,530	8,414
Net finance expense		4,862	2,862	8,621	6,060
Income before income taxes		58,736	134,733	142,443	270,643
Income tax expense					
Current tax expense		9,245	47,936	21,132	86,746
Deferred tax (recovery) expense		378	82,952	(8,431)	119,959
		9,623	130,888	12,701	206,705
Net income and comprehensive income for the period		\$ 49,113	\$ 3,845	\$ 129,742	\$ 63,938
Basic net income per common share	18	\$ 0.50	\$ 0.04	\$ 1.33	\$ 0.62
Diluted net income per common share	18	\$ 0.50	\$ 0.04	\$ 1.33	\$ 0.62

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

See accompanying Notes to the Consolidated Interim Financial Statements

Consolidated Statements of Changes in Equity (unaudited)

For the six months ended June 30,
(thousands of United States dollars)

	2025	2024
Share capital		
Balance, beginning of period	\$ 632,899	\$ 660,817
Issuance of common shares under equity-settled plans	—	411
Repurchase of shares	(5,733)	(11,673)
Balance, end of period	\$ 627,166	\$ 649,555
Contributed surplus		
Balance, beginning of period	\$ 20,024	\$ 19,248
Share-based compensation	362	426
Options exercised	—	(102)
Balance, end of period	\$ 20,386	\$ 19,572
Retained earnings		
Balance, beginning of period	\$ 1,178,398	\$ 1,275,362
Net income for the period	129,742	63,938
Repurchase of shares	(5,531)	(25,718)
Dividends	(53,926)	(57,059)
Balance, end of period	\$ 1,248,683	\$ 1,256,523
	\$ 1,896,235	\$ 1,925,650

See accompanying Notes to the Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

(thousands of United States dollars)	NOTE	For the three months ended June 30,		For the six months ended June 30,	
		2025	2024	2025	2024
Operating activities					
Net income		\$ 49,113	\$ 3,845	\$ 129,742	\$ 63,938
Add (deduct) non-cash items					
Depletion, depreciation and amortization	8	47,949	56,883	98,368	109,114
Non-cash finance expense	14	3,262	1,959	6,386	4,425
Equity settled share-based compensation expense	16	182	228	362	426
Cash settled share-based compensation expense	17	6,294	5,542	8,206	2,881
Deferred tax (recovery) expense		378	82,952	(8,431)	119,959
Impairment of exploration and evaluation assets	7	—	4,661	—	4,661
Unrealized foreign exchange (gain) loss		(2,369)	24,176	(7,288)	22,789
Unrealized gain on commodity risk management contracts	21	(362)	—	(1,160)	—
Loss on settlement of tangible assets		17	660	35	660
Loss on settlement of decommissioning liabilities	15	357	46	545	406
Net change in assets and liabilities	19	37,821	41,830	3,255	(9,065)
Cash provided by operating activities		142,642	222,782	230,020	320,194
Investing activities					
Property, plant and equipment expenditures	8	(49,067)	(49,214)	(94,018)	(90,045)
Exploration and evaluation expenditures	7	(39,623)	(48,583)	(51,726)	(93,173)
Long-term inventory expenditures, net of transfers and sales	9	3,667	(9,817)	8,315	(13,660)
Property acquisition	10	—	—	(15,968)	—
Net change in non-cash working capital	19	25,885	6,952	31,244	(1,722)
Cash (used in) investing activities		(59,138)	(100,662)	(122,153)	(198,600)
Financing activities					
Common shares repurchased	16	(6,025)	(21,367)	(11,264)	(36,658)
Dividends	16	(27,561)	(28,528)	(53,926)	(57,059)
Bank debt repayment	11	(32,000)	(10,000)	(42,000)	(40,000)
Issuance of common shares under equity-settled plans	16	—	—	—	309
Payments on lease obligations	12	(172)	(185)	(218)	(379)
Net change in non-cash working capital	19	(1,331)	733	(1,228)	733
Cash (used in) financing activities		(67,089)	(59,347)	(108,636)	(133,054)
(Decrease) increase in cash and cash equivalents and restricted cash and cash equivalents for the period		16,415	62,773	(769)	(11,460)
Impact of foreign exchange on foreign currency-denominated cash balances		928	(2,818)	2,482	(3,013)
Cash and cash equivalents and restricted cash and cash equivalents, beginning of period	19	86,157	69,480	101,787	143,908
Cash and cash equivalents and restricted cash and cash equivalents, end of period	19	\$ 103,500	\$ 129,435	\$ 103,500	\$ 129,435

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

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2025

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

1. Corporate Information

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

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

The condensed interim consolidated financial statements were approved by the Board of Directors on July 29, 2025.

2. Basis of Presentation and Material Accounting Policies

a) Statement of compliance

The condensed interim consolidated financial statements for the three and six months ended June 30, 2025 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The policies applied in these condensed interim consolidated financial statements are based on IFRS Accounting Standards issued and outstanding as of July 29, 2025, the date the Board of Directors approved the condensed interim consolidated financial statements.

b) Basis of measurement

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

c) Change in presentation

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

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

Consolidated Statements of Comprehensive Income (unaudited)	For the three months ended June 30, 2024	For the six months ended June 30, 2024
Finance expense, as previously presented	\$ 5,421	\$ 10,615
Reclassification to Other expenses	(1,462)	(2,201)
Finance expense, as currently presented	\$ 3,959	\$ 8,414

d) Use of management estimates, judgments and measurement uncertainty

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

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

3. Summary of Material Accounting Policies

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

4. Determination of Fair Values

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

5. Accounts Receivable

	June 30, 2025	December 31, 2024
Trade receivables	\$ 59,165	\$ 77,106
Value added taxes (VAT)	5,609	5,580
	\$ 64,774	\$ 82,686

Trade receivables consist primarily of oil sale receivables related to the Company's oil sales. VAT receivable is \$5.6 million as at June 30, 2025 (December 31, 2024 - \$5.6 million). All accounts receivable are expected to be received within twelve months and are thus recognized as current assets.

