

The background of the cover is a close-up photograph of tall grasses or reeds, with the sun low on the horizon, creating a warm, golden glow and long shadows. The text is centered in the upper half of the image.

PAREX

SUSTAINABILITY REPORT
2014



BALANCED GROWTH



PAREX is an oil exploration company for which the words growth and balance are closely related. This is because its shareholders and directors understand that the Company's long-term success essentially depends on its ability to relate a successful business to the prevailing quest for social, economic and environmental balance in the areas where it operates.

WE STRIVE TO GENERATE SHARED BENEFITS

LETTER FROM THE PRESIDENT

PAREX sets its priorities by looking ahead. During the five years of oil exploration work in Colombia, we have built a solid company with a record of sustained production and reserve growth. By the end of 2014, production peaked at 22,526 barrels of oil per day, while proven and probable reserves (2P) reached 68.4 MMboe. These results were possible by striving to diversify our production base, achieve operational success, and expand the number of exploration blocks awarded by the National Hydrocarbons Agency to twenty-two, two of which were added as a result of the 2014 round.

Our success so far would not have been possible without the commitment, enthusiasm, and expertise of a great team of professionals, the dedication of our contractors, and the generosity of communities who have housed us in their territory. We can only hope to repay this generosity by implementing the most important pillar of our Social Responsibility: creating shared benefits.

Our Safety Policy conveys our concern for the people who work at PAREX. We want our employees to return home safely and this is only attainable by adopting safe practices in the workplace and meeting the highest standards.


At PAREX, we make sure that we build and maintain a relationship with the community that is based on respect and on direct, ongoing, two-way communication. Dialoguing openly has

allowed us to identify points of contact with our stakeholders and to work together around projects that are both strategic for the company and have an impact on the quality of life in communities.

As for our commitment to the environment, I can proudly state that we have never let our guard down: the PAREX team undertakes hydrocarbon activities rigorously and complies with the provisions set by national and regional environmental authorities. Inspired by the responsibility we have as a company and as individuals to the future of the new generations in Colombia, PAREX also fosters initiatives that go beyond the law.

This report states the results of the challenges that we undertook in 2014; to this end, we welcomed the standards of the Global Reporting Initiative, GRI, in its G4 version, gradually adopting them as PAREX guidelines. We present the issues that are a priority for our stakeholders as well as those that are essential for our company, not only as a historic exercise but also as a platform from which to orient our company towards the future.

It is gratifying to see how our team was actively involved in guiding and producing this document; to know that the document is expected to become not only a way of reporting the company's performance to its shareholders, but a management tool that can help us to become even better.



We see 2015 as a great challenge, basically due to the drastic changes in the oil market. But we are moved by enthusiasm and confidence; we have a committed and experienced professional staff with the drive to tackle the situation successfully. We will anticipate the struggles that are particular to the industry and redefine priorities. We must think strategically, reprogramming our learning curve in order to grow and share value. The horizon we set for ourselves and that will guide our organizational culture from now on, is based on three pillars: (i) leadership in the complexity of the tasks we undertake, (ii) executive capacity and (iii) understanding environmental demands.

LEE DI STEFANO
PRESIDENT
PAREX RESOURCES COLOMBIA LTD. SUCURSAL

A HISTORY OF SUCCESS

PAREX FIRST SHIPMENT FOR EXPORT
CARIBBEAN SEA - COLOMBIA



“DURING THE FIVE YEARS OF OIL EXPLORATION WORK IN COLOMBIA, WE HAVE BUILT A SOLID COMPANY WITH A RECORD OF SUSTAINED GROWTH IN PRODUCTION AND RESERVES.”

LEE DI STEFANO
PRESIDENT PAREX RESOURCES
COLOMBIA SUCURSAL



OUR ORGANIZATION

PAREX is a Canadian Company engaged in the exploration, development and production of oil and gas. Its activities are concentrated primarily in Colombia, with operations in Casanare and in the lower and middle Magdalena valleys

PAREX Resources INC. manages its operations in Colombia through its branch, PAREX Resources Colombia LTD.

Sucursal registered under the laws of Barbados.

PAREX Resources headquarters are located in Calgary, Canada. The Company's common shares are traded in the Toronto Stock Exchange ("TSX") under the "PXT" symbol.



ABOUT THIS REPORT

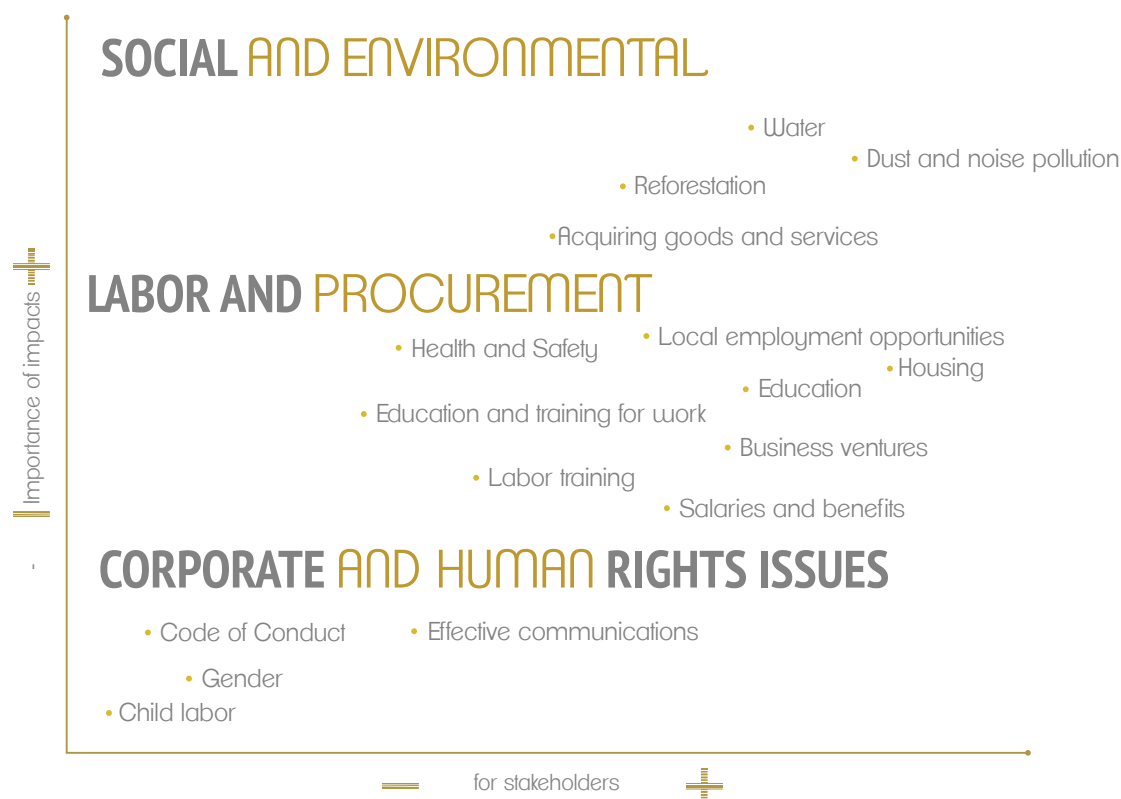
PAREX adopted the G4 Global Reporting Initiative (GRI) standard as well as the Oil & Gas Supplement indicators to present its 2014 Sustainability Report. This entailed a major organizational effort, as the Company had to adjust its internal processes to address relevant stakeholder concerns.

This Report addresses PAREX exploration, development and production in Colombia during 2014. No information is included on the new blocks or those in which the company operates as a partner and not as an operator. The data reported was consolidated according to the structure of our organization. Price Waterhouse Coopers (PWC) audits PAREX financial information. The consolidated financial information for PAREX's operations in Colombia is stated in Colombian pesos (COP). When converting the figures stated in US dollars to Colombian pesos, the report uses the Colombian Market Index Rate (TRM) average for each year.

For our company, the ongoing dialogue with our stakeholders encourages clear relationships and builds commitment and trust between the parties. However, we are aware that for various reasons there may be undesired silences. This is precisely why PAREX contracted Sigmund Consulting to encourage an extensive set of interviews with stakeholders, both in Bogota and in Casanare in areas where our operations have an influence, including conducting two focus groups communities. The purpose of these activities was to identify substantial issues around which to focus future dialogue and management.



NATURE




The material aspects identified by PAREX represent the main concerns of its stakeholders from the economic, social and environmental terms and that affect them directly or indirectly. The Company believes that it can have an impact on these issues, creating favorable conditions for sustainability and welfare for all.

This will require patient work, as well as participation by many local and national stakeholders, including interested public. PAREX will be determined in adjusting the processes and operations in order to secure its positive mark; it will strive as much as possible to

influence other agencies, organizations and individuals to direct their efforts to the focus on crucial matters.

This report took into account PAREX workers, contractors and suppliers, communities, local authorities and the media. In order to ensure independence, the firm Signum Consulting was invited to carry out an extensive visit to our areas of operation, and to come in contact with representatives from all the above groups. This exercise entailed having 86 interviews in 5 exploration blocks located in 5 municipalities and 8 villages in the department of Casanare.



**PAREX engaged
in dialogue** WITH

86 REPRESENTATIVES
OF ITS STAKEHOLDER
GROUPS IN

5 MUNICIPALITIES
OF CASANARE TO
IDENTIFY ISSUES

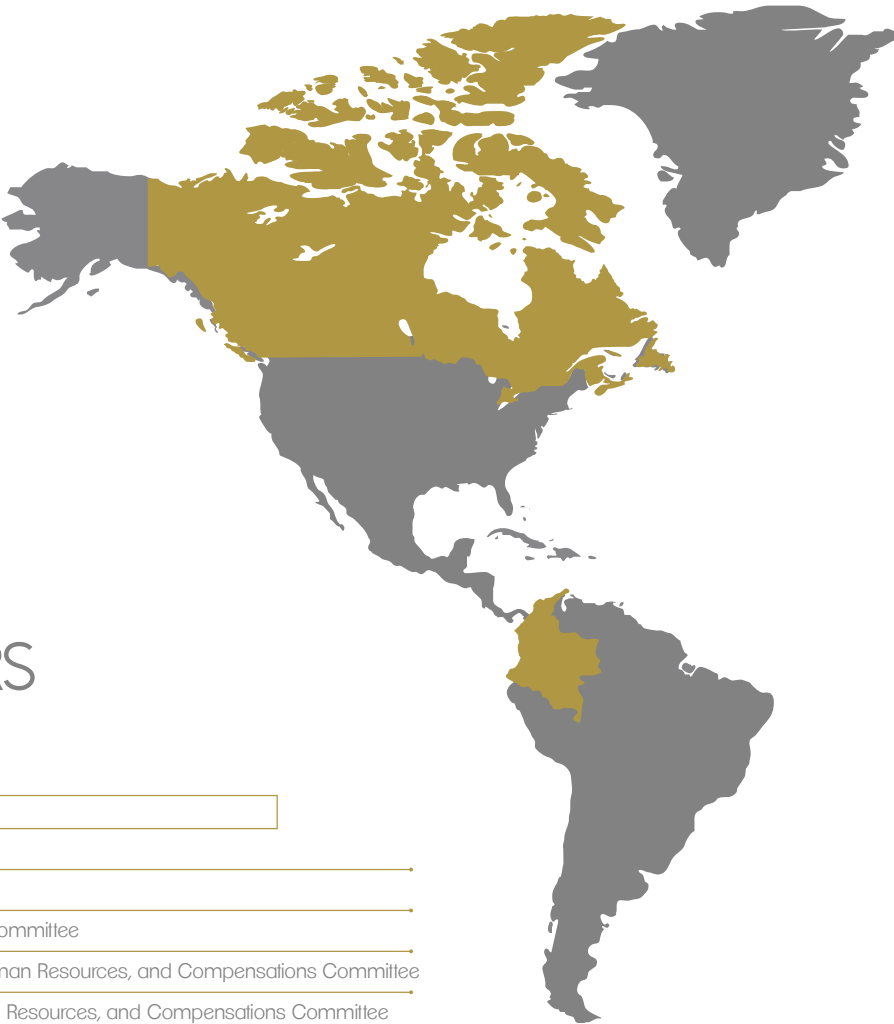
OF SUBSTANTIAL INTEREST TO THEM

PAREX IS INTERESTED IN MEETING THE COMMUNITIES' DEVELOPMENT EXPECTATIONS

CORPORATE GOVERNANCE, ETHICS, TRANSPARENCY, AND RESPECT

PAREX corporate governance is supported by a management system that seeks to tone the performance of their executive staff and guide the Company employees towards having upright behavior. Through this system, PAREX offers a quick and transparent response to its shareholders and stakeholders, and is accountable for its activities at every level of the organization.

