



In 2015 PAREX RESOURCES placed great interest in producing a positive and long lasting imprint both within the Company and in the context of its operations. The purpose was no other than to deepen an intangible yet essential value for the Organization, trust.

Despite current adverse circumstances for the hydrocarbons industry, PAREX reiterates its compromise with Colombia while maintaining its long-term outlook. This is because the Company builds on its experience as an operator, benefits from the contribution of a competent workforce, and has cultivated trustworthy relations with its stakeholders, who can testify to the vigor, perseverance, and responsibility with which it has worked over the past six years in the country.

By following its three corporate pillars, operational excellence, social responsibility, and sustainability, PAREX reports on its efforts to build a footprint of trust as it continues to pursue its vision.

OUR IMPRINT OF TRUST



INDEX

PAREX AND THE NEW CHALLENGES	06
LETTER FROM THE PRESIDENT	06
OUR ORGANIZATIONS	09
ABOUT THIS REPORT	11
MATERIALITY	13
GOVERNANCE	16
CODE OF CONDUCT	17
HUMAN RIGHTS	17
OPERATIONAL EXCELLENCE	19
SUSTAINABLE PERFORMANCE AND GROWTH POTENTIAL	20
20/20 PROJECT - PAREX GROWS STRONG TO MEET THE NEW CHALLENGES	21
ADMINISTRATIVE CAPACITY AND IMPROVED LABOR ATMOSPHERE	21
INNOVATION FOR SUSTAINABILITY	22
CLEAN FUEL AND THE NEOGAS PROJECT	23
CAMPAIGN TO REDUCE ENERGY CONSUMPTION	24
WATER CONCESSIONS	25
WATER REUTILIZATION PROJECT	26
WATER DISPOSAL	27
EMISSIONS	27
DANGEROUS SUBSTANCES DISPOSAL	27
HUMAN TALENT: PREPARING FOR THE FUTURE	28
DEFINING AND DEVELOPING COMPETENCIES	30
KNOWING (UNDERSTANDING) TO PRESERVE	30
ENSURING EMPLOYEE WELLBEING	31
PAREX A GOOD SCHOOL	32
QUALIFYING AND TRAINING THE STAFF	34
ROADS TO OPERATE, PROGRESS FOR THE REGION	35

RESPONSIBLE COMPANY	37
PAREX AND ITS VALUE CHAIN	38
COMPETITIVE AND RESPONSIBLE COMPANIES	38
A NETWORK TO ADD VALUE	39
GROWING AS A PARTNER OF PAREX	39
CAPACITY-BUILDING FOR LOCAL INSTITUTIONS	40
EXPANDING THE BUSINESS HORIZON	42
IN DEFENSE OF SERVICE PROVIDERS	43
PURCHASING GOODS AND SERVICES	44
SAFE TRANSPORTATION SERVICES	45
COMMUNITIES WITH A VISION OF THEIR FUTURE	46
PAREX'S ECONOMIC CONTRIBUTION	47
IMPROVED LIVING CONDITIONS	49
HOME, A PROJECT FOR LIFE	50
COMMUNITY INTEGRATION	52
BIOPARK: HEALTH AND PLEASURE	54
STRATEGIC PARTNERSHIP FOR HEALTH IN TAURAMENA	55
PETITIONS, COMPLAINTS, AND DEMANDS	56
SUSTAINABLE ENVIRONMENT	59
INITIATIVES FOR PROGRESS	61
PORTABLE ENCLOSURES	61
PRODUCTIVE AND ENVIRONMENTALLY FRIENDLY FIELDS.....	61
WINDMILLS AND PRARIE IMPROVEMENT.....	62
PROMOTING TRADITIONAL ACTIVITIES	64
INSTITUTIONAL STRENGTHENING	65
ENVIRONMENTAL RESPONSIBILITY	66
CARBON CAPTURE PROGRAM	66
TAURAMENA, THE GARDEN OF CASANARE	67
RESETTLEMENT OF WILDLIFE	67
A NEW LIFE FOR THE GALAPAGA TURTLES	69
ENVIRONMENTAL EDUCATION	70
TRUST AND NEW OPPORTUNITIES	71
TABLA GRI (G4)	72-74

PAREX AND THE CHALLENGE AHEAD

At PAREX we finalized a successful sixth year of activities in Colombia. Despite being confronted by moments of uncertainty and had to adapt to new market conditions, in 2015 we consolidated our Organization.

The hydrocarbons market changed. In 2015 the price of oil fell by approximately 55% with a tendency to drop further during 2016. It is no secret that exploration and production

programs are seriously impacted by this situation, but it also represents an opportunity to gain in efficiency through process innovation and setting new priorities.

We undertook a number of actions to meet the low-price oil market circumstance while honoring our commitments with all our stakeholders.

Firstly, we are a Company focused on developing relations to work in Colombia for the long run. Also, we are a cost-efficient



Lee Di Stefano
Presidente Parex Resources
and his leaders group

“We have a talented staff with the capacity to react positively to change and the challenges that are associated to it”.

LETTER FROM THE PRESIDENT

PAREX RESOURCES COLOMBIA

Organization with no pending debt with third parties; lastly, we have built a quality professional team capable of managing change and positively contributing to our future growth.

By the end of 2015 we increased our 2P proven and probable oil reserves by 19% reaching a total of 81.7 mmboe, 98% of which are oil reserves. At the same time by the end of the fourth quarter oil production reached 27,434 barrels per day for a 22% increase as compared to 22,526 barrels per day in 2014.

Due to the fact that we capitalized our opportunities for growth in 2015, we were able to safeguard the value of PAREX stock for our shareholders, provided job stability and further training for our staff, and rewarded performance through economic incentives.

A landmark activity was the implementation of the 20/20 project. All Company areas were involved in an exercise to rethink the manner in which we operate, improve our processes, and prepare for the future.

In 2015 we began working to engage other communities to support and participate in the development of new exploration projects in the department of Arauca (Capachos block) and in the middle and lower Magdalena river basin (VIM-1, VMM-9, VMM-11). We believe that the experience gained in Casanare will be an asset as we prepare to begin operations in these new areas.

In the past year we worked closely with our contractors and service providers, ensuring that our value chain enjoys continuing success in the market while offering the quality goods and services that our Organization demands as well as meeting other businesses requirements. In order to confront the challenge of a reduced oil price market we strove to agree with our contractors the manner in which we

could optimize processes and resources while maintaining high technical, social, and environmental standards. Finally, we sought to improve safety practices in the workplace and placed special emphasis on preventing accidents on the roads.

As a consequence of our operational success, in 2015 we invested approximately \$8 billion pesos in social programs in the department of Casanare. Our approach was to closely coordinate the implementation of our projects with Colombia's national and local authorities as well as with the communities neighboring our operations, thus ensuring our projects' long-term impacts in terms of promoting local development and social well-being.

2016 will be a year of great challenges for our Company and for the oil industry in general. We must be able to adapt in these uncertain times and focus on the viability and sustainability of our operations. We will continue to benefit from our staff's and contractors' experience and commitment and build on our organizational strength.

We will continue to work enthusiastically as we have the satisfaction of knowing that we have earned the trust of our employees, who believe in our Company's potential, of the communities and authorities who have found in PAREX a partner to spur local development, and of our contractors and service providers who see in our Organization an opportunity to grow.