6. Crude Oil Inventory

	June 30, 2025	December 31, 2024
Crude oil inventory	\$ 209	\$ 2,017

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

7. Exploration and Evaluation Assets

Cost	
Balance at December 31, 2023	\$ 211,590
Additions and transfers from long-term inventory	126,445
Transfers to PP&E	(168,053)
Changes in decommissioning liability	1,031
Exploration and evaluation impairment	(54,085)
Balance at December 31, 2024	\$ 116,928
Additions and transfers from long-term inventory	51,726
Changes in decommissioning liability	3,763
Balance at June 30, 2025	\$ 172,417

Exploration and Evaluation ("E&E") assets consist of the Company's exploration projects which are pending either the determination of proved or probable reserves or impairment. Additions and transfers of \$51.7 million for the six months ended June 30, 2025 represent the Company's share of costs incurred on E&E assets during the period.

For the six months ended June 30, 2025 \$1.2 million of general and administrative costs (six months ended June 30, 2024 - \$2.2 million) have been capitalized in respect of exploration and evaluation activities during the current period.

At June 30, 2025 and December 31, 2024 the Company did not have any E&E assets in Canada.

8. Property, Plant and Equipment

	Canada	Colombia	Total
Cost			
Balance at December 31, 2023	\$ 17,612	\$ 3,385,937	\$ 3,403,549
Additions and transfers from long-term inventory	3,820	217,430	221,250
Transfers from E&E assets	—	168,053	168,053
Changes in decommissioning and environmental liability	—	(14,523)	(14,523)
Balance at December 31, 2024	\$ 21,432	\$ 3,756,897	\$ 3,778,329
Additions and transfers from long-term inventory	224	93,794	94,018
Additions related to property acquisition - Note 10	—	16,788	16,788
Changes in decommissioning and environmental liability	—	(4,130)	(4,130)
Balance at June 30, 2025	\$ 21,656	\$ 3,863,349	\$ 3,885,005
Accumulated Depreciation, Depletion and Amortization			
Balance at December 31, 2023	\$ 9,778	\$ 2,055,596	\$ 2,065,374
Depletion and depreciation for the year	1,975	212,961	214,936
Depreciation - Right-of-use-asset	760	74	834
DD&A included in crude oil inventory costing	—	(533)	(533)
Property, plant and equipment impairment	—	78,417	78,417
Balance at December 31, 2024	\$ 12,513	\$ 2,346,515	\$ 2,359,028
Depletion and depreciation for the period	1,143	96,822	97,965
Depreciation - Right-of-use-asset	367	36	403
DD&A included in crude oil inventory costing	—	(546)	(546)
Balance at June 30, 2025	\$ 14,023	\$ 2,442,827	\$ 2,456,850
Net book value:			
As at December 31, 2023	\$ 7,834	\$ 1,330,341	\$ 1,338,175
As at December 31, 2024	\$ 8,919	\$ 1,410,382	\$ 1,419,301
As at June 30, 2025	\$ 7,633	\$ 1,420,522	\$ 1,428,155

In the six months ended June 30, 2025 property, plant and equipment ("PPE") additions of \$94.0 million mainly relate to drilling and facility costs in Colombia. During the six months ended June 30, 2025, the Company incurred \$16.8 million in property acquisition costs to acquire the remaining working interest in Block LLA-32, resulting in a 100% working interest in the Block.

For the six months ended June 30, 2025 future development costs of \$378.0 million (six months ended June 30, 2024 - \$459.6 million) were included in the depletion calculation for development and production assets. For the six months ended June 30, 2025 \$3.6 million of general and administrative costs (six months ended June 30, 2024 - \$1.0 million) have been capitalized in respect of development and production activities during the current period.

At June 30, 2025 there were no indicators of impairment noted, or indicators requiring a reversal of previously recorded impairments.

9. Long-term Inventory

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

Cost		
Balance at December 31, 2023	\$	204,701
Additions		55,990
Transfers to E&E and PP&E assets		(40,028)
Transfer to production costs		(5,269)
Sale of inventory		(5,920)
Impairment		(10,000)
Balance at December 31, 2024	\$	199,474
Additions		5,877
Transfers to E&E and PP&E assets		(11,510)
Transfer to production costs		(1,984)
Sale of inventory		(698)
Balance at June 30, 2025	\$	191,159

For the six months ended June 30, 2025, long-term inventory additions were \$5.9 million, \$11.5 million of long-term inventory was incorporated into the costs of E&E and PP&E projects, \$2.0 million was incorporated into production costs and \$0.7 million of inventory was sold.

During the six months ended June 30, 2025, the Company completed an impairment review of its long-term inventory and there were no indicators of impairment noted to record additional impairment to that recorded at December 31, 2024.

10. Property Acquisition

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

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

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

Assets acquired and liabilities assumed

PP&E	\$	16,788
Decommissioning liabilities		(820)
	\$	15,968

Consideration for the acquisition

Purchase price	\$	19,000
Purchase price adjustments		(3,032)
Net consideration	\$	15,968

Cash paid	\$	14,970
Working capital adjustments		998
Total consideration paid	\$	15,968

No working capital was included in the assets acquired.