The PAREX Board of Directors is the company's highest governing body. It consists of eight members with a proven track record in the hydrocarbon sector.



BOARD OF GOVERNORS PAREX RESOURCES INC.

NAME	POSITION
Norman F. McIntyre	President of the Board
Wayne K. Foo	President and Chief Executive Officer (CEO)
John F. Bechtold	President of the Operations and Reserves Committee
W.A. (Alf) Peneycad	President of the Corporate Governance, Human Resources, and Compensations Committee
Robert J. Engbloom	Member of Corporate Governance, Human Resources, and Compensations Committee
Paul D. Wright	President of the Auditing Committee
Curtis D. Bartlett	Member of the Auditing Committee
Ron D. Miller	Member of the Auditing Committee

Through three committees, the Board ensures the effectiveness of the Company's overall management, oversees management practices, and verifies that legal requirements are met. This is to comply with its principles: a company geared to act clearly and objectively in detecting and managing business related risks, promoting teamwork, that is aware of the roles it will play, driven by the commercial legitimacy of its ideas and rewarded through the value generated for its shareholders.

MANAGEMENT COMMITTEES



At PAREX, the safety of our workers is a priority. The Company has a Health, Safety and Environment Handbook in which the organization's commitments are detailed and all its employees agree to maintain a safe working environment. The Operations and Reserves Committee is responsible for maintaining this system reliable.

For its part, protecting Human Rights and civil liberties is a fundamental policy in the organization. Through this policy, PAREX protects and guarantee equal employment and contracting opportunities, rejects discrimination

based on race, creed, sexual orientation, age, status or income. It also condemns the harassment or abuse practiced against any of its employees. The Auditing Committee monitors the Protection and Promotion of Human Rights in PAREX and prevents any violation thereof.

Social responsibility is a value, which guides the overall performance of the Company and is manifested in the ability of the organization to create common stakeholders, especially in the communities where it undertakes its operations.

ETHICS AND INTEGRITY

In order to build and maintain its reputation, PAREX behaves like a good corporate citizen; the Code of Conduct sets guidelines to achieve this goal. The Code requires that all managers, employees or consultants strictly comply with the law, provide clear, complete and timely information when required by competent authorities, and report any violation to the rules contained therein.

PAREX employees are introduced to the code of Conduct to help them become familiar with the it, upon their admission, and get to know the Anti-Bribery and Corruption and Confidentiality of Information Policies. Employees are then requested to sign a document under which they declare they are familiar with and accept the provisions therein. PAREX teammates annually attend an anti-corruption conference dictated by the corporate vice president of Human Resources and must answer an evaluation questionnaire. The idea is for everyone to be clear on how these issues may influence the sustainability of the business.

The Company Board of Directors and its committees are the highest organs in charge of monitoring and ensuring

compliance with these guidelines. Any conduct contrary to these guidelines must be reported to the immediate supervisor. PAREX collaborators may occasionally report any such violations to the President of the Company or any member of the Board of Directors. Reports may also be filed through the www.ethicspoint.com complaint line, by dialing (1) 888-279-5269, contacting the legal consulting firm Burnet, Ducksworth & Palmer LLP or the Commission on Human Rights of Alberta, Canada.

PAREX is aware of the importance and impact of healthy living on the mental and physical health of its employees. This is why communication channels have been created through the Coexistence Committee (created by the current regulations - Law 1010 of 2006) that allow employees to express themselves freely and confidentially should feel their rights are being violated, and once they have used up regular channels to express their discontent. Preventive management has prevailed in the Committee, thus seeking to make employees aware of the needs of others and support good treatment and respect among them.



BUSINESS RESULTS

In 2010, PAREX produced 500 equivalent barrels of oil a day. The end of 2014 estimated the average production estimated at 22.526 bopd, 42% higher than the figure recorded in 2013. The growth in production was attributed mainly to successful exploration in Akira, Tigana, Tua and Llanos 32. Purchasing Summer Energy also boosted PAREX's expected production.

The above achievements evidence the effectiveness of PAREX's strategy, which is geared towards sustained business growth by acquiring new blocks, diversifying the production base, increasing reserves and managing costs efficiently.

PAREX's exploratory experience is represented in a historical success rate of 50%.

By 2014, cash flow from operations was US\$ 293.9 million (\$ 587,896 million Colombian pesos), which were reinvested in full in financing the costs of capital goods worth US\$ 286.9 million, excluding the costs of corporate acquisition. The difference between capital expenditures and cash flow was financed through a credit line for working capital.

During that period the company's net debt was reduced to US\$31.7 million (COL\$ 63,410 million Colombian pesos).

Discovery, Development and Acquisition costs for the year were US \$ 13.79/boe (COL\$ 27,584 pesos) for the most likely tested reserves, including capital goods for future development.

* The average Representative Market Rate for 2014 was used when converting figures in US dollars to Colombian pesos.



2014 KEY FACTS



OPERATIONS IN COLOMBIA
22 BLOCKS



PRODUCTION
22.526 BOPD



2P RESERVES
68.4 MMBOE



SALES
\$1.504 MM



DIRECT EMPLOYEES
232



LTI PER MILLION
0,48



ENVIRONMENTAL
INCIDENTS
12



HUMAN RIGHTS
INCIDENTS
0



ROYALTIES
\$ 181.806 MILLON.



SOCIAL INVESTMENT
\$8.445 MILLON.

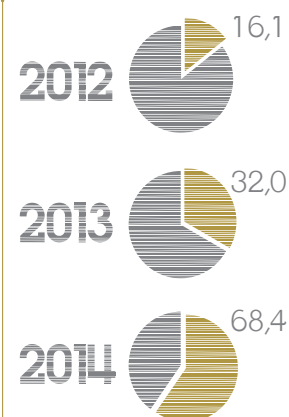
OUR PERFORMANCE:

A FIRM STEPPING STONE FOR GROWTH

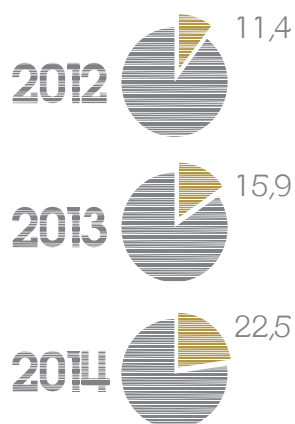
PAREX is a Company whose growth is reflected in how production and reserves increased compared to 2013: while the former increased by 42%, the latter more than doubled (114%) during the same period. The purchase of Verano Energy Limited on June 25, 2014 increased PAREX's active participation in the Llanos 32, Llanos 34, and Llanos 17 blocks by 70%, 55%, and 63% respectively.

In 2014, PAREX reached an exceptional exploration success rate of 81%. This was made possible through the drilling of thirty-six exploration wells; 26 showed the presence of hydrocarbon deposits, six were dry and abandoned, while the remaining six were classified as injection wells.

PROBABLE AND PROVEN 2P Reserves



PRODUCTION (Thousand BPD)



Despite the fall of oil prices in the last quarter of 2014, PAREX concluded its drilling program for the year. The company is completing its engineering programme to carry out exploratory work during 2015, thus complying with its current contractual obligations.

The success we enjoy creates new challenges for all company areas. On the one hand, strong company performance must produce positive impacts without upsetting the current balance in our operations' surroundings. On the other hand, we must strive to overcome meaningful obstacles such as a limited pipeline capacity for oil transport, the shortage of tanker trucks that meet with required standards, and poor road conditions. Nevertheless, the company has a capable team with which to tackle these issues and meet corporate goals.

ENVIRONMENTAL CITIZENSHIP: COOPERATION FOR SUSTAINABILITY

PAREX undertakes its exploration activities in harmony with the environment; to this end, it bases its activities on Environmental Impact Studies and the corresponding Management Plans. The Company makes a detailed plan for the management and exploitation of the natural resources required for the operation, so as to create a balance between its demand for environmental services and the need to preserve the environment for the benefit of society. At PAREX, sustainable development entails solid work to prevent, correct, mitigate or compensate its environmental impact, make self-assessment processes and disclose the best practices, thus making them applicable to all stakeholders.

PAREX complies with Colombian laws and honors its duties in the blocks where operations are held. It also holds Environmental Licenses granted by the National Environmental License Authority (ANLA), has ongoing environmental comptrollership programs and periodically reports its compliance to the relevant authorities.

In 2014, the Company invested a total of COL\$22,672 million in environmental management.

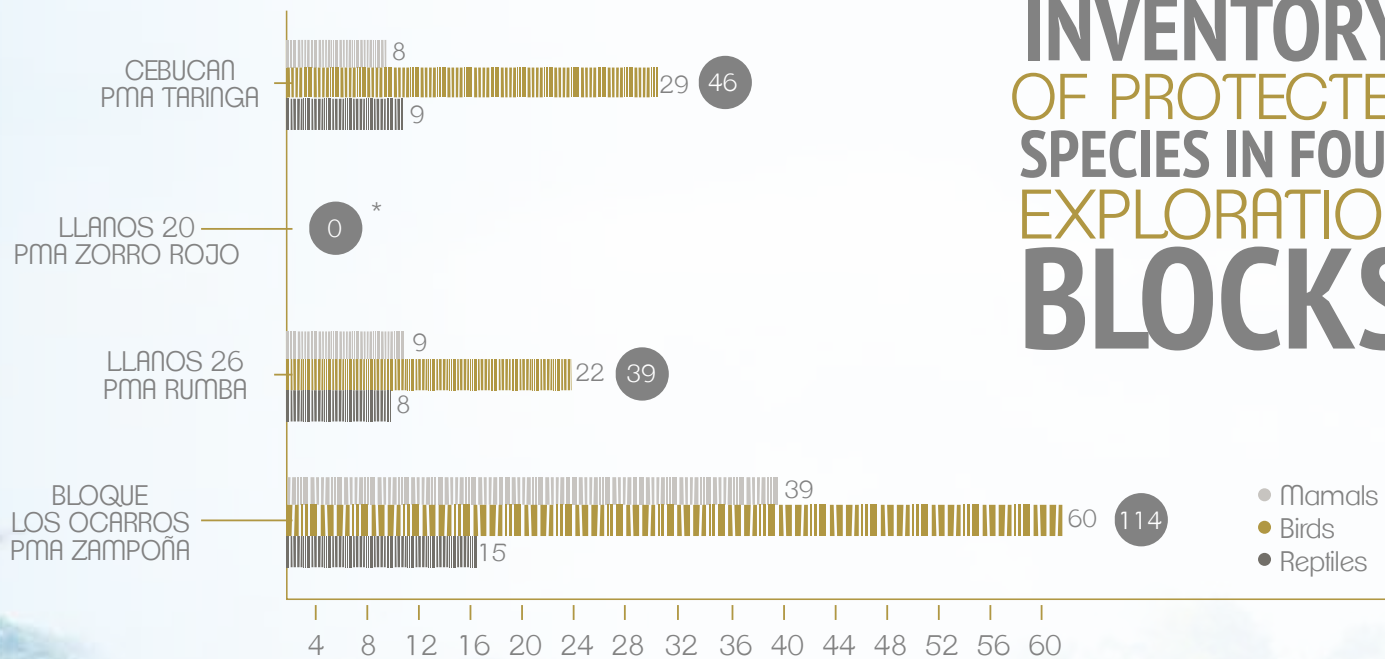






CARING FOR NATURAL RESOURCES

INVENTORY OF PROTECTED SPECIES IN FOUR EXPLORATION BLOCKS



* No protected species found.

Aware that the loss of biodiversity and the decline of ecosystems are critical to the wellbeing of the human species, PAREX takes the necessary measures to avoid operating in areas that are under protection. In compliance with the laws currently in force, the Company marks the areas in which to exclude operation, particularly those close to rivers, springs and estuaries; it also anticipates will the impact its operations will have on other sensitive hydrologic and biotic areas in order to minimize it.

Additionally, during the field phase prior to preparing the Environmental Management Plan, PAREX also makes a base line of the area where projects are located, and registers physical, biotic and socio economic conditions of the area of

interest. Fauna found in the area is also considered. To further preserve species, the Company holds awareness campaigns through photographs and talks, which are addressed at the public involved.

In 2014, PAREX prepared four Environmental Management Plans, which included an inventory of species, based on the IUCN Red List of Threatened Species and Resolution 383 of 2010 issued by the Ministry of the Environment. The study yielded that there are birds, mammals and reptiles in critical threat and other species that are vulnerable, threatened or exposed to minor risks. The environmental measures adopted reflect these results.

“LA PALMITA” BIOLOGIC DIVERSITY PRESERVATION PROGRAM



On April 24, 2014 PAREX executed Agreement OS411000797 with Fundacion Reserva Natural La Palmita with the purpose of preserving the integrity of the ecosystems found in the direct area of influence of the Llanos 20 Block located in the Department of Casanare. The project has a team of specialized environmentalists and practicing

students from the UNITROPICO University in Yopal. The initial phase consisted of making a diagnosis and monitoring birds and species in the area. In addition to contributing towards preserving fauna, this initiative is addressed at strengthening environmental education.