Lee Di Stefano
President Parex Resources
Colombia Ltd. Sucursal



In July 2015 for the first time PAREX fully shipped its crude oil to foreign markets.

OUR ORGANIZATION



Parex Resources Inc. is an oil and gas Company engaged in crude oil exploration, development, and production. The Company Corporate headquarters are located in Calgary, Canada, while its operations are concentrated in Colombia, South America. The common shares of the Company trade on the Toronto Stock Exchange ("TSX") under the symbol "PXT".

Through its foreign subsidiaries the Company holds interests in 24 onshore exploration and production blocks totaling approximately 2,630,120 gross acres. Exploration blocks are located in the departments of Casanare and Arauca as well as in the lower and middle Magdalena river basin.

As it builds a portfolio of drilling opportunities and advances its exploration and development program, Parex is committed to a sustainable environment and to produce shared value with the communities influenced by its operations.

In 2015 the Company had 239 full-time employees with whom it successfully manages its growth.



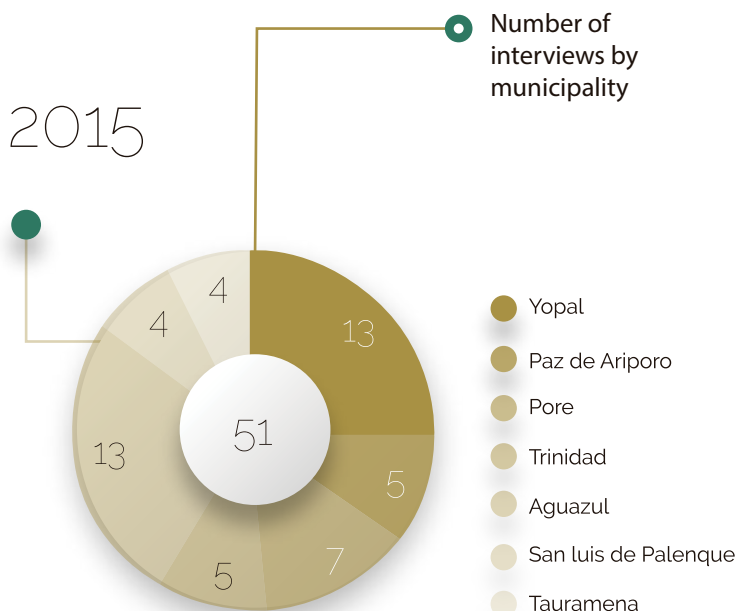
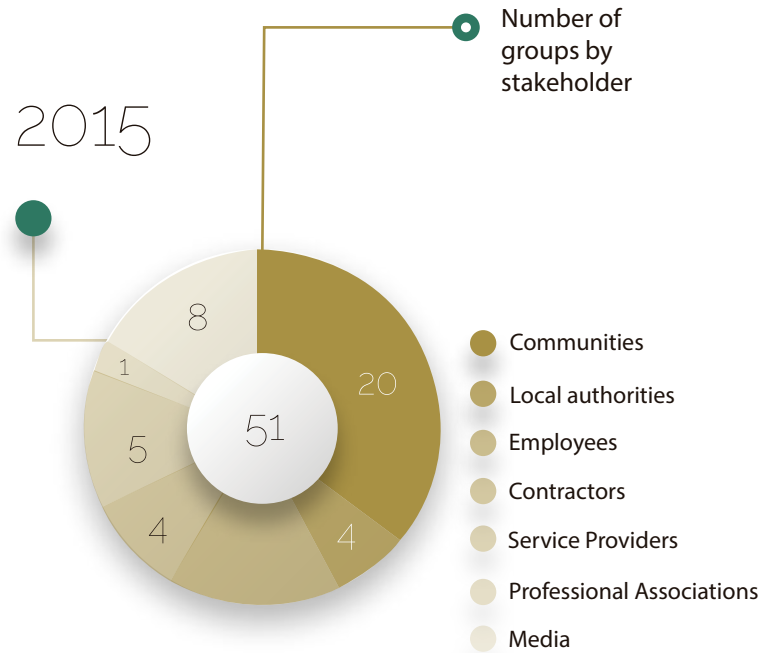
An aerial photograph of an industrial facility, possibly a water treatment plant or a farm processing plant, situated in a rural landscape. The facility includes several large rectangular tanks, a central building complex, and various pieces of machinery. The surrounding area is a mix of green fields and a dirt road. The sky is overcast. The image is split vertically, with the left half showing the full scene and the right half being a dark, semi-transparent overlay.

ABOUT THIS REPORT

ABOUT THIS REPORT

This sustainability report presents PAREX's oil exploration, development, and production operations during 2015 in Colombia. It does not include information on the new blocks or those in which it partners with other companies but does not operate. The information offered herein represents the combined activities of the Company in the department of Casanare. In order to report PAREX's economic, social, and environmental performance in a transparent and objective manner, it called on Signum Consulting to execute this document.

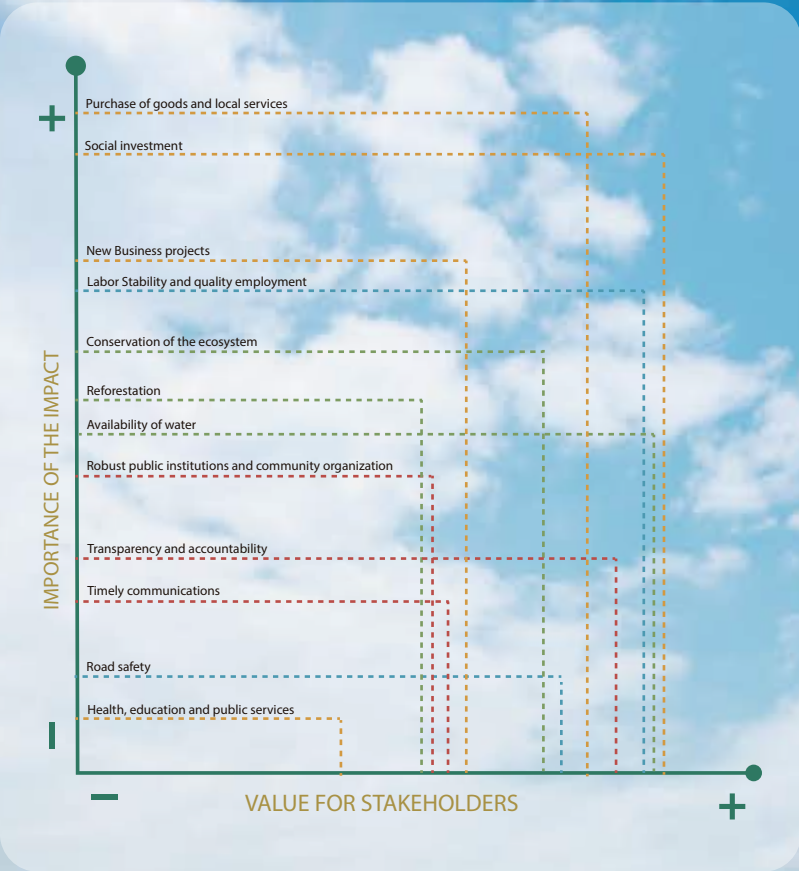
In consequence, Signum Consulting's professionals visited seven municipalities influenced by Company operations in the department of Casanare; six exploration, development, and production blocks were included in the report. A total of 51 in-depth interviews and two focus groups with representative members of seven interest groups in the field were carried out.