The pro forma results for the six month period ended June 30, 2025 are shown below, as if the LLA-32 Acquisition had occurred on January 1, 2025. Pro forma results are not indicative of actual results or future performance.

Oil and natural gas sales	\$	508,468
Net revenue less direct costs	\$	299,815

The pro forma net income and pro forma net income per share, basic and diluted, are considered impracticable to calculate and therefore not included. The consolidated statement of comprehensive income for the six months ended June 30, 2025 includes \$11.3 million of oil sales attributable to the assets acquired since the LLA-32 Acquisition. Revenue less direct costs for the six months ended June 30, 2025 attributable to the assets acquired since the LLA-32 Acquisition is \$7.3 million. Net income for the six months ended June 30, 2025 attributable to the assets acquired since the LLA-32 Acquisition is considered impracticable to calculate.

11. Bank Debt

	June 30, 2025	December 31, 2024
Bank debt	\$ 18,000	\$ 60,000

The Company has a senior secured credit facility with a syndicate of banks which at June 30, 2025 had a borrowing base of \$240.0 million (December 31, 2024 - \$240.0 million). The credit facility is intended to serve as means to increase liquidity and fund cash or letter of credit needs as they arise. At June 30, 2025, \$18.0 million (December 31, 2024 - \$60.0 million) was drawn on the credit facility. The undrawn capacity on the credit facility at June 30, 2025 was \$222.0 million (December 31, 2024 - \$180.0 million).

The credit facility bears interest and fees based in the following manner:

- (i) advances on the revolving facility bear interest at rates per annum equal to U.S. Base Rate or SOFR plus applicable margins;
- (ii) advances on the operating line bear interest at rates per annum equal to Canadian Prime Rate plus applicable margins; and
- (iii) undrawn amounts bear a commitment fee.

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

Key covenants include a rolling four quarters total funded debt to adjusted EBITDA test of 3:50:1, and other standard business operating covenants for each reporting period. The Company was in compliance with all key covenants at June 30, 2025.

The following table lists the Company's key financial covenant at June 30, 2025:

Covenant Description	June 30, 2025
Total Funded Debt to Adjusted EBITDA	Maximum Ratio 3.50:1 0.44

At June 30, 2025, performance guarantees are in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of \$227.5 million (December 31, 2024 - \$160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks (see note 23 - Commitments and Contingencies).

12. Lease Obligations

	Canada	Colombia	Total
Balance at December 31, 2023	\$ 5,154	\$ 1,316	\$ 6,470
Interest expense	38	151	189
Lease payments	(702)	(168)	(870)
Foreign exchange gain	(419)	(167)	(586)
Balance at December 31, 2024	\$ 4,071	\$ 1,132	\$ 5,203
Interest expense	17	76	93
Lease payments	(229)	(82)	(311)
Foreign exchange loss	201	93	294
Balance at June 30, 2025	\$ 4,060	\$ 1,219	\$ 5,279
Current obligation	(728)	(17)	(745)
Long-term obligation	\$ 3,332	\$ 1,202	\$ 4,534

13. Oil and Natural Gas Sales and Other Revenue

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Crude oil	\$ 232,465	\$ 361,690	\$ 492,342	\$ 694,433
Natural gas	6,605	3,184	12,363	5,739
Oil and natural gas sales	\$ 239,070	\$ 364,874	\$ 504,705	\$ 700,172

At June 30, 2025, receivables from contracts with customers, which are included in accounts receivable, were \$59.2 million (December 31, 2024 - \$77.1 million).

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Other revenue	\$ 2,319	\$ 1,759	\$ 4,831	\$ 3,180

14. Net Finance Expense

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Bank charges and credit facility fees	\$ 1,402	\$ 648	\$ 2,191	\$ 1,401
Interest on bank debt	465	1,460	1,234	2,596
Accretion on decommissioning and environmental liabilities	3,316	2,441	6,538	4,831
Interest and other income	(612)	(1,097)	(1,909)	(2,354)
Right-of-use-asset interest	46	51	93	95
Expected credit loss (recovery) provision	(50)	(41)	(149)	34
Other	295	(600)	623	(543)
Net finance expense	\$ 4,862	\$ 2,862	\$ 8,621	\$ 6,060

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Non-cash finance expense	\$ 3,262	\$ 1,959	\$ 6,386	\$ 4,425
Cash finance expense	1,600	903	2,235	1,635
Net finance expense	\$ 4,862	\$ 2,862	\$ 8,621	\$ 6,060

15. Decommissioning and Environmental Liabilities

	Decommissioning	Environmental	Total
Balance, December 31, 2023	\$ 71,523	\$ 24,209	\$ 95,732
Additions	5,398	332	5,730
Settlements of obligations during the year	(7,038)	(3,235)	(10,273)
Loss on settlement of obligations	1,593	—	1,593
Accretion expense	6,853	2,353	9,206
Change in estimate - inflation and discount rates	(9,400)	(3,205)	(12,605)
Change in estimate - costs and timing of settlements	1,725	(8,342)	(6,617)
Foreign exchange gain	(2,185)	(2,906)	(5,091)
Balance, December 31, 2024	\$ 68,469	\$ 9,206	\$ 77,675
Additions	1,879	2,472	4,351
Property acquisitions - Note 10	702	118	820
Settlements of obligations during the period	(3,250)	(970)	(4,220)
Loss on settlement of obligations	545	—	545
Accretion expense	3,817	2,721	6,538
Change in estimate - inflation and discount rates	(4,998)	(639)	(5,637)
Change in estimate - costs and timing of settlements	810	109	919
Foreign exchange loss	1,469	815	2,284
Balance, June 30, 2025	\$ 69,443	\$ 13,832	\$ 83,275
Current obligation	(8,901)	(2,181)	(11,082)
Long-term obligation	\$ 60,542	\$ 11,651	\$ 72,193