COL\$174,947,720 were invested to develop this initiative.

SUPPORTING CATTLE-BREEDING IN CASANARE

During 2014, PAREX continued supporting regional cattle breeding in order to generate alternatives in times when food in Casanare is scarce, and to promote one of the department's most important economic activities.

This initiative seeks to train farmers in breeding and raising cattle, preventing and controlling illness and

developing alternatives with which to face prolonged droughts.

Training was held in Aguazul, Yopal and Pore. At the end of each session, trainees were given basic kits with supplies and medication useful for cattle breeding

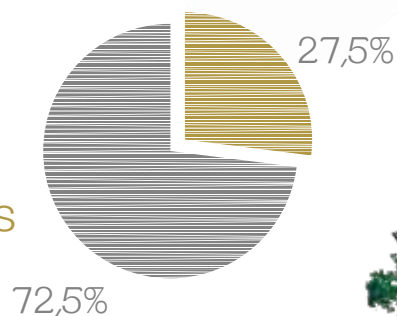


ENVIRONMENTAL MANAGEMENT

PAREX implements solid management systems in its activities, which contribute to protect the environment and to further sustainable development in the areas in which it operates.

The Company has made an important change in the type of fuel it uses in its operations by going from diesel fuel to gas. This change has a positive impact on the environment as it reduces carbon dioxide (CO₂) and nitrogen oxide (NO_x) emissions among other harmful gas products and particles in suspension.

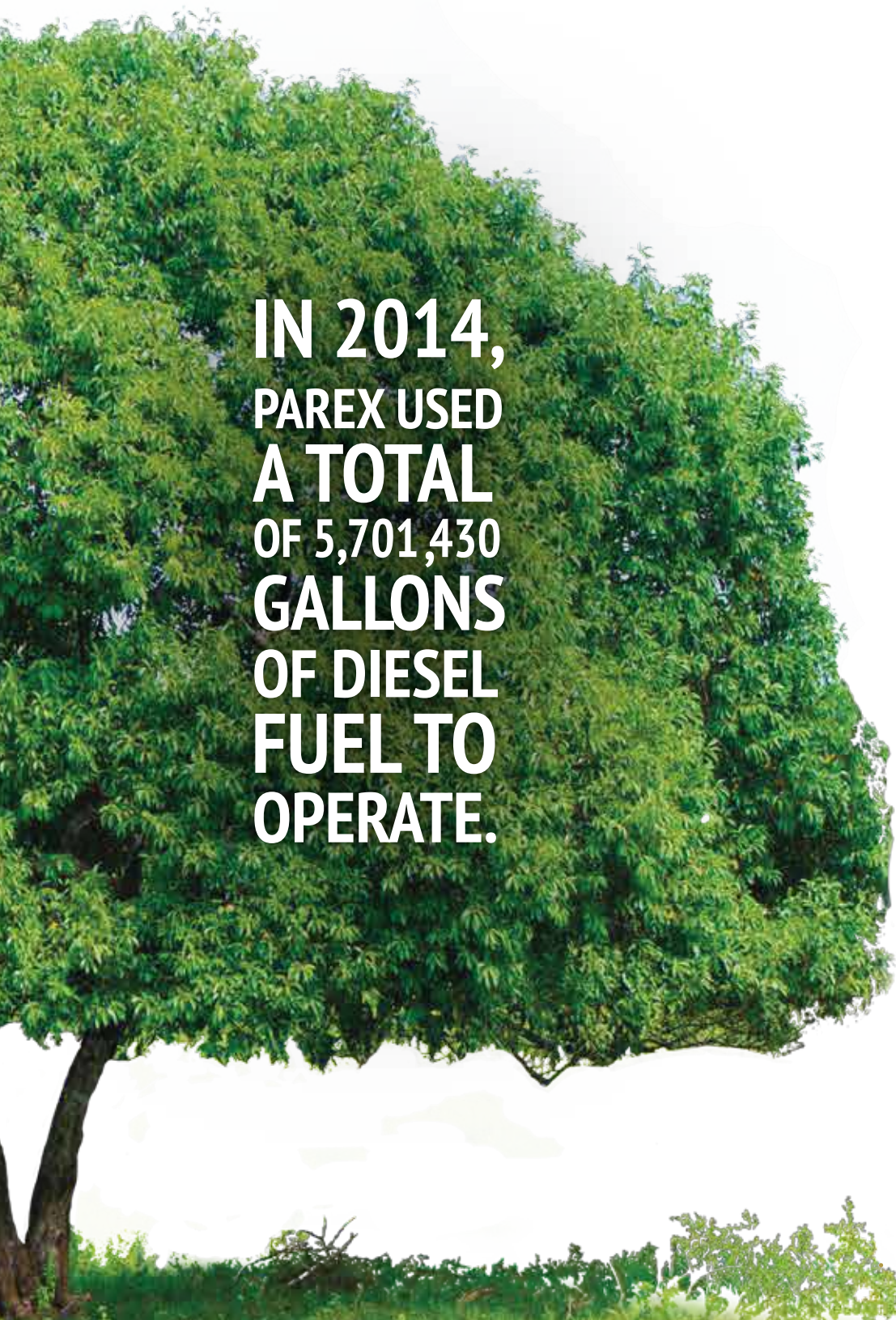
POWER GENERATION BY SOURCE: Diesel and Gas (KW)



- Diésel: 873.202 KW
- Gas Natural: 2.300.309 KW
- Total: 3.173.511 KW

In 2014 PAREX had an energy intensity of 0.39 kw/barril.

Gas used in the operations mainly comes from La Casona facilities, and from there, it is transported to other fields such as Maracas and Kona. The Adalia facility also generates power from the self-supply of gas coming from wells.



**IN 2014,
PAREX USED
A TOTAL
OF 5,701,430
GALLONS
OF DIESEL
FUEL TO
OPERATE.**

EMISSIONS

PAREX uses the 2010 Version 2 of the Protocol for the Control and Supervision of Atmospheric Pollution Generated by Permanent Sources to measure the emission of Particulate Material (PM) Sulfur Dioxide (SO₂) and Nitrogen Oxides (NO_x).

RESIDUES

Solid residues generated as a result of PAREX operations are classified as organic, recyclable, useless and special (hazardous residues, perforation cuts, and residues for incineration, among others). In order to minimize environmental impacts from inadequate management of these residues, The Company undertakes source separation practices according to the materials involved. Hazardous residues are delivered to authorized companies for treatment and disposal.

AMOUNT OF
**SOLID
RESIDUES**
PRODUCED (KG)
2014

RECYCLABLE

55.323

CONTAMINATED

585.059

ORDINARY

17.500

ORGANIC

35.456

CONTROLLING SPILLS

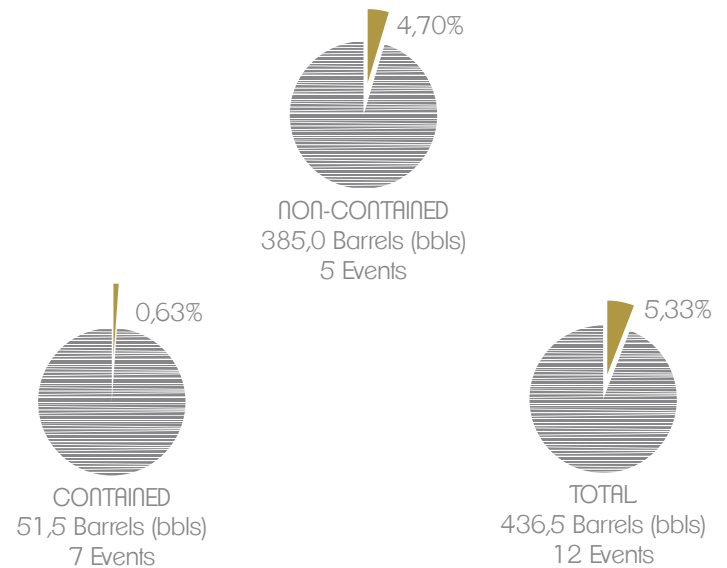
PAREX takes on preventive measures to avoid eventual oil, untreated domestic and sewage water, chemical substances and fuel spills, both within and outside of its facilities and that could eventually affect the ground, air, water, fauna, flora public infrastructure or communities.



Contained spills are those that may occur within the platforms and that can be controlled with raises, auger plates, pumping holes and perimeter ditches connected through traps for oil water and rain water. Uncontained spills are those that emerge from the surface of the platform and make direct contact with the environment.

The operations area has reinforced Contingency Plans in the facilities and undertakes periodic inspections to avoid possible leaks and fluid escapes. HSEQ for its part, verifies and makes permanent follow up of the condition of the equipment, performs environmental drills and makes rad safety campaigns, including inspections to tank trucks.

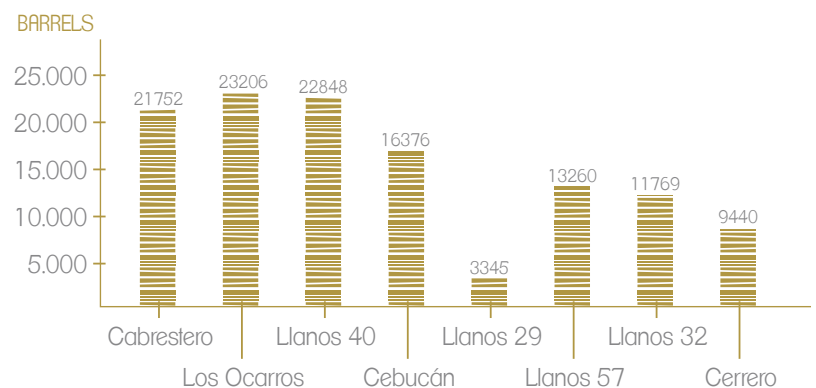
SPILLS



CUTS AND DRILLING MUDS

Drilling oil wells produces cut formations that need to be brought towards the surface. In order to do this, muds are used which lubricate and chill the bits, keep pressure under control and reduce resulting friction. Once at the surface, the cut formations are removed and placed on mud sieves, sand traps and grit chambers among others, and are moved once again towards the bottom and reused.

Elements used to control fluid properties can generate chemical reactions with the cuts. PAREX makes the necessary analysis to said fluids and solid wastes and guarantees they will be disposed of safely pursuant to the law and standards in the industry. It is worth stressing that the Company as forbidden the use of benzene and sulfur in its operations.



AWARE AND ACTIVE IN PROTECTING WATER

PAREX shares global concern and the concern of its stakeholders for quality water resources, both of which require collective management. Global warming has created a worldwide crisis. In 2014, Casanare suffered a prolonged drought that was distressing to some populations and had negative effects on fauna and flora.

PAREX is not unaware of the difficulties associated to water resources in the region and has supported regional initiatives addressed at protecting this resource. As a result of the environmental emergency of

2014, the Company hastened and deepened its investment programs in this area; it also joined mitigation efforts by building 142 windmills and 40 water storage tanks in Caño Chiquito, Paz de Ariporo, investing a total of COL\$908.478.812.

Additionally, the Company joined the Major's Office of Paz de Ariporo and other local companies to move water in tank trucks and provide it to the areas suffering the most.



NEWS REPORT

AT PAZ DE ARIPORO, THE WIND BRINGS WATER BACK

The Casanare savannah was hit by a drought almost nine months long, reaching its peak in March 2104 in what was labeled as an “environmental tragedy.”

Public attention focused particularly on the effects the situation had on some of the species living in Paz de Ariporo.

The situation, which alerted the entire country, evidenced the importance of having the public and private sectors as well as society in general, working together to minimize the effects of human interference on the environment and to generate joint alternatives to compensate the effects of climate change.

PHOTOGRAPH BY:
MIGUEL ANDRÉS MARTÍNEZ



142

WINDMILLS built
TOTAL COST:
COL \$691.000.000



NEWS REPORT

At PAREX, protecting water resources is paramount. This objective is directly linked to developing each of its activities. It is why since it first arrived in Casanare in 2011, the Company has been promoting environmental initiatives addressed at meeting this goal. One of these initiatives came to life in 2013 and helped the Caño Chiquito township, an area under the influence of the PAREX Llanos 40 Block, to overcome the struggles brought on by the drought of early 2014 and provide ecologically sound alternatives that guarantee constant water supply.

A CONTRIBUTION TO THE BENEFIT OF FLORA AND FAUNA IN CASANARE

Peasant families and small farmers living in Caño Chiquito prioritized their needs and were able to create an action plan to install windmills in 142 local terrains. This was made possible thanks to participative exercises organized by PAREX with the local community where it operates. Beneficiaries to this project were selected and the project took shape in December 2013.