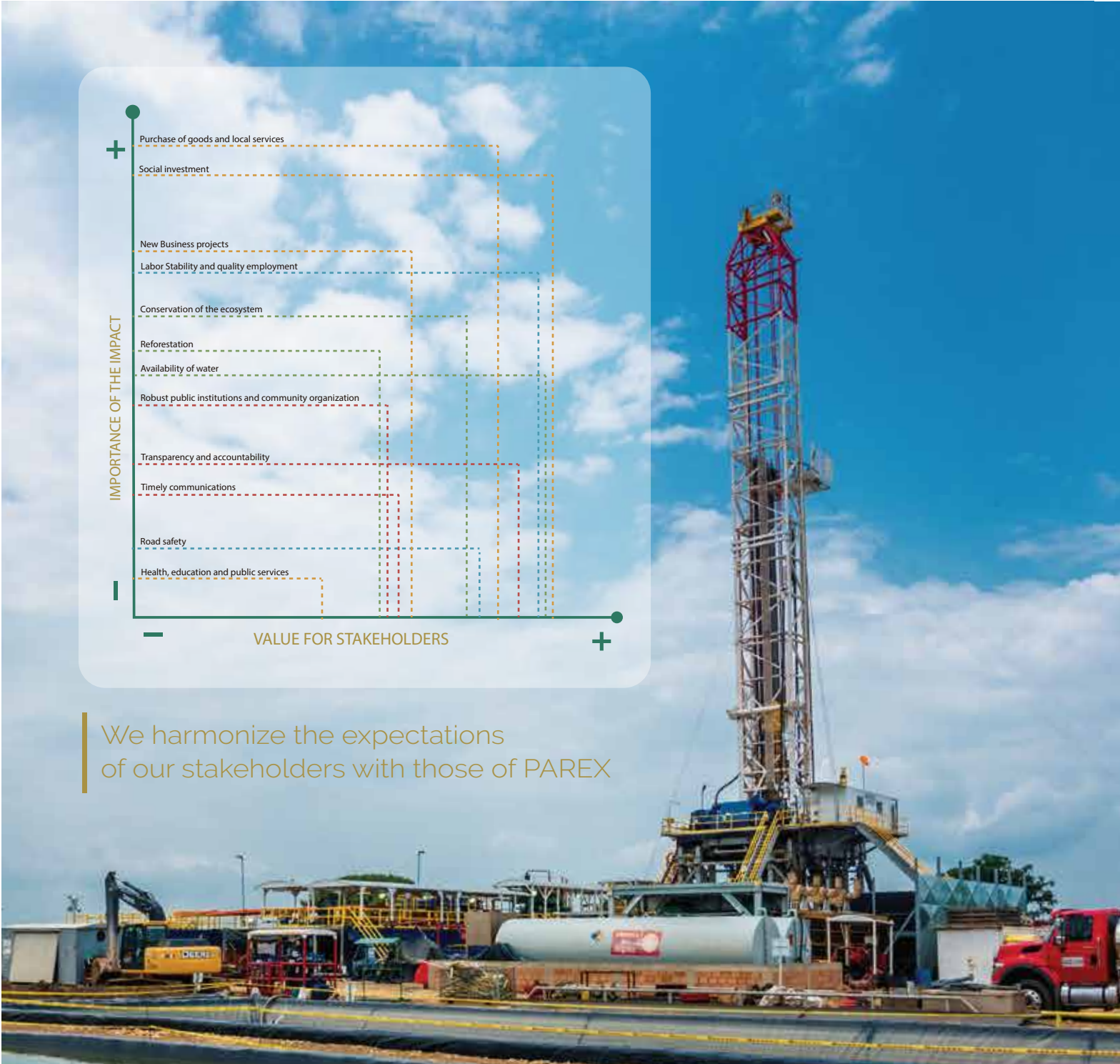
Throughout the second semester of 2015 an additional 15 interviews were executed in the Company's Bogotá headquarters, including the President, the Vice-presidents, and managers in all functional areas of the Organization. For this new reporting period, the staff worked diligently to collect, process, and analyze the data required by the "in accordance" Global Reporting Initiative, GRI, G4 criteria as well as the Oil & Gas Supplement. This effort resulted in the presentation of 65 indicators, as compared to 32 reported in 2014.

The consultation process that took place both in Bogotá and in the field identified material issues of interest for Company stakeholders, their perceptions and concerns associated to PAREX's operations. These issues receive special attention by management as they represent risks and opportunities that need to be addressed in a timely and effective manner so as to increase the viability of its operations while building relations of trust.

MATERIALITY



We harmonize the expectations of our stakeholders with those of PAREX





CORPORATE GOVERNMENT



Gerente de Mercadeo y Transporte: Ana Maria Pinzón
Vicepresidente Relaciones Corporativas: Rafael Pinto
Gerente Financiero: Federico Paz

CORPORATE GOVERNMENT



During PAREX Resources Inc. shareholder meeting of 12 May 2015, eight members were elected to the Board of Governors with a one year mandate. Ms. Lisa Colnett, an executive with extensive experience in the areas of Human Resources and Information and Technology, was elected as a new Board member to replace Mr. W. A. Peneycad.

Wayne Foo	Executive Director (CEO)
Norman F. McIntyre	Member of the Operations and Reserves Committee
John Bechtold	Member of the Operations and Reserves Committee Member of the Financial and Audit Committee
Lisa Colnett	Member of the Operations and Reserves Committee Member of the Corporate Government, Human Resources and Compensation Committee
Curtis D. Bartlett	Member of the Corporate Government, Human Resources Compensation Committee
Robert J. Engbloom	Member of the Financial and Audit Committee Member of the Operations and Reserves Committee
Ron Miller	Member of the Financial and Audit Committee
Paul D. Wright	Member of the Financial and Audit Committee

Mr. Dave Taylor who had been acting as Executive Vice President for Exploration and Commercial Development was promoted to the role of President for Operations, Exploration, and Commercial Development. Mr. Taylor replaced Mr. Barry Larson who decided to retire after twelve years of service to the Company. Mr. Wayne Foo continued in the position as Principal Executive President with the task of providing

strategic guidance, determining capital allocation, and furthering PAREX's relations with stakeholders. With the view of preparing PAREX for the next five years, its Directors determined that strengthening Company processes and systems was of paramount importance, as well as leadership formation and promotion both in the Bogotá and Calgary headquarters.

CODE OF CONDUCT

PAREX Resources Inc. is respectful of the laws and regulations of the countries where it operates. Its Code of Conduct serves as a guide for its directors, staff, consultants, and employees thus helping them to meet the goals of the Organization and complying strictly with the law. The observance of the laws and regulations contributes to strengthen the Corporate culture which is based on honesty, integrity, and accountability while it protects its reputation.

PAREX's Code of Conduct documents the principles of ethical behavior that must guide the decisions of all the personnel, whatever the circumstances of the business may be. The aforementioned principles do not substitute Company policies nor its bylaws and statutes as they apply to every jurisdiction where the Company operates. In case PAREX employees are in doubt as to the relations between the applicable laws and Company policies, they should raise their concerns with the Advisory Committee.