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

The total decommissioning and environmental liability is estimated based on the Company's net ownership in wells drilled as at June 30, 2025, the estimated costs to abandon and reclaim the wells and well sites and the estimated timing of the costs to be paid in future periods. The total undiscounted amount of cash flows required to settle the Company's decommissioning liability is approximately \$223.0 million as at June 30, 2025 (December 31, 2024 – \$216.8 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 12.2% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2024 – 11.2% risk-free discount rate and a 4.0% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the decommissioning liability is \$8.9 million (December 31, 2024 – \$11.7 million) that is classified as a current obligation.

The total undiscounted amount of cash flows required to settle the Company's environmental liability is approximately \$23.0 million as at June 30, 2025 (December 31, 2024 – \$24.6 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 12.2% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2024 – 11.2% risk-free discount rate and a 4.0% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the environmental liability is \$2.2 million (December 31, 2024 – \$2.9 million) that is classified as a current obligation.

16. Share Capital

a) Issued and outstanding common shares

	Number of shares	Amount
Balance, December 31, 2023	103,811,718	\$ 660,817
Issued for cash – exercise of options	22,168	309
Allocation of contributed surplus – exercise of options	—	102
Repurchase of shares	(5,494,850)	(28,329)
Balance, December 31, 2024	98,339,036	\$ 632,899
Repurchase of shares	(1,154,900)	(5,733)
Balance, June 30, 2025	97,184,136	\$ 627,166

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

In the six months ended June 30, 2025, there were no options exercised (year ended December 31, 2024 - 22,168 options were exercised for proceeds of \$0.3 million). Also, in the six months ended June 30, 2025, the Company repurchased 1,154,900 common shares pursuant to its Normal Course Issuer Bid at a cost of \$11.3 million (average cost per share of Cdn\$13.37).

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

Dividends paid in 2025 were \$53.9 million or Cdn\$0.77 per share (for the year ended December 31, 2024 - \$112.2 million or Cdn\$1.53 per share) to shareholders on record for each dividend payment.

b) Stock options

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

	Number of stock options	Weighted average exercise price Cdn\$/option
Balance, December 31, 2023	690,645	23.32
Granted	248,842	21.06
Exercised	(22,168)	18.75
Forfeited	(17,890)	24.67
Balance, December 31, 2024	899,429	22.78
Granted	533,022	12.74
Forfeited	(144,128)	22.26
Balance, June 30, 2025	1,288,323	18.68

Stock options outstanding and the weighted average remaining life of the stock options at June 30, 2025 are as follows:

Exercise price Cdn\$	Options outstanding			Options vested		
	Number of options	Weighted average remaining life (years)	Weighted average exercise price Cdn\$/option	Number of options	Weighted average remaining life (years)	Weighted average exercise price Cdn\$/option
\$12.74 - \$15.49	533,022	4.68	\$ 12.74	—	—	\$ —
\$15.50 - \$21.35	246,568	3.66	\$ 21.04	83,379	3.61	\$ 21.00
\$21.36 - \$22.71	155,405	0.61	\$ 21.69	155,405	0.61	\$ 21.69
\$22.72 - \$24.12	193,491	2.61	\$ 22.77	128,978	2.61	\$ 22.77
\$24.13 - \$27.02	159,837	1.61	\$ 27.00	159,837	1.61	\$ 27.00
	1,288,323	3.30	\$ 18.68	527,599	1.88	\$ 23.45

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

For the six months ended June 30,	2025	2024
Risk-free interest rate (%)	2.66	3.67
Expected life (years)	4	4
Expected volatility (%)	41	47
Forfeiture rate (%)	3	3
Expected dividend yield (%)	11.07	7.03

The weighted average fair value at the grant date for the six months ended June 30, 2025 was Cdn\$1.68 per option (six months ended June 30, 2024 - Cdn\$5.10 per option). In the six months ended June 30, 2025, there were no options exercised. The weighted average share price on the exercise date for options exercised in the six months ended June 30, 2024 was Cdn\$22.14.

c) Equity settled share-based compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Option expense	\$ 182	\$ 228	\$ 362	\$ 426
Total equity settled share-based compensation expense	\$ 182	\$ 228	\$ 362	\$ 426

17. Cash Settled Incentive Plans

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

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

CosRSU:	Number of CosRSUs	Weighted average exercise price Cdn\$/CosRSU
Balance, December 31, 2023	1,236,515	—
Granted ⁽¹⁾	683,101	—
Exercised	(593,565)	—
Forfeited	(163,799)	—
Balance, December 31, 2024	1,162,252	—
Granted ⁽¹⁾	943,895	—
Exercised	(536,254)	—
Forfeited	(27,730)	—
Balance, June 30, 2025	1,542,163	—

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

CosPSU:	Number of CosPSUs	Weighted average exercise price Cdn\$/CosPSU
Balance, December 31, 2023	821,865	—
Granted ⁽¹⁾	151,779	—
Granted by performance factor	57,567	—
Exercised	(345,774)	—
Forfeited	(2,850)	—
Balance, December 31, 2024	682,587	—
Granted ⁽¹⁾	139,519	—
Granted by performance factor	40,596	—
Exercised	(303,209)	—
Forfeited	(9,979)	—
Balance, June 30, 2025	549,514	—

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

As at June 30, 2025 and 2024, no CosRSUs and CosPSUs were vested.