PAREX paid for installing each of these structures, at a total cost of COL\$691,000,000. The Community Action Board at Caño Chiquito provided the human and technical resources required and agreed to give the structures maintenance. It took only a short amount of time for local farmers to realize the effectiveness of this ancient method to extract water, as it works using aeolic energy rather than by using expensive fuel driven pumps.

As an organization committed to regional development and to generating social value, PAREX hired a local Casanare based company, Molinos Tobo, to perform the work associated with the Windmills Project with the highest possible technical standards.

When the drought came to Paz de Ariporo, installing the windmills was already underway in several terrains at Caño Chiquito. However, considering the seriousness of the situation, PAREX provided additional crews to accelerate the process and was able to have 52 windmills working within a three-month period. In addition to benefitting the local community, the windmills contribute towards preserving wild animals and cattle in the region.

THE COMMUNITY FEELS SATISFIED

Filomena Franco, a resident in a terrain called El Guarataro says she feels more relaxed if more droughts eventually come. "The windmill was installed in March 2014 and it has been excellent; it's been good for me because it doesn't use energy and it's full of water. It's dry season now –November 2014- and even now it is full. That's been just great."

"Before, when dry season came, we had to use a pump. Now we save money on electricity, fuel, etc. and the prairie we have now is much better for the colts," said Jose Ramon Salcedo, another beneficiary of the Windmills Project in Caño Chiquito.

For Ana Silva Gualdron, owner of a land called Caracaral, this project has made a big difference between this dry season and the previous one. Thanks to the new structure, Ana and her neighbors can see how their cattle and other animals graze on their land in good health. "I have no complaints. On the contrary, I am grateful because last year's dry season was terrible for us in Paz de Ariporo. This year, I haven't suffered. I think it's great that they do this, I'm very happy."

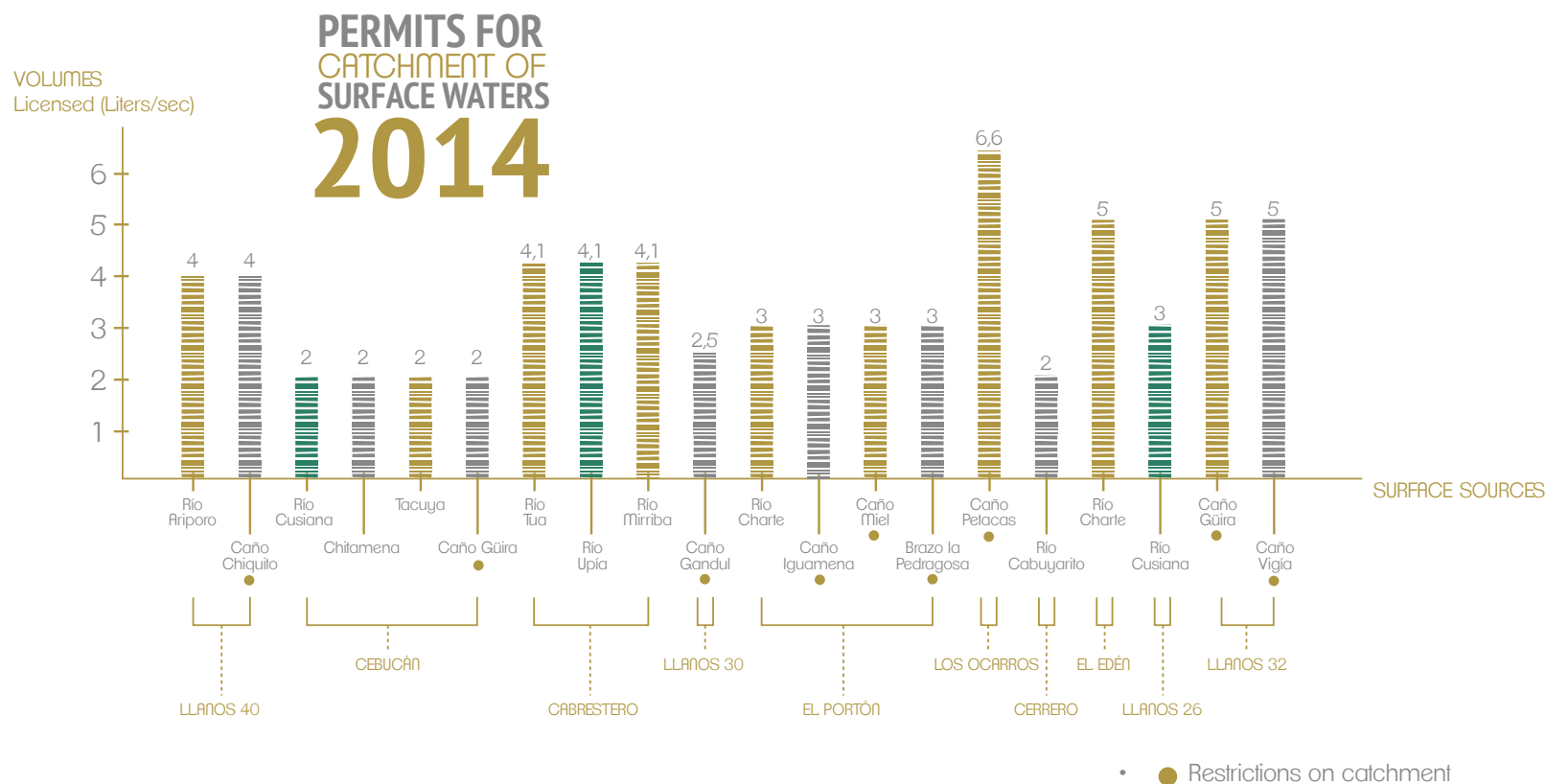
EFFICIENT AND CAUTIOUS USE OF WATER

As an environmentally responsible company, PAREX has implemented PUEA, the Efficient Use and Water Saving Program in all its blocks. Activities undertaken under this program include storage and use of rainwater accumulated in the lateral lending zones, which require making excavations water proof before the rain season begins.

Together with the purchases made to third parties,

this process reduces the amount of water taken from surface and subterranean sources to develop exploration and exploitation of hydrocarbons.

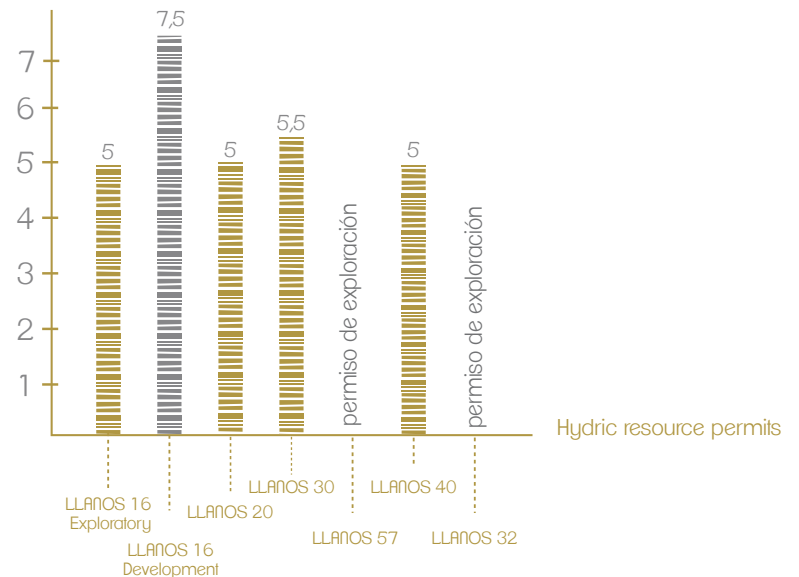
In 2014, and under the permits granted by environmental authorities, the Company made water catchment for its operations from two water sources: the Upía River (Cabrestero Block) and the Cusiana River (Llanos 26 Block).



For the catchment of subterranean waters, the Company undertakes detailed technical analysis of water bearing sources and obtains the corresponding usage permits; it also measures water levels rigorously and makes sure that they are used and disposed of safely.

PERMITS FOR CATCHMENT OF Subterranean WATERS 2014

VOLUMES
Licensed (Liters/sec)



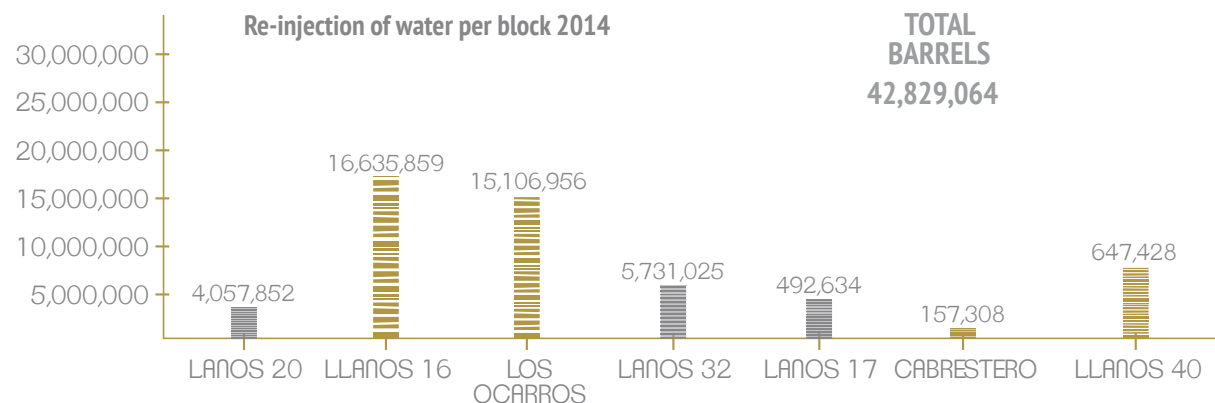
The total water use for industrial purposes was 54,255.6 gallons, while domestic water reached 22,243.4 gallons. As a result, average water use during 2014 was 3.53 gallons per equivalent barrel of oil produced.

With regards to the water present in oil fields, known as formation waters, the Company meets the laws currently in force and the conditions set forth in environmental licenses. PAREX controls formation waters by taking periodic samples, which are then sent to special certified labs for analysis.

This way, the Company monitors the physical and chemical conditions of the water and ensures appropriate treatment and disposal.

PAREX does not make any direct discharge to surface waters. A total of 42,829.064 barrels of water were re-injected during the 2014 operations.

WATER RE-INJECTED DURING OPERATION PER BLOQUE 2014



CELEBRATING NATURE

PAREX celebrated World Environment Day with the communities and its workers. Plants and bio-germinators were given to the teachers and students at the Liceo Moderno in Yopal, Casanare, as part of the “plant a tree, grow life” campaign.

Additionally, specialists and environmental technicians taught how to plant a tree using bio-germinators. Members of the PAREX team and their families participated in an internal contest in which they could show pictures of how their trees had grown.

PLANT
A TREE
GROW
LIFE



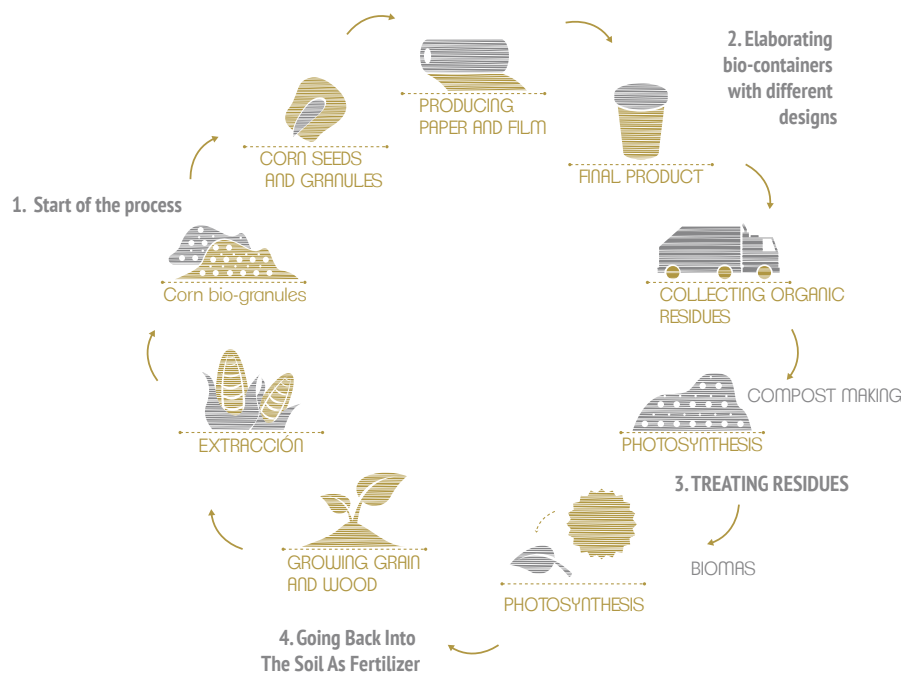
BIO-PACKING PROJECT 2013 - 2014

100% BIODEGRADABLE AND COMPOSTABLE CLEAN FERTILIZER

Since 2013, PAREX started a program in its Bogota office to develop environmentally friendly material. This initiative has enabled the company to change plastic and carton containers for others made from corn bio-granules, sugar cane mash and wheat fiber. Nearly 30 kilos of used packs are collected every week for use as biodegradable residues.