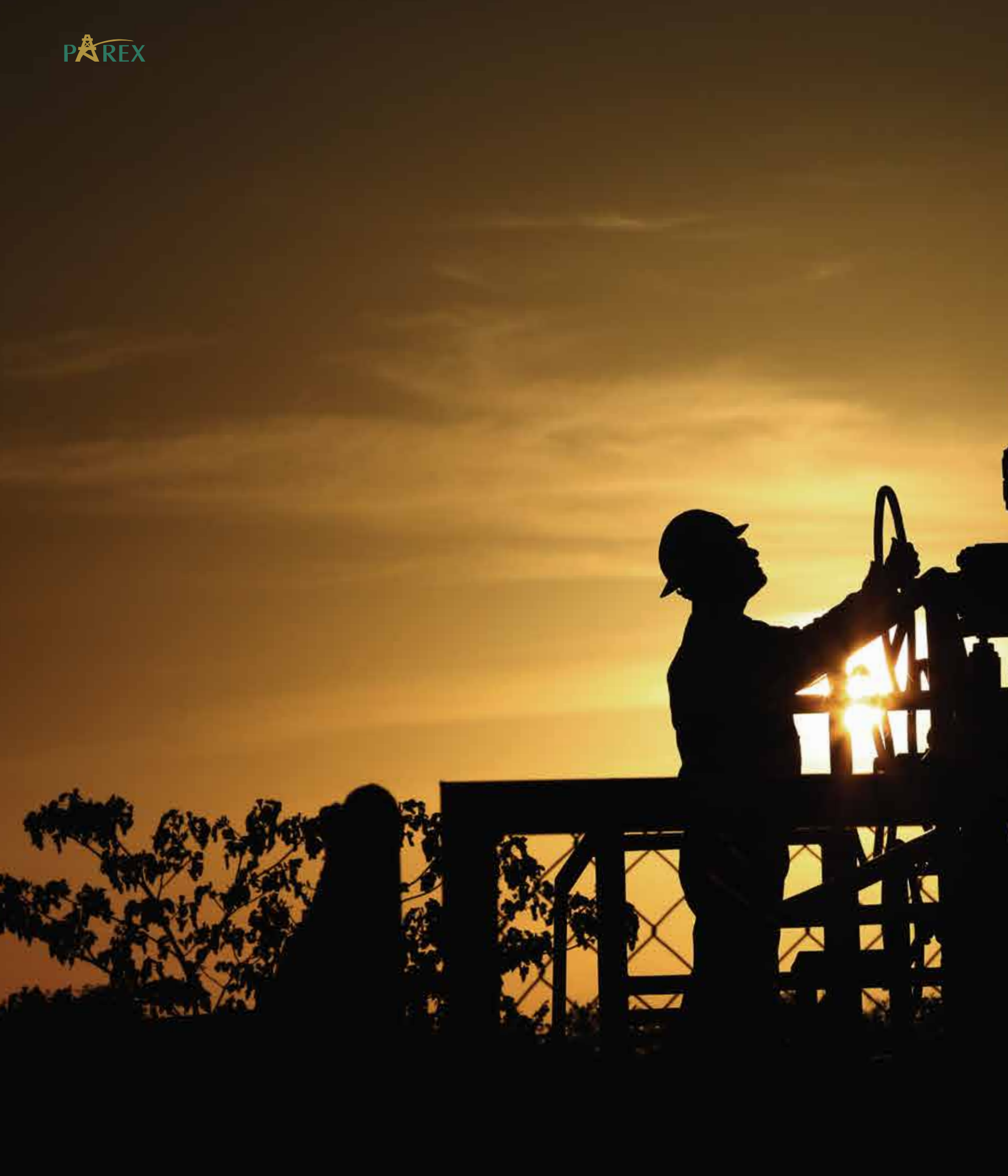


HUMAN RIGHTS

As established in its Corporate Social Responsibility policy COL-RSE-DI-001, PAREX shares the universal ideal of respect for Human Rights. The Company shall not take part in, instigate, or carry out actions against the Human Rights of persons or communities. Fair labor practices are implemented throughout the Company congruent with the legislation in place in all the countries where it operates. PAREX does not take part in or condone illegal behaviors including discrimination, intimidation or abuse.

On the basis of this affirmation, in 2015 PAREX undertook the design of a guide that defines the parameters or minimal requirements to formulate and implement a Human Rights policy consistent with prevailing international standards, guidelines and technical rules as well as industry best practice. In said policy document the Company takes the U. N. Guiding Principles on Business and Human Rights as a reference as well as the Voluntary Principles on Security and Human Rights and the 10 Principles of the U. N. Global Compact.

PAREX purports to adjust, formalize, and communicate its Human Rights policy in 2016.



The image features a silhouette of industrial machinery, including large cylindrical tanks and various pipes, set against a warm, orange-hued sunset sky. A chain-link fence is visible in the foreground, partially obscuring the lower part of the machinery. The overall scene is dark, with the primary light source being the setting sun, which creates a strong contrast between the dark silhouettes and the bright background.

OPERATIONAL EXCELLENCE

SUSTAINABLE PERFORMANCE AND POTENTIAL FOR GROWTH

As a Company that trades its stock in the market, PAREX seeks to excel as a trustworthy and transparent Organization for its stakeholders. Its financial results are audited annually and are publicly available.

In 2015, PAREX increased its 2P proven and probable reserves by 19%, for 81.7 mmboc.

The life index for 2P reserves increased by 10%, reaching 7.8 years. Annual average production reached 27.435 barrels of oil per day, a 22% increase as compared with 2014. Fourth quarter oil production in 2015 averaged 28.588 barrels per day, above the goal set by the Company.

Eight A3 wells were drilled by PAREX during 2015, an accomplishment that led to the discovery of the Rumba field located in the Llanos 26 block. Further, the National Hydrocarbons Agency approved two agreements signed between Ecopetrol and PAREX in 2014. The first involves the joint development of the Capachos Block located in the department of Arauca, while the second contract intends to increase the reserves and production of oil of the Aguas Blancas field, located in the middle Magdalena valley. As well, during the period of this report, PAREX carried out activities to build trust with the communities in the area of influence of the Capachos Block.

By 31 December 2015, cash flow from operations was \$410.376 million pesos, compared to \$925.629 million pesos in 2014, due to the low prices of oil but partially compensated by larger oil production. PAREX increased its net working capital to \$241.564 million pesos. At the end of 2015 the Company had no outstanding debt with banks, and had an open credit line for \$629.894 million pesos.

The cost of discovery, development, and acquisition for the year was \$6.298, 94 pesos/boe for proven oil reserves and \$11.243, 60 pesos/boe for 2P reserves including capital assests for future development.

PAREX has built a solid financial base that has allowed it to carry forward its sustainable and self-financed business model despite the period of low oil prices. In 2016 the Company expects to produce 30,200 boe, 10% above the 2015 results.

The consolidated financial information for PAREX contained in this report is expressed in Colombian pesos (COP), and can be consulted in the Company Web page (www.parexresources.com). The average exchange rate was used for the conversion of dollars to Colombian pesos.

Price Waterhouse Coopers (PWC) audits the financial information for PAREX.