The weighted average fair value at the grant date for the six months ended June 30, 2025 was Cdn\$12.71 per CosRSU and CosPSU (six months ended June 30, 2024 - Cdn\$21.06 per CosRSU and CosPSU). The weighted average share price on the exercise date for CosRSUs and CosPSUs exercised during the six months ended June 30, 2025 was Cdn\$13.67 (six months ended June 30, 2024 – Cdn\$21.98).

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

Obligations for payments of cash under the CosRSUs and CosPSUs plans are accrued as compensation expense over the vesting period based on the fair value of CosRSUs and CosPSUs. The fair value of CosRSUs and CosPSUs is equivalent to the trading value of a common share of the Company on the valuation date. As at June 30, 2025, the total CosRSUs and CosPSUs liability accrued is \$7.7 million (December 31, 2024 - \$11.2 million) of which \$1.7 million (December 31, 2024 - \$4.0 million) is classified as long-term in accordance with the three-year vesting period.

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

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

LDRSU:	Number of LDRSUs	Weighted average exercise price Cdn\$/LDRSU
Balance, December 31, 2023	—	—
Granted ⁽¹⁾	154,383	—
Forfeited	(51,888)	—
Balance, December 31, 2024	102,495	—
Granted ⁽¹⁾	195,641	—
Balance, June 30, 2025	298,136	—

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

LDPSU:	Number of LDPSUs	Weighted average exercise price Cdn\$/LDPSU
Balance, December 31, 2023	—	—
Granted ⁽¹⁾	208,577	—
Balance, December 31, 2024	208,577	—
Granted ⁽¹⁾	387,694	—
Balance, June 30, 2025	596,271	—

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

As at June 30, 2025 36,779 LDRSUs and no LDPSUs were vested. As at June 30, 2024 no LDRSUs and LDPSUs were vested.

The weighted average fair value at the grant date for the six months ended June 30, 2025 was Cdn\$12.75 per LDRSU and LDPSU (six months ended June 30, 2024 - Cdn\$21.06 per LDRSU and LDPSU).

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

Obligations for payments of cash under the LDRSUs and LDPSUs plans are accrued as compensation expense over the vesting period based on the fair value of LDRSUs and LDPSUs. The fair value of LDRSUs and LDPSUs is equivalent to the trading value of a common share of the Company on the valuation date. As at June 30, 2025, the total LDRSUs and LDPSUs liability accrued is \$1.7 million (December 31, 2024 - \$0.9 million) of which \$1.1 million (December 31, 2024 - \$0.6 million) is classified as long-term in accordance with the three-year vesting period.

c) Deferred share units ("DSUs")

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

	Number of DSU's	Weighted average exercise price Cdn\$/ DSU
Balance, December 31, 2023	313,294	—
Granted ⁽¹⁾	57,382	—
Exercised on board retirement	(21,864)	—
Balance, December 31, 2024	348,812	—
Granted ⁽¹⁾	109,942	—
Balance, June 30, 2025	458,754	—

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

The weighted average fair value at the grant date for the six months ended June 30, 2025 was \$10.88 per DSU (six months ended June 30, 2024 - Cdn\$23.87 per DSU). In the six months ended June 30, 2025, there were no DSUs exercised. The weighted average share price on the exercise date for DSUs exercised during the six months ended June 30, 2024 was Cdn\$22.69.

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

As at June 30, 2025, the total DSUs liability accrued is \$4.7 million (December 31, 2024 - \$3.5 million) of which \$3.3 million (December 31, 2024 - \$3.5 million) is classified as long-term in accordance with the terms of the DSU plan.

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

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

	Number of CRSUs	Weighted average exercise price Cdn\$/ CRSU
Balance, December 31, 2023	679,112	—
Granted ⁽¹⁾	569,740	—
Exercised	(350,201)	—
Forfeited	(87,975)	—
Balance, December 31, 2024	810,676	—
Granted ⁽¹⁾	935,973	—
Exercised	(350,288)	—
Forfeited	(48,707)	—
Balance, June 30, 2025	1,347,654	—

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

The weighted average fair value at the grant date for six months ended June 30, 2025 was Cdn\$12.74 per CRSU (six months ended June 30, 2024 - Cdn\$21.13 per CRSU). The weighted average share price on the exercise date for CRSUs exercised for the six months ended June 30, 2025 was Cdn\$13.90 (six months ended June 30, 2024 - Cdn\$22.11).

Obligations for payments of cash under the CRSUs plan are accrued as compensation expense over the vesting period based on the fair value of CRSUs. The fair value of CRSUs is equivalent to the trading value of a common share of the Company on the valuation date. As at June 30, 2025, the total CRSUs liability accrued is \$3.6 million (December 31, 2024 - \$4.4 million) of which \$1.2 million (December 31, 2024 - \$1.4 million) is classified as long-term in accordance with the three-year vesting period.

e) Cash settled share-based compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
CosRSUs and CosPSUs expense	\$ 2,837	\$ 2,934	\$ 4,629	\$ 2,334
LDRSUs and LDPSUs expense	592	625	831	625
DSUs expense (recovery)	1,322	550	1,143	(277)
CRSUs expense	1,543	1,433	1,603	199
Total cash settled share-based compensation expense	\$ 6,294	\$ 5,542	\$ 8,206	\$ 2,881
Cash payments made upon exercise in the period	\$ 518	\$ 715	\$ 11,232	\$ 19,677