The project also included informational talks given to different areas of the Company, in which the advantages of the products were explained and the biodegrading process shown, thus raising the awareness of PAREX employees.

This is where the process would begin to make the product:



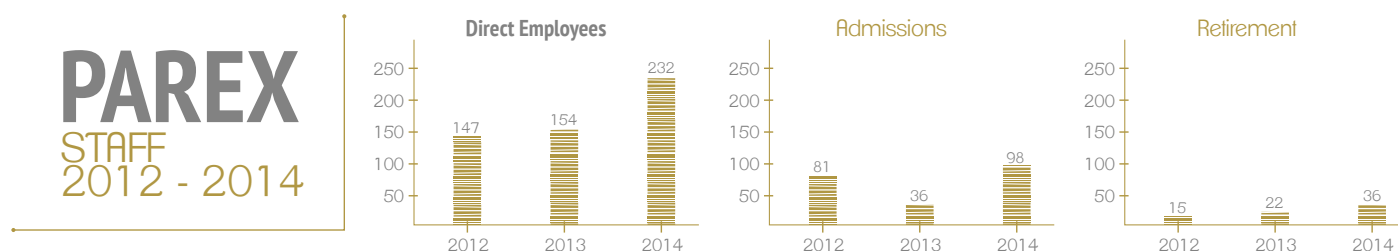
HUMAN RESOURCES

ASSOCIATED TO OUR GROWTH

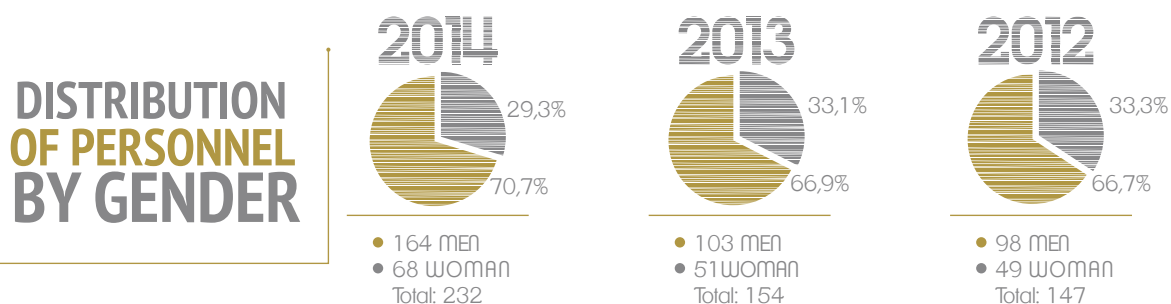
PAREX's growth in Colombia has brought along new employment opportunities: new competitive jobs, promotion, training, salaries and benefits in the hydrocarbon industry, thus generating conditions in which there is individual progress, family balance, safety and security for its employees. The Company is well aware that participation and cooperation from its team is essential to attain business goals and that each one of them represents the organization in its relationship with stakeholders. It is also convinced

that the Company's success must be reflected in the personal and professional growth of its employees.

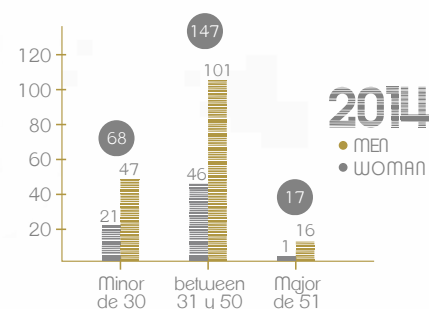
Between 2013 and 2014, PAREX hired 82 more direct employees. This is an increase of more than 63.6% with a rotation index of 26.72%. These results stem mainly from the job absorption resulting from the purchase the Company made of Verano Energy and a larger scope of operations. During 2014, the Company also sponsored 14 practicing students from SENA.



PAREX has an employment policy with which it values and promotes gender equality and the structuring of a diverse staff. Although employee distribution by gender evidences a reduction in female participation as compared to previous years, the company evidences it has a rate of female employment comparable to other companies in the sector that operate in Colombia.



PERSONNEL DISTRIBUTION BY AGE RANGE



Approximately three out of every five PAREX employees are between 31 and 50 years old, which evidences that the company has a highly productive generational structure, together with the invaluable experience staff members this age range bring.

PAREX focuses on creating deep long term commitment with its staff, offering a safe and trusting working environment. All direct employees enjoy working under an indefinite term agreement, and this recommendation is made extensive to contractors and suppliers.

The Company's employee benefit policies ensure that employees will have a competitive salary, close to the market median. This is measured with a MERCER poll, which includes a significant number of companies in the hydrocarbon sector. Special attention will be given to differential income between men and women in order to ensure equal

income for equal level professionals and strengthen the Company's retention policies.

From the moment they are admitted to PAREX, employees are free to structure their own benefit plan, adjusting it to their individual needs and expectations in accordance with what the Company has to offer. Additionally, direct contracting allows employees to enjoy the benefits resulting from the higher value of Company shares in the market through the Stock Appreciation Right (SAR). Members of staff are also motivated through bonuses associated to meeting corporate goals and individual performance, according to annual performance assessment.

We are rigorous in complying with current maternity and paternity leaves; those who make use of these leaves of absence come back to their normal activities.

PROMOTION AND DEVELOPMENT

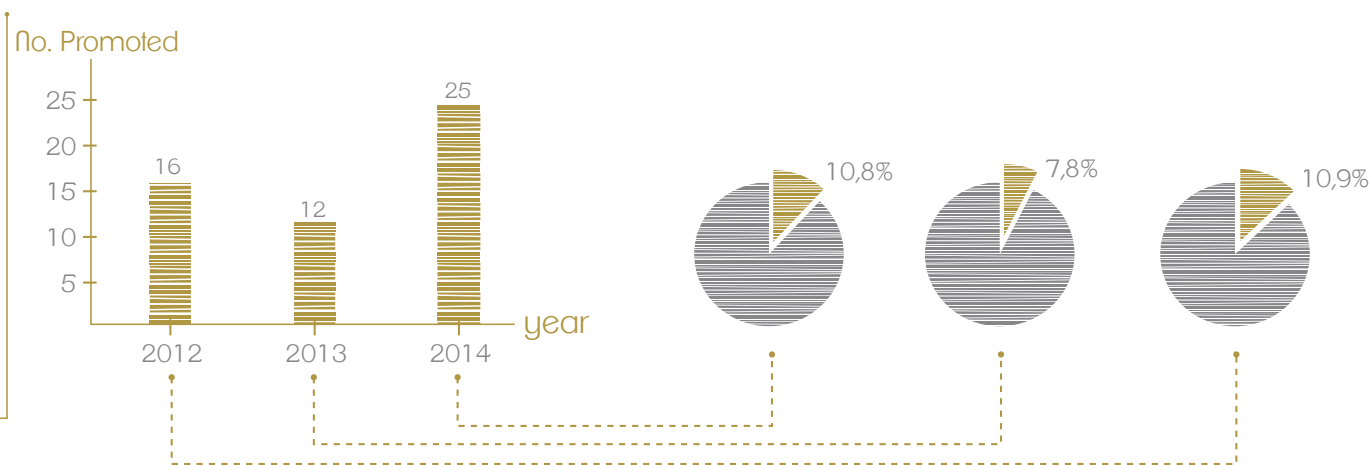
PAREX develops career plans by reviewing the profiles for each position, the skills required in each case, and business needs. Promotion and training are determined by assessing performance.

In the past three years, more than 50 PAREX staff

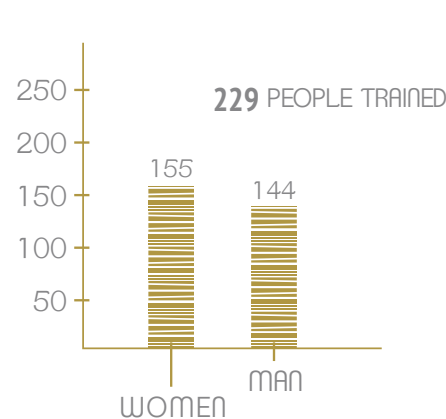
members found promotion opportunities within the organization.

The number of staff members grew in 2014 by 10.8%, 3% more than in 2013.

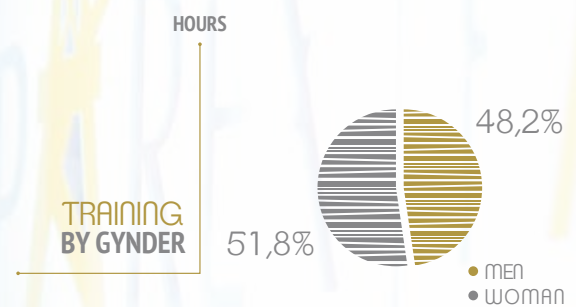
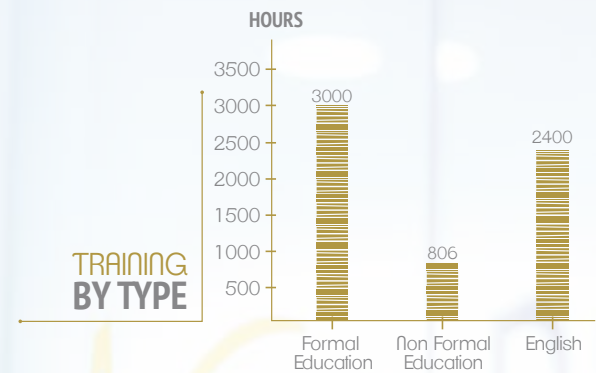
STAFF PROMOTION INDEX



TRAINING HIGHLIGHTS 2014



The Company supports its employee's needs for formal and informal education. The former include undergraduate and graduate studies up to specialization; in these cases, the Company sponsors up to 50% of tuition fees. For informal education programs, such as diplomas, courses and seminars, the Company covers 100% of the costs. Additionally, in an effort to encourage bilingualism, PAREX offers permanent English courses during work hours, which are available to all personnel.



During 2014, PAREX invested more than \$400,000,000 in training, an increase of more than 40% compared to the previous year.

The Company organizes activities that seek the welfare of its employees, including field visits by the Bogota team, and encourages cultural, recreational and sporting activities, with the purpose of reducing work related stress; it also organizes celebrations at different times of the year with the purpose of integrating members of staff.

2012
\$221.322.490

2013
\$287.801.000

2014
\$401.920.000

INVESTMENT IN TRAINING



DANIELA PALMA'S SELF-MADE SUCCESS

During the time that Daniela Palma taught preschool children in Buenos Aires Bajo, a township in Villanueva, it never crossed her mind to dress in overalls, gloves, helmet and boots, let alone manipulate gauges and test tubes with which to analyze changes in the density and temperature of oil.

However, Daniela is a woman of challenges who shyly admits that she knows how to use the opportunities life has to offer. That was just what she did when her father told her that a temporary employment company in the area was looking for people interested in working shifts at PAREX.

Like people who love challenges do, Daniela did not think twice, presented herself to the bid, passed the tests and took the position as Training Assistant in PAREX's Cabrestero field. From that moment on, life changed for this woman, her husband and young four year old daughter. "Here, we all have benefits and are have been affiliated to the health and retirement fund, and that gives me more stability," said the worker.

But Daniela's dreams do not stop there; "I have many aspirations in my life, such as learning more about this job. I do not know what fate holds for me, but I'm happy with what I have achieved," she said.

Surely, she will be able to meet all her objectives, because she is both determined and committed. Daniela has managed to stand out in a mostly all male team and obtain the best and highest scores on the tests the Company periodically gives to the staff working at its facilities.

Being so close to the hydrocarbon industry has also helped Daniela to better understand the scope of company activities and what the presence of companies like PAREX represents for the region. "If we do not take advantage of the help provided and we spend the company's contributions and investments, then we won't see the benefits later on."



SAFE AND HEALTHY WORKERS

At PAREX, guaranteeing the health and safety of its staff is a priority. The company takes a preventive approach, so that by identifying eventual risks in its operation it can correct the circumstances that could eventually cause damage to individual integrity and implements timely measures to face the risks that happen during operations.

PAREX strives for every employee to commit to adopting safe conducts; to this end, the Company clearly explains the requirements of each job and trains them to always perform their duties bearing self care in mind.