PROJECT 20/20

PAREX PAREX PREPARES TO MEET NEW CHALLENGES

In 2015 PAREX hired an international management and consulting agency, the Highland Group, to assess its organizational and operational capacities and to offer its support in drawing an action plan to help the Company meet its growth objectives. Through this activity labeled the 20/20 Project, the Company clearly identified its strengths and weaknesses, analyzed the effectiveness of the tools and procedures it draws on to carry out its day-to-day operations, and above all, confirmed that its staff is highly qualified, committed, and capable of confronting the challenges ahead.

This was a landmark activity for PAREX in 2015 as it was an opportunity to rethink, strengthen, and redirect the Organization in the midst of a difficult moment for the oil market worldwide. PAREX knows that issues such as the cost-effectiveness of its operations, optimizing the different work processes, and building capacity for its staff, are keys that will allow it to adapt to change and actively transform the Company, thus positioning itself to take advantage of future opportunities.



ADMINISTRATIVE CAPACITY AND GOOD LABOR ATMOSPHERE

Throughout 2015 the Company developed a Correspondence and Documents Management Office with the aim of improving control of information and facilitating the search and retrieval of documents. Response time was reduced to allow for more effective consultation of internal documents as well as audit procedures.

At the same time, 400 square meters of new office space were made available as a result of careful planning of physical requirements. Office space was consequently redistributed to improve communications among the functional areas of the Company, as well as increasing comfort, harmony and the well-being of PAREX's staff.

INNOVATION FOR SUSTAINABILITY

Exploration, development, and production operations at PAREX hinge on two goals of strategic value for the Corporation: firstly, performing efficiently and secondly, building trust in its relations to its stakeholders.

In 2015, the Company implemented new initiatives such as the Neogas Clean Fuel Project and the responsible disposal of residues.



The Carmentea 2, Kananaskis 2 and La Casona wells have a high gas production potential which is used as a clean source of power for internal consumption

CLEAN FUEL AND THE NEOGAS PROJECT

PAREX implemented the clean fuel Neogas Project in the Carmentea and La Casona fields. Once the drilling operations end, the Company uses the gas produced as an alternative power source for the electricity plants in place for internal consumption.

High and low pressure equipment is used to transform gas into electric power. In this manner, separation, treatment, and compression processes take place to store and transport the gas. In addition to the positive impact this project has on the environment, it produced \$10 million pesos savings per day to the Company's benefit.

The Carmentea 2, Kananaskis 2, and Calona wells have high potential gas production and generate clean electric power for internal use in the field. In 2015, average gas production at Carmentea was 150 cubic feet per day.

Carmentea

La Casona

Con el gas producido en el La Casona field is enough to meet the electric power demand of the Maracas, Aquira, Kona, Jacana, and Max fields, as well as commercializing excess power to Cronos. In 2015, average gas production at Carmentea was 2,500,000 cubic feet per day.



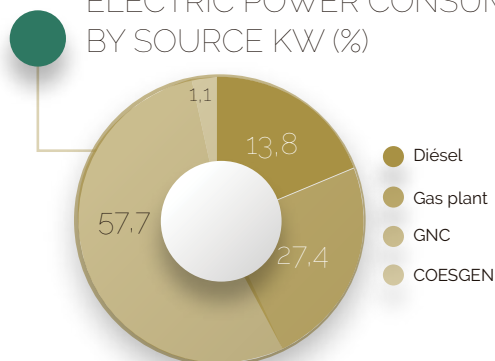
The Company's short term goal is to commercialize the excess compressed gas that is not required for the operations.

In 2015, electric power consumption in PAREX was 5% greater than the previous year for a total of 3,340,764 KW. However, energy intensity reached 0.33 KW/boe, a figure below the 0.39 KW/boe reported for 2014.

Tons per year of contaminants not released to the environment as a result of the use of natural gas instead of diesel fuel in six generators used in the operation during 2015.

Contaminant	Tons/day	Tons/year
Particulate matter (PM)	0.0109	3.97
Sulfur dioxide (SO2)	0.0105	3.81
Nitrogen oxides (NOx)	0.1277	46.61
Carbon dioxide (CO2)	1,9166	699.56

ELECTRIC POWER CONSUMPTION BY SOURCE KW (%)



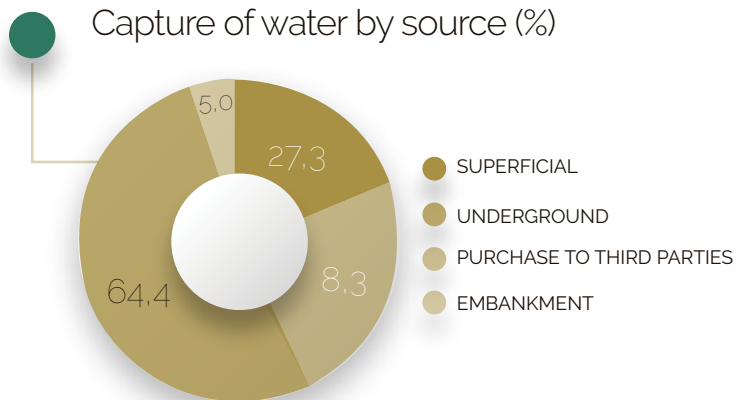
The graph on the left shows electric power consumption by source, not only including diesel fuel and the natural gas produced at the Neogas plants, but also the compressed natural gas (CNG) for motor vehicle use, as well as other sources.

The Company also reports 21,798 gallons of fuel oil and 118.72 cubic meters of wood used by the operation during the year. Release of these figures shows PAREX's increased capacity to track its impacts on the environment in terms of the use of renewable and non-renewable resources.



WATER CONCESSIONS

SUPERFICIAL AND INDERGROUND



The Company used superficial and underground water in its operations in an amount inferior to that granted for use by the authorities. PAREX was also authorized to purchase water to companies that have been duly licensed by government environmental agencies, without putting the municipalities' needs for water at risk. Total water consumption for the Company during the year equaled 96,756,885 liters, 64% of which was drawn from underground reservoirs.

Average consumption of water for 2015 was 2.55 gallons/boe, compared to 3.56 gallons/boe for 2014, a figure that shows a significant decrease in the use of this liquid.

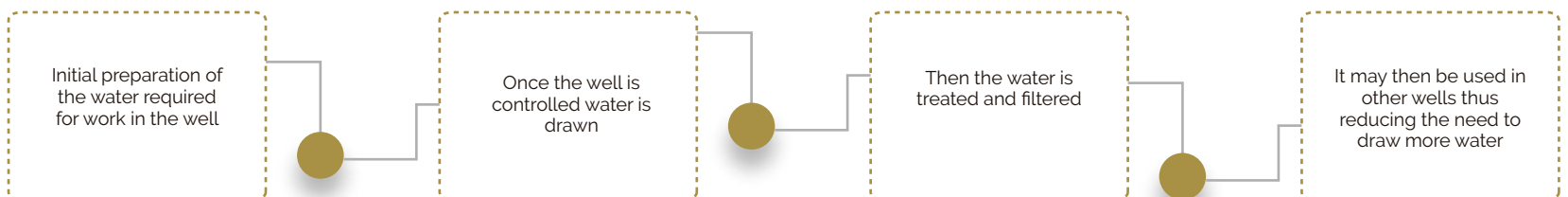
WATER REUTILIZATION PROJECT

PAREX seeks the maximum reduction of its impact on the environment by implementing clean industrial processes, carrying out preventive actions, exercising controls, and promoting recycling of materials and water. In 2015, the Company implemented a water reutilization project

throughout its operations. This project was especially directed to well completion and drilling activities as they require large volumes of water in the process of controlling the wells and oil recovery, as well for the upkeep of their operation.