18. Net Income per Share

a) Basic net income per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Net income				
Net income for the purpose of basic net income per share	\$ 49,113	\$ 3,845	\$ 129,742	\$ 63,938
Weighted average number of shares for the purposes of basic net income per share (000s)	97,501	102,259	97,806	102,866
Basic net income per share	\$ 0.50	\$ 0.04	\$ 1.33	\$ 0.62

b) Diluted net income per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Net income				
Net income used to calculate diluted net income per share	\$ 49,113	\$ 3,845	\$ 129,742	\$ 63,938
Weighted average number of shares for the purposes of basic net income per share (000s)	97,501	102,259	97,806	102,866
Dilutive effect of stock options on potential common shares	—	13	—	8
Weighted average number of shares for the purposes of diluted net income per share (000s)	97,501	102,272	97,806	102,874
Diluted net income per share	\$ 0.50	\$ 0.04	\$ 1.33	\$ 0.62

For the three and six months ended June 30, 2025, 1,288,323 stock options (three and six months ended June 30, 2024 - 547,741 and 618,805 stock options) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

19. Supplemental Disclosure of Cash Flow Information

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

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

	As at June 30,		As at March 31,		As at December 31,	
	2025	2024	2025	2024	2024	2023
Cash and cash equivalents	\$ 98,825	\$ 119,468	\$ 81,025	\$ 61,052	\$ 98,022	\$ 140,352
Restricted cash and cash equivalents - current	597	615	619	—	581	—
Restricted cash and cash equivalents - long-term ⁽¹⁾	4,078	9,352	4,513	8,428	3,184	3,556
	\$ 103,500	\$ 129,435	\$ 86,157	\$ 69,480	\$ 101,787	\$ 143,908

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

b) Net change in assets and liabilities

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Accounts receivable	\$ 39,812	\$ 46,358	\$ 17,912	\$ 17,998
Prepays and other current assets	3,794	(9,182)	1,671	(3,205)
Oil inventory	1,060	(1,640)	1,808	(6,049)
Current income tax receivable/payable	(2,986)	17,762	(9,983)	26,316
Accounts payable and accrued liabilities	22,388	(1,803)	26,629	(43,240)
Depletion related to oil inventory	(327)	528	(546)	1,770
Decommissioning and environmental liabilities	(1,366)	(2,508)	(4,220)	(3,644)
Net change in assets and liabilities	\$ 62,375	\$ 49,515	\$ 33,271	\$ (10,054)
Operating	\$ 37,821	\$ 41,830	\$ 3,255	\$ (9,065)
Investing	25,885	6,952	31,244	(1,722)
Financing	(1,331)	733	(1,228)	733
Net change in assets and liabilities	\$ 62,375	\$ 49,515	\$ 33,271	\$ (10,054)

c) Interest and taxes paid

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Cash interest paid	\$ 625	\$ 1,708	\$ 1,682	\$ 2,825
Cash income taxes paid	\$ —	\$ —	\$ —	\$ —

20. Capital Management

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

The Company has a senior secured credit facility with a syndicate of banks which as at June 30, 2025 had a borrowing base in the amount of \$240.0 million (December 31, 2024 - \$240.0 million). The credit facility is intended to serve as a means to increase liquidity and fund cash or letter of credit needs as they arise. As at June 30, 2025, \$18.0 million (December 31, 2024 - \$60.0 million) was drawn on the credit facility.

At June 30, 2025, performance guarantees are in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of \$227.5 million (December 31, 2024 - \$160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks (see note 23 - Commitments and Contingencies).

As at June 30, 2025, the Company's net working capital surplus was \$20.0 million (December 31, 2024 - \$59.4 million).

The Company has the ability to adjust its capital structure by issuing new equity or debt and making adjustments to its capital expenditure, share buy-back and dividend programs to the extent the capital expenditures are not committed. The Company considers its capital structure at this time to include shareholders' equity, the credit facility and its working capital. As at June 30, 2025 shareholders' equity was \$1,896.2 million (December 31, 2024 - \$1,831.3 million).

21. Financial Instruments and Risk Management

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

As at June 30, 2025, with other variables unchanged, the impact on the Company's financial instruments of a 10% strengthening (weakening) of the Canadian dollar and COP against the US dollar would have decreased (increased) net income by approximately \$7.7 million.

a) Credit risk

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

For the six months ended June 30, 2025 the Company had the majority of its oil sales to two counterparties. The accounts receivable balance as at June 30, 2025 are substantially made up of receivables with customers in the oil and gas industry and are subject to normal industry credit risks. The Company historically has not experienced any collection issues with its crude oil customers. At June 30, 2025, there were no accounts receivable past due (December 31, 2024 - \$nil).

None of the Company's receivables are impaired at June 30, 2025. The maximum credit risk exposure associated with accounts receivable is the total carrying value.

b) Liquidity risk

The Company's approach to managing liquidity risk is to have sufficient cash and/or credit facilities to meet its obligations when due. Management typically forecasts cash flows for a period of 12 to 36 months to identify any financing requirements. Liquidity is managed through daily and longer-term cash, debt and equity management strategies. These include estimating future cash generated from operations based on reasonable production and pricing assumptions, estimating future discretionary and non-discretionary capital expenditures and assessing the amount of equity or debt financing available. The Company is committed to maintaining a strong balance sheet and has the ability to change its capital program based on expected operating cash flows. The balance drawn on the Company's \$240.0 million credit facility at June 30, 2025 was \$18.0 million (December 31, 2024 - \$60.0 million).