Physical, chemical, biologic, ergonomic, psychosocial and safety risks are both classified and monitored in the Company's different fields of action through preventive Work Health and Safety Programs (Safe Operations Systems – SOS-Awareness Campaigns, Work Permits, Safe Analysis at Work, Accident Investigation, Preventive Healthcare among others). This is to promote HSEQ actions and ensure that all members of staff make their work time satisfactory and productive, avoid work-associated risks, adopt a culture of risk prevention, and create value for society.

The integrity and wellbeing of our employees and their families is of the utmost importance for the Company. The COPASST works regularly in the terms provided by the law; its four main and four deputy members are elected by employees and hold monthly ordinary meetings.

In 2014, the Committee held meetings in the fields to listen to contractors and direct and



temporary staff. This activity shed light on risks related to the transportation of hazardous substances, which were reported to the managers of the corresponding contract in order for them to adopt the necessary corrective and preventive measures. Additionally, communication between the Committee and employees was strengthened through informative e-mails.

The challenge for 2015 is to work more closely with HSEQ and the Labor Risk Administrator, ARL, to prevent this type of circumstances, as well as to be more present and better acknowledged in the operations. Through an addendum to the contract, PAREX contractors agree to adopt the Company's high HSEQ standards and fulfill the requirements contained in the corresponding Management System. Once the Company validates the support required from the contractor, the latter is authorized to start its activities.

In addition, an insurance process is underway that links all company and contracted employees, operational leaders, contract managers and Company HSEQ personnel with whom daily supervision, pre operational and pre shift meetings are held. The purpose of these meetings is to plan the work ahead and identify unsafe behavior of individuals and unsafe conditions of the tools and equipment of previous shifts.

During the weekly HSEQ meetings, reflections are made on lessons learned with the purpose of anticipating any contingency, identifying opportunities for improvement and optimizing the system through an action plan. Additionally, health and safety performance results are compiled, drills organized and the status on accident investigations reviewed.

Should any incident occur, PAREX would activate the emergency plans to mitigate the event and the corresponding investigations would start to determine the roots, action plans and lessons learned.



RESPONSE TO EMERGENCIES

Together with its Labor Risk Administrator (ARL), PAREX has a structured Emergency Response Plan, which is permanently being informed during the entire operation and provides a detailed procedure to follow in case of an eventual hazard. The cycle closes with corrective measures that allow reestablishing normal operations and disclosing the lessons learned.

PAREX emergency plans are socialized to all contractors, who must follow the guidelines provided by the Operator and articulate them with their own plans in accordance with their own resources and emergency-calling tree. The Company has medical and paramedical services to attend professional illnesses and emergencies 24 hours a day, by land or airlift.

In order to correctly perform these plans, we also involve key actors such as Mayors' offices, the Fire Department and healthcare centers among others. There is an ambulance available for cases requiring specialized attention, and if authorized by the Company, the ambulance may also provide assistance to the community in case of emergency.



PHOTOGRAPH BY:
MIGUEL ANDRÉS MARTÍNEZ

ABSENCES AND ACCIDENTS

PAREX's HSEQ management follows the guidelines provided by the International Association of Oil & Gas Producers (IOGP), an initiative addressed at promoting sound Health, Industrial Safety and Environmental Protection practices for oil exploration and exploitation activities.

Absences are caused by common factors: common illness, occupational pains, and work-related accidents among others. In 2014, PAREX had global severity rate in work related incapacitating accidents of 22,4 per million of hours worked and 234 days lost; these figures exclude slight accidents that require first aid attention.

PAREX: Incapacitating Accidents 2014-1014



In 2014, the frequency of incapacitating accidents at PAREX was 0.48; this means almost 50% less than the corporate goal of 0,9% accidents per million of hours worked. It is important to stress that in the five years PAREX has been in Colombia, there have been no fatal victims.

The table below illustrates incapacitating accidents, per gender, professional activity and block in 2014.

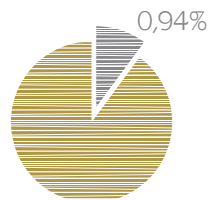
2014 DETAILED INCAPACITATING ACCIDENTS PER ACTIVITY, GENDER AND BLOCK

No	MONTH	POSITION	SEX		BLOCK
			M	F	
1	FEBRUARY	TECHNICAL ASSISTANT	X		CABRESTERO
2	JULY	FIELD MANAGER	X		LLANOS 32
3	OCTOBER	GENERAL SERVICES ASSISTANT		X	CORPORATIVO
4	NOVEMBER	QUALITY SURVEYOR	X		LLANOS 40
5	DECEMBER	FIELD MANAGER	X		LLANOS 32

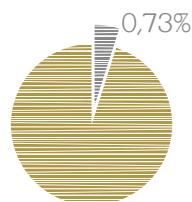
RESPECT FOR LIFE ON THE ROAD

At PAREX, the occurrence of roadway accidents associated to transportation activities in the region has been a reason for concern. This is because between 2013 and 2014 the number of kilometers travelled increased by 20%, thus increasing the risk. The Company thus promoted multiple preventive Road Safety campaigns addressed at minimizing this risk. The effort was worthwhile because in spite of the increase in transportation activities, the accident rate in 2014 was 0.94 per million kilometers travelled, which is lower than the corporate goal of 1.5.

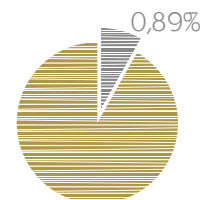
ACCIDENT RATE PER MILLION OF KILOMETERS TRAVELLED 2012 - 2014



2014
21.342.604



2013
17.833.953



2012
15.788.619

Through its Road Safety Policy, the Company set safety standards for transporting passengers, liquid cargo and dry cargo, including hazardous substances such as fuel and chemical products. It is worth mentioning that this policy meets the requirements set by the Ministry of Transportation under Decree 1609 of 2002, which regulates the transportation of hazardous materials by land.

PAREX operations require approximately 600 tank trucks to transport oil; 150 dump trucks to move material; and 75 light vehicles to transport personnel. The Company is committed to internal and external stakeholders to undertake this activity rigorously and responsibly. It is why PAREX V° periodically holds campaigns to promote sound practices that guarantee safe movement.

The slogan "Respect for Life on the Road" served the Company in 2014 to hold 10 campaigns in its area of operation in Casanare. Using teaching guides, entertaining activities, talks, music, and different characters, PAREX made its own personnel as well as contractors aware of the importance of adopting responsible practices and behaviors on the road. Other activities such as using radars to measure vehicle speed and testing for alcohol levels were also undertaken with the purpose of reducing roadway accidents, respecting life, the road, surroundings and making sure that personnel got home safely and without any setbacks.

In 2015, PAREX will reinforce campaigns to reduce operation related accidents even further. Likewise, it will support local transportation companies in meeting the required standards. The Company will continue working preventively and proactively to maintain safe operations.



PHOTOGRAPHY BY:
MIGUEL ANDRÉS MARTÍNEZ

SE/EVERYONE HAS SOMETHING TO GIVE: INVESTMENT FOR THE FUTURE

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

At PAREX, Corporate Social Responsibility (SRE) stems from a corporate guideline and as such, it involves the entire organization. The Company is not only committed to complying strictly with the laws that govern the sector; it also takes into consideration the expectations of its stakeholders and permanently seeks to generate positive and sustainable impacts on society and the environment. PAREX's Corporate Social Responsibility (SRE) strategically orients its management towards sharing its corporate success.





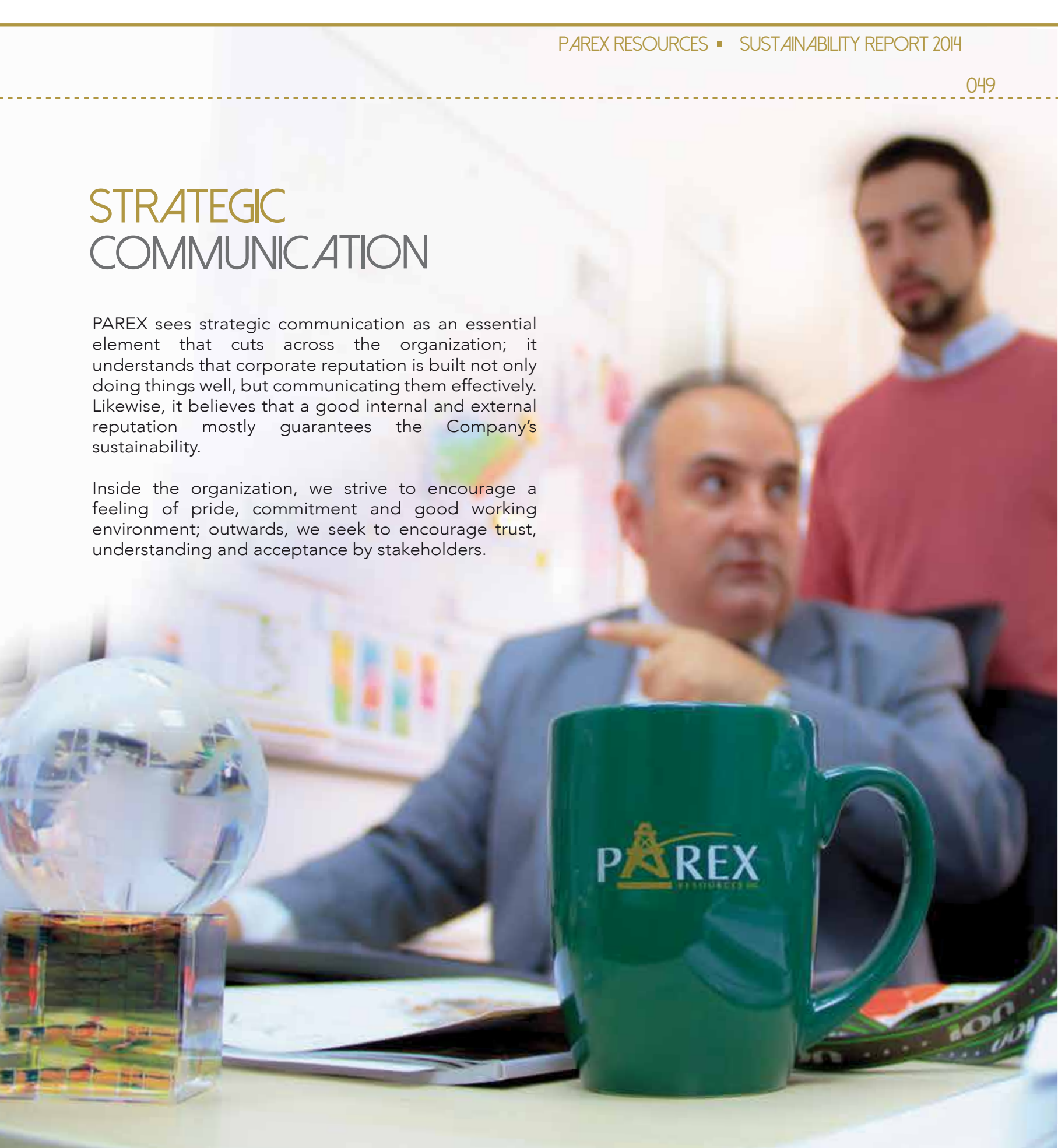
PAREX SOCIAL RESPONSIBILITY MODEL



STRATEGIC COMMUNICATION

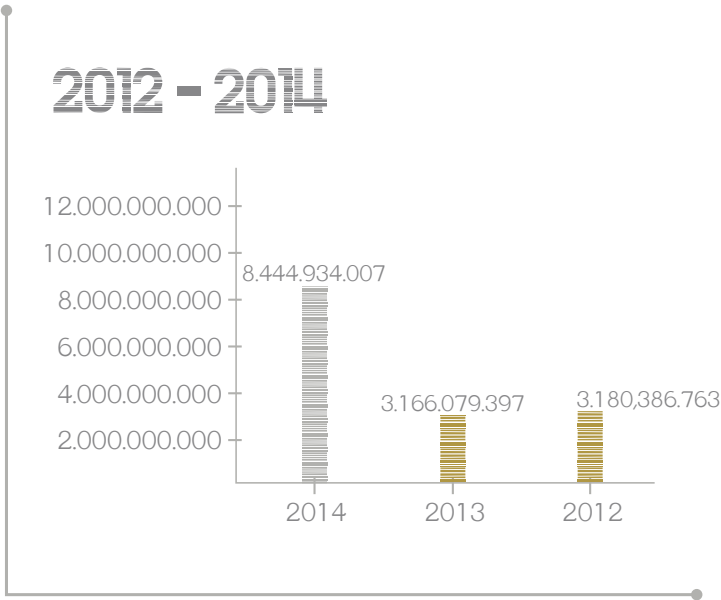
PAREX sees strategic communication as an essential element that cuts across the organization; it understands that corporate reputation is built not only doing things well, but communicating them effectively. Likewise, it believes that a good internal and external reputation mostly guarantees the Company's sustainability.