REUTILIZATION OF WATER PROCESS 2015



As in the case of the water used for drilling, the water that is used for washing the machinery is reintroduced into the system –the tanks – through compression pumps, a

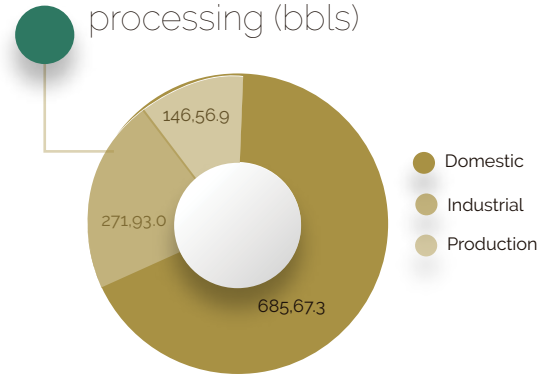
process that allows for water recycling in the operation. The total volume of water re injected into the ground by PAREX in 2015 was 12.714.201.4 barrels.

LIQUIDS DISCHARGE

In order to avoid the discharge of harmful liquids into the environment and sending residual water for treatment in external plants, the water that has completed its reutilization cycle is re injected into wells. Before this process takes place, the water is taken through a purification process with filtering carried out with the use of palm tree shells. This process permits the separation of most solid, oil and crude residues before re injection takes place.

Residual water of industrial or domestic origin as well as water used in oil production requires treatment before its disposal. These liquids are treated by a specialized company that works efficiently and with high quality standards.

Residual water for third party processing (bbls)



PAREX does not release water in superficial streams



Pie de foto: "I believe that one of the most appealing aspects of PAREX was its management of residues, especially water. This liquid is transported from each field to viscous injection wells. Water is not released into superficial streams. It is a Company that produces no water discharge at the same time it is an important crude oil producer."

Joaquin Pulgarin
Production Supervisor
Rumba Project



DANGEROUS SUBSTANCE DISPOSAL

The disposal of dangerous chemical and solid products resulting from the operations at PAREX is carried out by a specialized contractor. That company is responsible for collecting and correctly disposing these products through a number of plants where the contaminating residues are burned.

Oil residues are used again in the system by means of a process of recirculation that may require the addition of chemical substances or by other means. Other residues such as containers, recipients or bottles are also managed by contractors who are expert at waste disposal.

PAREX analyses and controls solid waste and ensures it proper disposal in accordance to the law and applicable standards. In 2015, the Company produced 46.402 barrels of cuts and drilling muds. The Company does not permit the use of benzene or sulfur in its operations

SOLID WATES PRODUCED (KGS)

Type of wates	Volume
Recyclable	7,340,773.50
Contaminated	510,615.32
Ordinary	19,233.80
Organic	18,671.30

EMISSIONS

PAREX measures its emissions of particulate matter, sulfur dioxide (SO₂) and nitrogen oxides (NO_x) in accordance with the Protocol for the Control and Supervision of Atmospheric Contamination from Fixed Sources – Version 2 (2010).

SPILLS

PAREX exercised strict controls to avoid oil spills as well as the discharge of untreated domestic and residual water. The Company is also firm in preventing chemical substance, oil or fuel spills that may harm the environment or be released into the public infrastructure. Contingency plans are always considered as a matter of improvement; inspections are performed regularly in an attempt to ensure the good condition of the equipment. During 2015 a number of drills were implemented to ensure process effectiveness.

In 2015, there were 1.85 spills per million barrels produced; as well the Company registered 7.56 spills per million barrels transported.

HUMAN TALENT

QUALIFIED AND COMMITTED

In 2015 PAREX defined its eight organizational PAREX is a Company that continuously works to ensure its long-term success. It knows that this is possible through the professionalism of its staff, its commitment

to the goals of the Organization, and its talent. At the close of 2015, the Company had 239 direct employees, including 170 men and 69 women. The personnel rotation index was 2.2%.

PAREX's staff grew by 3.02% during 2015





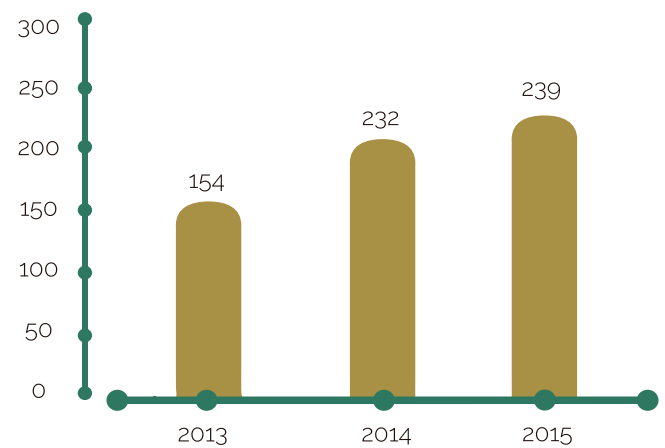
The Company believes in gender equality and strives to create opportunity for women. At PAREX the gender ratio for women was comparable to 2014. Employment opportunities for women in PAREX are also comparable to those available in other oil companies operating in Colombia.

Labor relations are harmonious as they are grounded in open and transparent communications with all the staff.

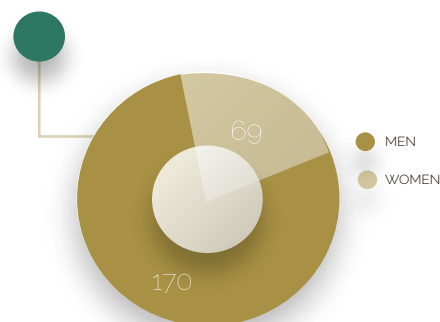
In 2015 there were no reclamations against the Company in connection with Human Rights. There are no unionized workers in PAREX nor is there any other form of the collective representation as provided by the Colombian laws.

During the past year PAREX took great effort to identify the Corporate goals and to design and implement an action plan to develop new skills, training programs, as well as benefits and incentives for the staff, among other issues

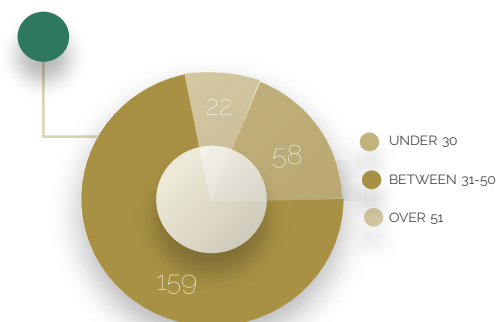
TOTAL DIRECT EMPLOYMENT



Personnel distribution by sex



Personnel distribution by age



DEFINING AND DEVELOPING COMPETENCIES

In 2015 PAREX defined its eight organizational competencies that apply to all Company personnel: quality goal achievement, innovation, team work, resolve, adaptability to change, conflict resolution, communication,

and leadership. During this period various non-formal training programs were executed with the participation of 84% of the Company's employees.