The following are the contractual maturities of financial liabilities at June 30, 2025:

	Less than 1 year	2-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	\$ 197,227	—	—	—	\$ 197,227
Bank debt	—	18,000	—	—	18,000
Lease obligations	745	4,534	—	—	5,279
Cash settled equity plans payable	10,383	7,292	—	—	17,675
Total	\$ 208,355	29,826	—	—	\$ 238,181

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

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

c) Commodity price risk

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

As at June 30, 2025, the Company had the following crude oil risk management contracts in place.

Period Hedged	Reference	Volume bbls/d	Sold Put	Purchased Put	Premium
July 1, 2025 to July 31, 2025	ICE Brent	22,250	\$60.00	\$65.00	\$1.56
August 1, 2025 to August 31, 2025	ICE Brent	22,250	\$60.00	\$65.00	\$1.56
September 1, 2025 to September 30, 2025	ICE Brent	22,250	\$60.00	\$65.00	\$1.56

The table below summarizes the gain/loss on the commodity risk management contracts that were in place during the three and six months ended June 30, 2025 and 2024:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Realized gain on commodity risk management contracts	\$ (3,337)	\$ —	\$ (3,337)	\$ —
Premiums paid on commodity risk management contracts	2,169	—	3,530	—
Unrealized gain on commodity risk management contracts	(362)	—	(1,160)	—
Total	\$ (1,530)	\$ —	\$ (967)	\$ —

d) Foreign currency risk

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

As at June 30, 2025, the Company had the following foreign currency risk management contracts in place.

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

The table below summarizes the gain on the foreign currency risk management contracts that were in place during the three and six months ended June 30, 2025 and 2024 which is recorded in the financial statement line item "Foreign exchange (gain) loss" in the consolidated statements of comprehensive income:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Realized gain on foreign currency risk management contracts	\$ (1,225)	\$ —	\$ (1,225)	\$ —
Unrealized gain on foreign currency risk management contracts	(4,132)	—	(4,132)	—
Total	\$ (5,357)	\$ —	\$ (5,357)	\$ —

22. Segmented Information

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

For the three months ended June 30, 2025	Canada		Colombia		Total
Oil and natural gas sales	\$	—	\$	239,070	\$ 239,070
Royalties		—		(30,913)	(30,913)
Net revenue		—		208,157	208,157
Other revenue		—		2,319	2,319
Commodity risk management contracts gain		—		1,530	1,530
Revenue		—		212,006	212,006
Expenses					
Production		—		49,492	49,492
Transportation		—		17,421	17,421
Purchased oil		—		(30)	(30)
General and administrative		8,097		8,587	16,684
Equity settled share-based compensation expense		182		—	182
Cash settled share-based compensation expense		4,751		1,543	6,294
Depletion, depreciation and amortization		709		47,240	47,949
Other expenses		—		12,453	12,453
Foreign exchange (gain) loss		1,684		(3,721)	(2,037)
		15,423		132,985	148,408
Finance (income)		(84)		(528)	(612)
Finance expense		1,725		3,749	5,474
Net finance expense		1,641		3,221	4,862
Income (loss) before taxes		(17,064)		75,800	58,736
Current tax expense (recovery)		(139)		9,384	9,245
Deferred tax expense (recovery)		(1,162)		1,540	378
Net income (loss)	\$	(15,763)	\$	64,876	\$ 49,113
Capital assets (end of period)	\$	7,633	\$	1,592,939	\$ 1,600,572
Capital expenditures	\$	129	\$	88,561	\$ 88,690
Total assets (end of period)	\$	44,259	\$	2,178,919	\$ 2,223,178

For the three months ended June 30, 2024	Canada		Colombia		Total
Oil and natural gas sales	\$	—	\$	364,874	\$ 364,874
Royalties		—		(60,772)	(60,772)
Net revenue		—		304,102	304,102
Other revenue		—		1,759	1,759
Revenue		—		305,861	305,861
Expenses					
Production		—		62,741	62,741
Transportation		—		16,472	16,472
Purchased oil		—		356	356
General and administrative		7,422		11,385	18,807
Impairment of exploration and evaluation assets		—		4,661	4,661
Equity settled share-based compensation expense		228		—	228
Cash settled share-based compensation expense		4,109		1,433	5,542
Depletion, depreciation and amortization		562		56,321	56,883
Other expenses ⁽¹⁾		—		1,462	1,462
Foreign exchange loss		170		944	1,114
		12,491		155,775	168,266
Finance (income)		(228)		(869)	(1,097)
Finance expense ⁽¹⁾		1,579		2,380	3,959
Net finance expense		1,351		1,511	2,862
Income (loss) before taxes		(13,842)		148,575	134,733
Current tax expense		1,425		46,511	47,936
Deferred tax expense (recovery)		(690)		83,642	82,952
Net income (loss)	\$	(14,577)	\$	18,422	\$ 3,845
Capital assets (end of period)	\$	7,090	\$	1,605,833	\$ 1,612,923
Capital expenditures	\$	189	\$	97,608	\$ 97,797
Total assets (end of period)	\$	74,069	\$	2,250,414	\$ 2,324,483