Inside the organization, we strive to encourage a feeling of pride, commitment and good working environment; outwards, we seek to encourage trust, understanding and acceptance by stakeholders.



SOCIAL INVESTMENT

At PAREX, social investment has a strategic purpose. It is through this investment that the Company seeks to respond to the interests of stakeholders as well as to contribute towards maturing Development Plans in the regions where it operates, and generate sustainable surroundings; all this without losing its perspective on what the business dynamics and interests are. The Company sees territorial authorities as potential allies with which to jointly motivate development initiatives.



Between 2013 and 2014, PAREX increased its social investment by 1.6 times, for a total of COL\$ 5,300 million. This growth is attributable to an increase in the Company's exploration activities, which is reflected in the increase of having social projects in 9 blocks in 2013 to having them in 15 blocks in 2014. The Company's social investment has been addressed towards the following types of contribution: Strengthening the Community, Strengthening the Institution, Economic Development, Culture, Recreation and Sports, Support to Development Plans and Transverse Projects.

SOCIAL INVESTMENT
PER BLOCK
AND TYPE
OF INVOLVEMENT
2014

TYPE OF SOCIAL INVOLVEMENT	CABRESTERO	OCARROS	LLANOS 16	LLANOS 17	LLANOS 40	
Strengthening the community	-	322.553.545	137.503.900	16.475.000	69.967.197	
Strengthening the institution	-	211.405.000	36.190.800	-	-	
Economic Development	1.360.751.227	322.902.700	96.452.165	-	89.696.923	
Culture, Recreation and Sports	32.436.800	6.949.720	80.951.158	-	54.350.000	
Support to Development Plans	-	385.771.699	577.894.875	-	1.091.360.612	
TRANSVERSE PROJECTS	143.750.170	-	156.867.265	-	-	
TOTAL	1.536.938.197	1.259.582.664	1.085.860.163	16.575.000	1.305.374.732	



	LLANOS 57	LLANOS 30	LLANO 29	EL EDEN	LLANOS 20	CERRERO	LLANOS 26	CEBUCAN	LLANOS 32	TOTALS
	22.009.200	171.786.040	-	60.128.960	67.150.00	291.515.571	13.430.000	260.000	12.190.320	1.184.969.733
	-	24.657.460	-	23.305.360	-	7.682.000	25.000.000	250.000.000	25.000.000	603.240.620
	177.373.506	87.125.312	228.000.000	508.486.848	-	-	-	250.000.000	4.220.000	3135.008.691
	5.570.200	6.732.600	15.000.000	55.000.000	31.000.000	132.824.702	-	5.475.000	15.232.800	441.522.980
	11.927.999	190.000.000	60.000.000	188.703.051	-	49.986.914	6.710.000	-	15.000.000	2.577.355.150
	-	21.600.000	17.216.480	66.630.200	-	78.772.718	-	-	18.000.000	502.836.833
	216.880.905	501.901.412	320.216.480	902.254.429	98.150.000	560.781.905	45.140.000	505.735.000	89.643.120	8.444.934.007



INSTITUTIONAL STRENGTHENING

PAREX allocates part of its social investment to improving institutional capacity through projects that have a high impact on the community; it is a strategic bet to generate sustainable development in the territories where it operates.

PAREX delivered a fully equipped Basic Transportation Unit (TAB) to the municipality of San Luis de Palenque, with the purpose of supplying the local Voluntary Fire Department with basic tools with which to provide timely and efficient assistance to the population.

STRENGTHENING THE COMMUNITY

PAREX works on strengthening the Community Action Boards and the communities located in the areas under the influence of its blocks, through training and education programs undertaken together with public and private institutions. This is with the purpose of fostering participation, generating self-management skills and promoting leverage of resources to improve the community's lifestyle.

PAREX contributed towards strengthening Community Action Boards in the Area influenced by its operations. In Caño Chiquito, 94 members received training in Leadership and Participatory Planning; this resulted in drafting the Rural Settlement Development Plan.



PHOTOGRAPHY BY:
MIGUEL ANDRÉS MARTÍNEZ

HERITAGE AND CULTURE



PAREX understands that every expression of local culture strengthens collective identity and fosters a sense of belonging to the region. It also acknowledges that sports and recreation contribute towards education, particularly in areas such as respect, tolerance, the importance of following rules and self-esteem, all of which are paramount to coexistence in a community.

The community at Curimina, a settlement located in the municipality of Pore, Casanare, celebrated the inauguration of the new Tail Grabbing track in May 2014. Local residents were in charge of

building it and PAREX contributed some COL\$45,000,000 in material and equipment necessary for the construction.

In addition to being a space oriented towards preserving typical Llano traditions and integrating the community, this Tail Grabbing track is an opportunity for the community because the profits from the activities that are organized in it, will be directed towards meeting immediate needs of the community and strengthening the Community Action Board.



TRANSVERSE PROJECTS

PAREX has undertaken a series of transverse projects within the framework of its Social Responsibility. Their name stems from the strategic meaning they have for the organization and the impact they generate in the communities influenced by its operations.

"LEARNING IS GROWING" LIBRARIES

PAREX has a clear purpose with this project: fostering a taste for reading in children and helping them acquire knowledge through reading.

"HEALTH FOR EVERYONE" BRIGADES

For the Company, health in the communities influenced by its operations is a priority. This is why it promotes health brigades in rural settlements, which provide medical and dentistry services and generate spaces, which encourage healthy habits among rural population.

"CHILDREN AT THE PARK" PLAYGROUNDS

By building and improving playgrounds, PAREX encourages playtime and the healthy entertainment of children living in the areas under its influence.

IMPROVING INFRASTRUCTURE "MY SCHOOL AND ME"

This is an initiative to improve infrastructure and decorate educational institutions in areas under its influence. PAREX believes that good physical conditions in schools dignify and improve learning in children.

ENVIRONMENTAL AWARENESS "OXYGEN DAY"

This is a project under which the Company contributes towards and encourages caring for the environment in areas influenced by its operations. In 2014, the communities in different municipalities received 5,675 trees and actively participated in planting sessions, thus evidencing their commitment to preserving the environment.





DIALOGUE FOR DEVELOPMENT

Because at PAREX communication is essential for the management of its Corporate Social Responsibility (RSE), the Company focuses its social investment on strengthening its dialogue with communities. The Company is mainly characterized by its openness and willingness to talk face to face with its stakeholders, sincerely and without being defensive. PAREX trains its spokespersons in acquiring knowledge on hydrocarbon activities, the Company's responsibilities and the scope of the operations undertaken in the territory, among others. The idea is to have increasingly higher levels of trust and for dialogue to be a platform from which to structure development in these regions.

A LETTER THAT CHANGED THE SCHOOL AT SANTA HELENA DE UPÍA

Nostalgia is the makeup Ninfa Roldan wears on her face. A teacher, Ms. Roldan's words take us back to the days in which her 16-year old students sat through their lessons in desks made for preschoolers.

"I had to make them get up every half hour or so, so they wouldn't get tired; you should see the tables that I had before," says the teacher, while gazing up and down the classroom at Our Lady of Sorrows in Manare - Alfonso Lopez Headquarters, a school located the settlement known as St. Helena de Upía, Villanueva municipality, department of Casanare.

Tired of seeing the very precarious conditions in which her 35 students attended their classes, she decided to transform the ramshackle school into a decent space to study. "I wrote to PAREX a simple but caring request on notebook paper, telling them we needed. Eight days later they sent a the Social Manager, who took pictures and saw the conditions I was in, and it was shameful; the bathroom was out of order, the desks were rundown and very small; there were leaks and even snakes. "

PAREX attended to the request and, under "My School and Me" program, two acrylic panels, 40 desks, and two teacher's desks with a swivel chair; three computers and kitchen utensils were delivered on April 9, 2014. For the school cafeteria, six six-seat tables, a refrigerator, and an industrial stove and a kettle were delivered.

Improvements also included Ninfa's "mansion" as she calls the room where she sleeps over at the school five days a week "It is my mansion, because I've always said that I didn't have much before. Now I have a four place dining set, linen for my bed, two wardrobes, a 32 inch TV, a sandwich maker, coffee maker, new dishes and a blender, ah! and I've got

seven fans, three of which were in my house and four in the schoolhouse because the heat was unbearable. Even my health improved because they got rid of the terrible heat that made me have sleepless nights. All this is an exceptional change, "says Roland Ninfa gracefully.

A HEART THAT KNOWS NO LIMITS

Every Sunday in the late afternoon, Ninfa gets ready to say goodbye to her family and start her 40 kilometer-long journey by bus or motorbike from her home in the town of Villanueva to the school. But she feels it's all worth it, because she fulfilled her greatest dream: to provide her students with a decent space to grow and progress as human beings and future professionals.

Once in school, the teacher immerses herself in a world of knowledge. She challenges herself to teach every subject, and she is not afraid of any particular one. "I teach Spanish, mathematics, natural science, social studies, arts, English; all areas. I know some English, not really well but I can get by, "said Ninfa convinced of her skills as a teacher.

But Ninfa is not just concerned with her students; she also manages to spend time on weekends with her 9 children and 18 grandchildren, and to nurse and be the best company for her husband, who has suffered from lymphatic cancer for years.

Without any doubt, Ninfa Roldan is the epitome of devotion, commitment, love and loyalty.

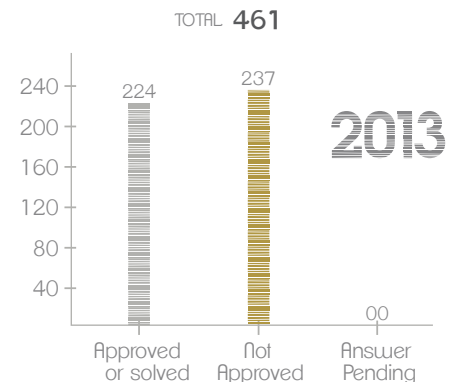
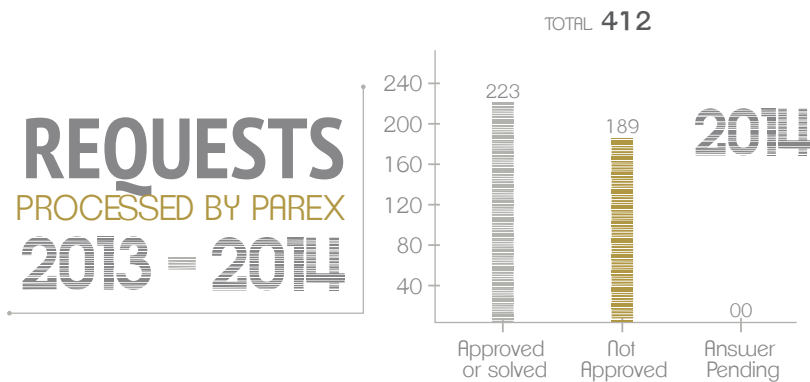


AT PAREX, CREATING SHARED BENEFIT IS THE GUIDING PRINCIPLE OF SOCIAL RESPONSIBILITY

REQUESTS, PETITIONS, COMPLAINTS AND CLAIMS

PAREX generates a suitable environment in which to listen to its stakeholders, pay attention to their requests and processing them whenever these are addressed at attaining a common good and meet the Company's strategic guidelines. Requests stem

from community initiatives and from local authorities; they are projects of collective interest that require financial resources and that the Company is willing to look into as part of its social investment.

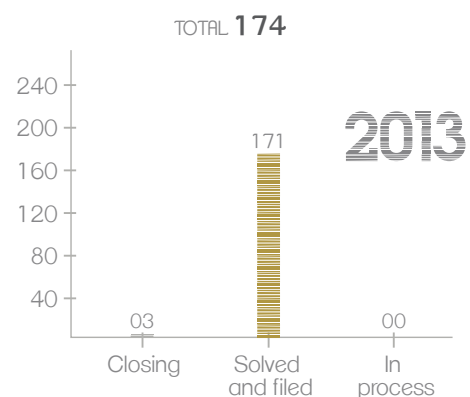
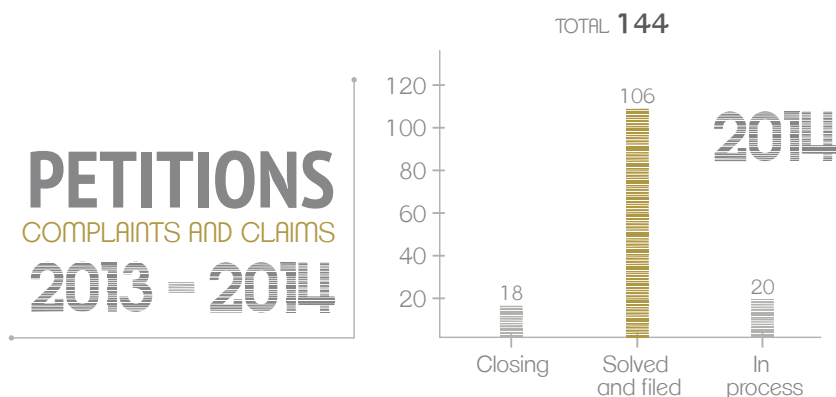


In 2014, PAREX received 412 requests, 11% less than in 2013. However, the number of requests approved was almost identical both years, which reflects the Company's commitment to executing projects that are valued by the community in the areas under its influence.