KNOWING TO PRESERVE

PAREX complies with the legal mandates of Colombia in so far as the salaries and social security obligations with the work force are concerned. All direct employees enjoy contracts of indefinite duration, a practice that the Company recommends its contractors and service providers to adopt. Wage policies at PAREX aim to build a competitive salary structure for all its employees, one that nears the average for the market.

Additionally, through the benefits plan the Company provides its personnel with the tools needed to nurture passion and compromise for the work performed and to become more productive. Each worker may structure the benefits available according to her needs and expectations; this includes the possibility of benefitting from stock appreciation rights (SAR), a tool to build a sense of appropriation among the employees.

ENSURING EMPLOYEE WELLBEING

PAREX is keen to comply with Labor Ministry Resolution 2646 of 2008 which provides for the identification, evaluation, and prevention of social and psychological work related risk factors. In 2015 an internal survey was executed to detect such risks, and a mitigation plan was developed to guarantee personnel health and well-being. As well, staff participation was prompted to improve the day-to-day working experience and to seek ways to improve the employee's quality of life.

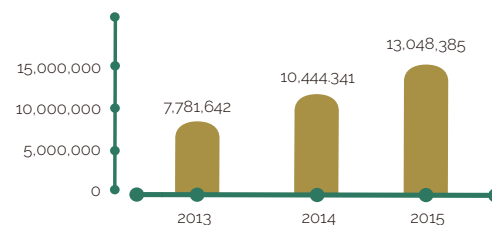
The Joint Committee on Health and Safety at Work (Comité Paritario de Salud y Seguridad en el Trabajo, COPASST) works to comply with the legal mandates. It is an eight member body comprised of four principal and four substitute representatives. As defined in 2014, the Committee strove to improve communication channels, such as the Intranet service, to serve all Company employees. As well, the Committee worked closely with the Risk Administration Agency and HSEQ to prevent work-related risks.

INCIDENT FREQUENCY IN 2015



In 2015 the lost time injury rate was 0.54, a result slightly lower than the corporate goal of 0.60.

Total number of hours worked 2013 - 2015



PAREX A GOOD SCHOOL

During 2015 PAREX pushed for more professional training for its employees and personnel advancement. Twenty one of its staff members found new opportunities for promotion within the Company.

As 2015 came to a close, Rosa Farfán or Rosita, as she is fondly called by her peers was promoted from the position of General Services Assistant to the position of Administrative Assistant. In this capacity she began to receive training in order to meet the new challenge.

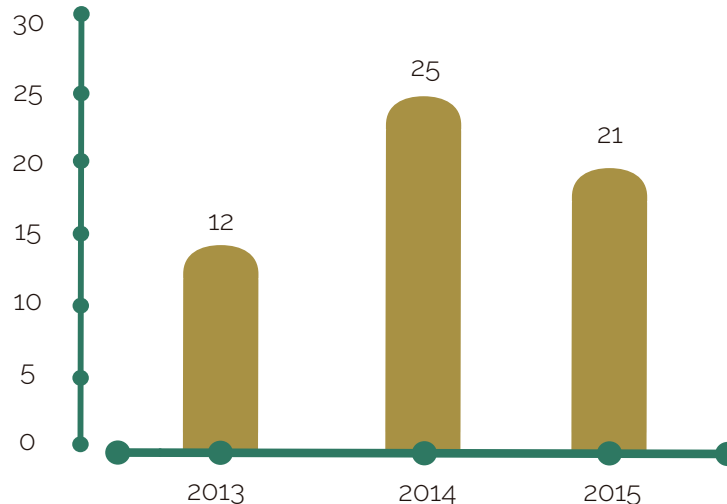
"I believe that PAREX saw honesty and trustworthiness in me, and that lead to my promotion. My new position brought about many professional changes, as Human Resources are a large and complex area. There are many issues to be dealt with, but I have found support within the Company to tackle them. At a personal level I must add that there has also been. My co-workers often remark how much I have changed", says Rosita enthusiastically.

Ms. Farfán never forgets who helped her along this path to progress. She asserts that Naidú Arias, Leader for Administration and Personnel Well-being at PAREX and her former superior in the area of General Services, taught her many things and delegated responsibilities which made her grow in many ways.

"In Rosita I saw a person who cared for the Company, took good care of the resources given to her, demonstrated good decision-making ability. She is a strict and serious person. That is the reason I appointed her as Head of General Services. We worked together to strengthen her leadership skills so that her peers could see her talent; she learned team work and gained authority and autonomy", explains Naidú Arias.

"I am happy and personally satisfied to see how Rosita becomes strong to perform her administrative duties. She deserves what she has obtained because she has earned it, through effort and showing results. Nothing is too big for her, she is constantly learning", concludes Naidú.

PERSONNEL ADVANCEMENT



Rosa Farfán
Administrative Assistant





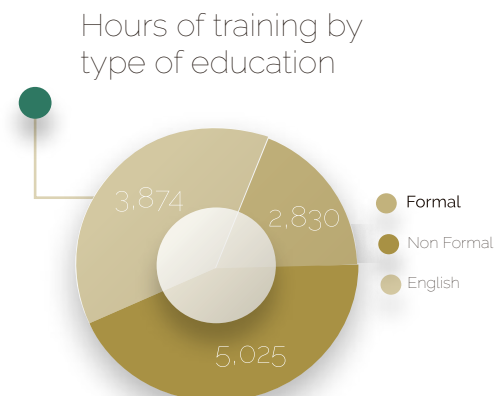
STAFF QUALIFICATION AND TRAINING

PAREX believes that human capital growth is the best investment to ensure long-term success. Consequently, in 2015 the Company spent \$380,382,170 pesos in personnel education and training, an amount similar to the previous year's figure notwithstanding the drastic reduction in the price of crude oil. The number of hours devoted to non-formal education increased by 51% when compared to 2014.

All Company employees were evaluated and their performance rating was discussed with their immediate superiors. These evaluation results may lead to designing and implementing a training plan to help staff meet their job requirements.

PAREX reached an agreement with the National Training Service (SENA) for the implementation of two educational programs for the communities. Three

persons took a course for Oil and Gas Production Technicians while six others received training as Industrial Automation Technicians and had the opportunity to join the Company as practitioners.



ROADS FOR OIL OPERATIONS

PROGRESS FOR THE REGION

exploration and production operations, PAREX made significant investments. By Cooperation Agreement No. 0008 of 24 June, signed by the Casanare Governor's Office, the municipalities of Monterrey and Villanueva, and oil operators GEOPARK and PAREX, both companies invested \$20 billion pesos to implement the Central Casanare Highway project. These funds were matched by a \$70 billion peso appropriation by the departmental authorities, funded through the General Royalties System.

As well, in association with the Mayor's Office of Tauramena, PAREX invested \$13 billion pesos in repair and maintenance work for the Tacuya – Los Lobos road. The local administration implemented the required vertical and horizontal road signs.

The investments are not only useful for the activities PAREX carries out in the region, but are a contribution to the society's well-being, as they produce positive economic and environmental impacts for the neighboring communities.



Francisco Atilua
Beneficiary of the Biopark Project
Pore, Casanare





RESPONSIBLE
COMPANY

PAREX AND ITS VALUE CHAIN

A key tenet of social responsibility at PAREX is its value chain, closely linked to its operations. The Company believes that managing successful exploration and production activities, obtaining trust from interest

groups, and attaining strong corporate reputation are issues closely linked to the performance and conduct of its contractors and service providers in connection to industry standards and best practices..