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

For the six months ended June 30, 2025	Canada		Colombia		Total
Oil and natural gas sales	\$	—	\$	504,705	\$ 504,705
Royalties		—		(67,318)	(67,318)
Net revenue		—		437,387	437,387
Other revenue		—		4,831	4,831
Commodity risk management contracts gain		—		967	967
Revenue		—		443,185	443,185
Expenses					
Production		—		106,350	106,350
Transportation		—		34,239	34,239
Purchased oil		—		162	162
General and administrative		15,787		18,668	34,455
Equity settled share-based compensation expense		362		—	362
Cash settled share-based compensation expense		6,603		1,603	8,206
Depletion, depreciation and amortization		1,510		96,858	98,368
Other expenses		—		13,600	13,600
Foreign exchange (gain) loss		1,667		(5,288)	(3,621)
		25,929		266,192	292,121
Finance (income)		(214)		(1,695)	(1,909)
Finance expense		2,857		7,673	10,530
Net finance expense		2,643		5,978	8,621
Income (loss) before taxes		(28,572)		171,015	142,443
Current tax expense (recovery)		(1,139)		22,271	21,132
Deferred tax (recovery) expense		100		(8,531)	(8,431)
Net income (loss)	\$	(27,533)	\$	157,275	\$ 129,742
Capital assets (end of period)	\$	7,633	\$	1,592,939	\$ 1,600,572
Capital expenditures	\$	224	\$	145,520	\$ 145,744
Total assets (end of period)	\$	44,259	\$	2,178,919	\$ 2,223,178

For the six months ended June 30, 2024	Canada		Colombia		Total
Oil and natural gas sales	\$	—	\$	700,172	\$ 700,172
Royalties		—		(113,854)	(113,854)
Net revenue		—		586,318	586,318
Other revenue		—		3,180	3,180
Revenue		—		589,498	589,498
Expenses					
Production		—		122,565	122,565
Transportation		—		32,569	32,569
Purchased oil		—		457	457
General and administrative		18,464		19,511	37,975
Impairment of exploration and evaluation assets		—		4,661	4,661
Equity settled share-based compensation expense		426		—	426
Cash settled share-based compensation expense		2,682		199	2,881
Depletion, depreciation and amortization		1,107		108,007	109,114
Other expenses ⁽¹⁾		—		2,201	2,201
Foreign exchange (gain) loss		368		(422)	(54)
		23,047		289,748	312,795
Finance (income)		(586)		(1,768)	(2,354)
Finance expense ⁽¹⁾		2,995		5,419	8,414
Net finance expense		2,409		3,651	6,060
Income (loss) before taxes		(25,456)		296,099	270,643
Current tax expense (recovery)		(2,146)		88,892	86,746
Deferred tax expense		2,934		117,025	119,959
Net income (loss)	\$	(26,244)	\$	90,182	\$ 63,938
Capital assets (end of period)	\$	7,090	\$	1,605,833	\$ 1,612,923
Capital expenditures	\$	363	\$	182,855	\$ 183,218
Total assets (end of period)	\$	74,069	\$	2,250,414	\$ 2,324,483

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

For the three months ended June 30, 2025, the Company had three external customers (three months ended June 30, 2024 - two external customers), in the oil and gas industry that subject to normal industry credit risks, constituted more than 10% of commodity sales from production. Sales to these customers totaled \$227.0 million for the three months ended June 30, 2025 and \$356.9 million for the three months ended June 30, 2024.

For the six months ended June 30, 2025, the Company had two external customers (six months ended June 30, 2024 - one external customer), in the oil and gas industry that subject to normal industry credit risks, constituted more than 10% of commodity sales from production. Sales to these customers totaled \$409.6 million for the six months ended June 30, 2025 and \$471.6 million for the six months ended June 30, 2024.

23. Commitments and Contingencies

a) Colombia

At June 30, 2025, performance guarantees are in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A., ("Ecopetrol") joint venture blocks related to the exploration work commitments on its Colombian concessions in the amount of \$227.5 million (December 31, 2024 - \$160.7 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks.

The value of the Company's exploration commitments as at June 30, 2025 in respect of the Colombia work commitments under E&P contracts, and joint venture farm-in arrangements are estimated to be as follows:

2025	\$	43,529
2026		135,867
2027		19,563
2028		106,360
2029		11,689
Thereafter		476,393
	\$	793,401

b) Operating leases

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

The existing minimum lease payments for office space and accommodations at June 30, 2025 are as follows:

	Total	2025	2026	2027	2028	2029	Thereafter
Office and accommodations	\$ 7,558	1,588	2,737	1,288	778	778	389

DIRECTORS

Wayne Foo
Chairman of the Board

Lynn Azar

Alberto Consuegra

Sigmund Cornelius

Mona Jasinski

Jeff Lawson

G.R. (Bob) MacDougall

Glenn McNamara
Lead Director

Imad Mohsen

Carmen Sylvain

OFFICERS & SENIOR EXECUTIVES

Imad Mohsen
President & Chief Executive Officer

Daniel Ferreira
President & Country Manager, Parex Resources Colombia

Cameron Grainger
Chief Financial Officer

Eric Furlan
Chief Operating Officer

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

Joshua Share
Sr. Vice President, Corporate Services

Katie Bernard
Vice President, New Ventures

CORPORATE HEADQUARTERS

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

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

OPERATING OFFICES

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

Tel: +57 (601) 841-8457

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

RESERVES EVALUATORS

GLJ Ltd.
Calgary, Alberta

INVESTOR RELATIONS

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

Tel: 403-517-1733

Steven Eirich
Sr. Investor Relations & Communications Advisor

Tel: 587-293-3286

E-mail: investor.relations@parexresources.com

Website: www.parexresources.com

ABBREVIATIONS

Oil and Natural Gas Liquids

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

Other

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