As for the mechanism for filing petitions, complaints and claims, the challenge for PAREX is to make it a

tool with which to maintain good relations with stakeholders and particularly, to prevent and mitigate the risks associated to operations.

The Company has encouraged informational spaces and has designed communication tools in order to effectively make the mechanism public.

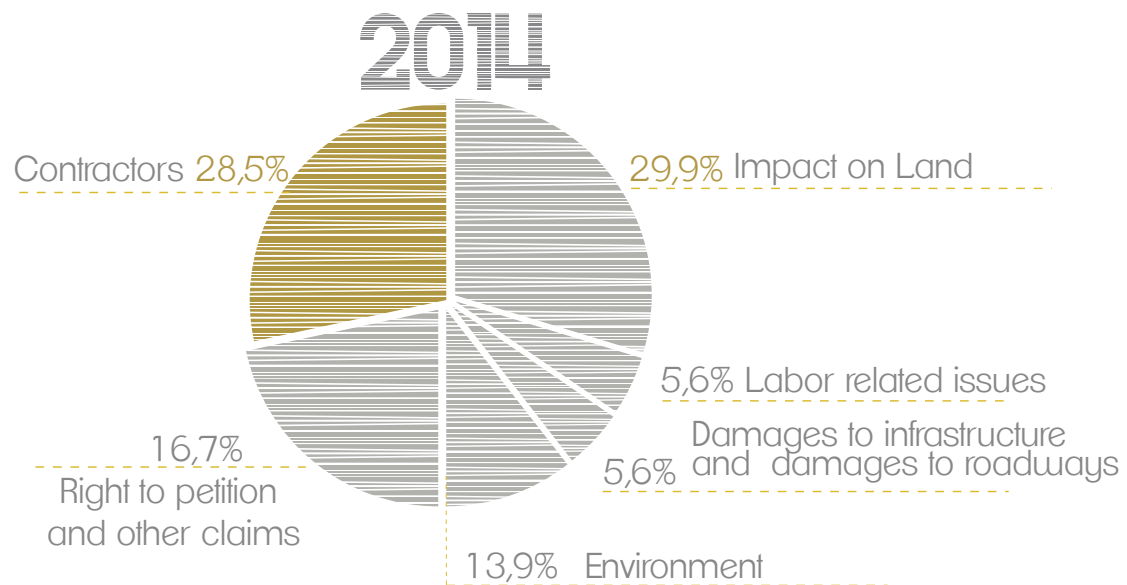


At the end of 2014, PAREX processed 144 petitions, complaints and claims, a figure lower than the one reported for 2013. Seen from the Company's greater activity and the increase in channels through which to process local queries, these results indicate that PAREX is working with greater efficiency to reduce economic, social, and environmental impact from its operations. It is important to stress that every case is a formally closed with the person filing the petition, complaint or claim.

Close to 60% of the complaints filed related with the effects operations may have on landowners'

and farmers' land, as well as with the behavior of contractors. An additional 20% is related to labor issues and eventual environmental impact resulting from exploration activities. PAREX has worked hard to reduce labor related incidents associated to paying the payroll and extra hours of employees from contractor companies, as well as to an adequate estimate of labor benefits legally payable to employees. It has also taken steps to reduce dust and noise emissions. However, the Company faces additional challenges in planning, ensuring, and supervising its activities and those of third parties to consolidate an environment of trust with regards to oil operations.

PETITIONS COMPLAINTS AND CLAIMS BY ISSUE



INITIATIVES FOR PROGRESS

As part of its line of investment in Economic Development, PAREX promotes productive projects that contribute towards generating income for the communities, strengthening local economies and improving the lifestyle of local families. The Company is well aware that its presence will eventually come to an end; it is why it fulfills its commitment to support the community so it may acquire the knowledge and skills necessary to

prosper in activities other than those associated with the oil industry.

It also understands that social projects must be coherent with the development goals set by governments and the local population in the areas where it operates, so that its initiatives are aligned with perspectives of regional progress.



“COMMUNAL BANKS” PROGRAM

This program, which was started by the Governor’s Office in Casanare, is an initiative that contributes towards improving the lifestyle of rural population. It is a rural community entrepreneurship project that encourages self-management, participation and inclusion of the local population in creating, operating and controlling their own initiatives, as a Corporate Commission of the Community Action Boards; it provides access to credit and strengthens human and corporate power.

For PAREX, Communal Banks are an opportunity to fulfill its goal of distributing value. It is convinced of

the importance of generating virtuous circles, supporting neighboring communities so they may become agents of their own development and have the leading role in the quest for their well being.

PAREX creates alliances with its partners through social investment in Community Action Boards, which in turn, are in charge of managing Communal Banks. This figure is used to make loans, create productive projects, improve the community’s housing and foment savings and good use of resources.



PROMOTING THE REGIONAL INDUSTRIALISTS

In 2014, PAREX acquired goods and services in Casanare for a total COL\$39,072,119,365. However, the purpose is not only for the local corporate sector to obtain economic benefits, but to meet high quality standards and thus improve its competitive

standing. For example, during 2014 two companies, Palenquera and Transcurama, obtained an 80% performance score on industrial health and safety after receiving training by the Company.

“Although we are a small company, we have been able to grow because PAREX gave us the chance to do it.”

DIOMEDES VIVAS
MANAGER TECNIPORE
PORE- CASANARE

CAÑO CHIQUITO
CASANARE - COLOMBIA

JOSÉ RAMÓN SALCEDO
AND HIS FAMILY
HAVE BEEN ABLE TO CONSOLIDATE
THEIR BUSINESS THANKS
TO THEIR TENACITY
AND THE SUPPORT THEY HAVE
RECEIVED FROM COMPANIES LIKE
PAREX

SPONSORS PLAN

PAREX believes that when Social Responsibility focuses in the individual, it is also possible to focus it on a corporate level. This is the reason why the Company developed the Sponsors Plan, a program made possible through economic contributions made by employees and contractors and that has enabled several families in the influenced area to improve their homes.



SOLIDARITY BEGINS AT HOME

The house was small and frail, with its zinc roof and wood walls. "We had two beds and two hammocks. The baby and I slept on one bed; the girls in the other. The older boy slept in a hammock in the hall, but whenever it rained, he had to come inside because he would get wet."

This was everyday life for Yolanda Carrasco, a banana seller in Regalito, a rural settlement in Pore, the area influenced by the Llanos 16 Block. She was unaware that thanks to the social ideals of the employees and contractors at PAREX, who provide resources through the Sponsors Plan, her life and her family's life would start to change in February 2014.

Yolanda benefitted from the Sponsors Plan promoted by PAREX as part of its Social Responsibility policy; in three months, her home had been refurnished. It is now bigger, more comfortable and she has bunk beds for her children, a bed for herself, a new refrigerator, pots, fans and a washer. The washer is now her new working tool. Yolanda will leave aside her banana business and make a living doing the laundry for the PAREX Contractors at the loading platform.

"When we got the house, everything was new. We even got clothes and groceries. We are really grateful for everything they have done for us," says Yolanda, who explains in detail how this initiative became real. "The Community Action Board talked so we could get the house, then the people from the oil company came; they asked me how I lived and then they said they would build the house." PAREX contractors gave part of their salaries to buy materials and the employees collected resources to pay for the work.

A BIG SURPRISE ON THE DAY THEY GOT THE HOUSE

Yolanda waited anxiously to receive her new home, which was scheduled for August 20, 2014. That day, the PAREX President, Leo Nicholas DiStefano, came at the scheduled time accompanied by Carmen Sylvain, the Canadian Ambassador in Colombia, who has kindly accepted the Company's offer to officially give Yolanda her new home.

Yolanda could not overcome her surprise at this unexpected visit and kept thanking PAREX officials, "its thanks to you that I have this big and beautiful house." Leo Nicholas DiStefano and the Canadian Ambassador, received a touching letter from Oliver, Yolanda's 16 year old son. "Thank you all, its worth to keep on living."





LABOR OPPORTUNITY AND QUALITY LIFE

Jose Freddy Zamudio seems very small when he walks among the oil tanks at the Maracas field, located in a municipality called San Luis de Palenque. For a moment, he sets his gaze on the horizon as he recalls aloud that he began his working days 18 years back in the area's rice and palm fields. He makes a quick gesture, as if coming back from a dream, and explains how for a long time, work was unsteady and he had to be away from his family for long periods of time.

At 33, he began working in the oil sector in Casanare and two years ago, when he turned 38, he began working for PAREX.

José Freddy proudly narrates that his knowledge about the hydrocarbon industry is empiric, and that he trained for his current job as production assistant through hard work and perseverance. "PAREX gave us the chance to take a course and when I was evaluated, I got a 94% score," says Jose Freddy who was in the best class.

A year after starting to work for the Company, and after signing a contract with SAR Energy, his life changed completely. "I can see the change; here, you have a contract, a house, benefits," he says.



For him the most important part is that he can spend time with his family and see that his stability is mirrored in his children's welfare. "My daughter is in High School and she has a computer, my four year old son has better toys and a TV in which he can watch educational programs. I'm surprised that he already knows so many things when he's four years old. He knows geometric figures and I'm amazed that this is happening."

For Jose Freddy, PAREX is different because the Company maintains direct contact with the people. "For example, I have learned how to care for the

environment, the importance of recycling and preserving the resources we have in the region. Also, the social advisers help us a lot; they guide us and encourage us to use all the opportunities the Company gives us," he ends.

GRI TABLE - INDICATORS



Includes indicators from Guide G4 of the GRI and the Oil & Gas industry supplement.

- SOCIAL
- ECONOMIC
- ENVIROMENTAL

SOCIAL INDICATORS		
COD GRI 4	DESCRIPTION	PAGE
SO1	Percentage of centers where development, impact assessment and community involvement programs have been implemented.	44, 57, 60
SO4	Policies and procedures on communication and training in the struggle against corruption.	12
SO11	Claims on social impact through formal claim mechanisms.	60, 61
HR12	Human Rights claims through formal claim mechanisms.	60, 61
LA1	Number and hiring rate and average employee rotation	34
LA5	Percentage of workers represented in joint formal health and security committees for directors and employees.	40, 41
LA6	Injuries and accidents related to the work of the set of workers.	43, 44
OG13	Security events per business activity	43, 44
LA9	Education – Average hours/ year	36, 37
LA10	Education- skill management programs and ongoing education programs that encourage the worker's chances of being employed.	36, 37
LA11	Percentage of employees who receive regular performance and professional development assessment, broken down by gender and labor category.	36
LA12	Diversity and equity	34, 35, 36
LA15	Real or potential negative impacts in labor practices in the supply chain and measures taken.	44
LA16	Number of claims on labor practices that have been presented, faced and solved through formal claim mechanisms.	60, 61

ECONOMIC INDICATORS

COD GRI 4	DESCRIPTION	PAGE
EC1	Direct economic value, generated and distributed.	13
EC3	Coverage of obligations resulting from labor benefit plans.	13
EC9	Expenses in places with significant operation, which correspond to local suppliers: broken down by type of goods and services.	64

ENVIRONMENTAL INDICATORS

COD GRI 4	DESCRIPTION	PAGE
EN1	Total weight or volume of material used by the organization during the period recorded (renewable and non renewable materials).	23
EN3	Internal energetic use	22, 23
EN5	Energy intensity per MBOE	22
EN9	Water catchment sources	30, 31
EN11	Operational facilities that are self owned, rented or managed and that are adjacent, contain or are located in areas under protection and not under protection that are of great value to biodiversity.	19
EN13	Biodiversity- habitats under protection or restored.	20
EN14	Number of species recorded in the UICN Red List and in national conservation lists whose habitats are in areas affected by operations, according to the degree of risk to the species.	19
OG5	Volume and use of water formation.	31
OG7	Amount of cuts and drilling muds, treatment and disposal strategies.	25
EN22	Effluents and residues- solid residues.	31
EN23	Effluents and residues- solid residues.	23
EN24	Effluents and residues – meaningful spills.	25
OG4	Number and percentage of inventoried and monitored sites with meaningful operations and risks to biodiversity.	19
EN31	Investment in environmental issues	16
EN34	Claims filed through formal mechanisms	61

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