Renato Parra
General Manager
Serpet JR
Yopal, Casanare

COMPETITIVE AND RESPONSIBLE COMPANIES

PAREX's value chain represents a great opportunity to contribute to local progress in terms of developing a sustainable job market through the consolidation of small and medium size businesses. PAREX supports these companies so that they are competitive and can successfully offer their services in larger markets, while demonstrating management capacity to provide quality goods and services, and confront environmental as well as personnel and safety issues.

Social investment project at PAREX have consequently become an opportunity for local businesses. Carlos Julio Gómez says that his company, "Ferrecursos La Principal", a local hardware store, has consistently presented proposals to provide construction materials for the Home Improvement Program sponsored by the Company. He explains that he is

aware that the community and the Company assess proposals on the basis of product quality, price, and customer assistance.

He also states that in order to participate in such bids, businesses must be local; they must demonstrate that they comply with the law in matters such as the payment of the social security provisions for workers, be validly registered in the local Chamber of Commerce and the Income Tax Registry, as well as PAREX's platform. Finally, they must prove financial capacity to cover the cost of the materials demanded by the Company. "Our relation to PAREX is excellent; its social workers help solve every problem that may emerge, answer our queries, and give us support throughout the entire process. Communications are permanent."



José Jerónimo and his staff
Catering Service Provider
Municipality of Tauramena, Casanare

Catering services contracted by PAREX in 2015 reached \$5,627,070,581 pesos

GROWING AS A PARTNER OF PAREX

José Jerónimo Camacho smiles with nostalgia as he recalls his youth. In 1987 he worked at the Piñalito pig farm, located in the jurisdiction of La Urama. "I used to run to herd the pigs into the truck and they would swerve to avoid it."

As if returning to the present after a dramatic and rapid journey, he recounts his story of the way in which he purchased the plot of land where he built his home. He then recalls how he began his relationship with PAREX as a transportation services provider and how one day he decided to open a restaurant he called "Maraquero". This diner soon became a meeting point for PAREX's collaborators.

According to José Jerónimo, PAREX noted his interest in succeeding as a businessperson, and encouraged him to formalize his company. "In this manner, my restaurant, "Servialimentos Los Capachos S. A. S." formally came to life", he states enthusiastically.

"PAREX was of great assistance for me as it helped me gather all the necessary documents; I registered the company in the Chamber of Commerce of Yopal while the social workers helped me file them. Three months

ago I finalized this formalization process. I hope to continue growing with PAREX's support", he adds.

A busy environment is evident at José Jerónimo's restaurant. Each day it serves between 100 and 120 customers, mostly sold to PAREX's direct employees as well as contractors and subcontractors. "I currently have seven employees, two of whom come from the vicinity of La Urama."

He states that one of the Company's principal requirements is the observance of the hygiene and cleanliness policies as well as the training of his employees in the handling of food. He also had to refurbish his truck to make it suitable for the transportation of food.

"Throughout this process I have benefitted from the support of PAREX's professionals; they have provided guidance so I have been able to meet the requirements. I trust PAREX because since the time it arrived in the area we have been able to progress. When one grows alongside a Company as this, it is because one is trustworthy. One can surely benefit at the hand of PAREX."

A CHAIN THAT ADDS VALUE

PAREX's service providers demonstrate their commitment to promote local talent. In search of better work opportunities, Jorge Antonio Monroy first arrived at the municipality of Trinidad in the department of Casanare 40 years ago. In this town he met his future wife with whom he now has three children aged 25, 23, and 17. Twenty five years back he became the proprietor of a construction goods general store, "Llano Oriente", and later, only six years ago, he opened a subsidiary in the neighboring town of San Luis de Palenque. As a construction materials provider he has served important social project sponsored by PAREX, especially those dealing Home Improvements. His business drive also led him to purchase a water treatment plant, "Aguas Arco Iris". At the plant, water is

purified and commercialized. PAREX is one of his principal clients. José Antonio assures that his company has become a great challenge for him and his family, particularly as he had to sacrifice much in order to purchase the plant. With time, "we have become more competitive in terms of financial and accounting practice; this has allowed us to offer better products and prices to the benefit of the communities," he states.

He goes on to explain how he decided to hire young local persons who have not been able to attend a university; his aim is to help them save enough money to finance tuition costs.



RESPONSIBLE COMPANY

He proudly remembers the case of Carlos Manchola, a young man from Trinidad who joined the water plant's staff as soon as he finished his high school. With his earnings he successfully obtained a degree in geology.

He also speaks fondly of Gian Carlo, a youngster who graduated as an oil specialist in Yopal and who currently works for exploration companies in the region. And then there is Diana Patiño, a plant employee in charge of the management of the warehouse inventory. As a result of her hard work, she was able to graduate as a lawyer from a college located in the capital of Casanare. Finally, he points to Andrea Higuera who was in charge of the cash register

and accounting as another success story. She currently enjoys paid time to attend training as a safety technician at a Yopal Institute.

According to Jorge Antonio Monroy, PAREX is characterized as a solid and responsible Organization: "It is an open Company, always willing to talk with every group. We are very happy with PAREX as it has executed great development projects for the region, supports education, and shows concern for the environment...PAREX reaches out to those in greater need. It is a trustworthy Company that responsibly engages in commercial deals. It has always honored all its contracts."



Jorge Antonio Monroy
Construction Materials Provider
Trinidad, Casanare

EXPANDING THE BUSINESS HORIZON

Transmena S. A. is a company that emerged as the result the purchase of a Tauramena-based transportation company in 2011. In 2012 the new franchise modified its remit to include the execution of construction work in civil engineering projects. In partnership with another company it successfully bid to carry out construction work at the Kananaskis oil field; later it participated in the implementation of other projects such as the improvement of the road from La Esmeralda to Los Lobos.

According to Transmena manager, Wilson Ibáñez, when PAREX arrived in Casanare it opened the door for his business, a key fact that allowed it to gain experience. "We are currently providing purified water transportation services for the Company as well as spraying dust roads."

"Over the years we have been able to help many local persons by opening new employment opportunities, as well as through the purchase of local goods and services," says Wilson Ibáñez. He also asserts that Transmena has always kept good relations with PAREX, a fact he associates to the excellent communications he has with its managers in all functional areas of the Organization."

"I trust PAREX because it has given us the chance to work and believes in our capacity to get the job done. The Company has always honored its word and has helped us manage the difficulties we have faced in a responsible manner," he concludes.

During 2015 PAREX paid \$22.774.444.201 pesos in local construction work. It also paid \$23.720.812.540 pesos to local companies for transportation services.



Wilson Ibáñez
Transmena manager
Local contractor
Tauramena, Casanare



Abelardo Rojas
Construction materials provider
Pore, Casanare

ADVOCACY OF SERVICE PROVIDERS

The Company understands that every person who is a part of its operations, whether directly or indirectly is leaving an imprint in the surroundings. In 2015, the Organization developed a new role within its area of Finances, in charge of permanently auditing the manner in which the contractors' comply with their commitments to their subcontractors and service providers.

A key task for PAREX's auditors is ensuring that the contractors purchase goods and services produced by the local communities in the area of interest for the Company, while complying with the legal requirements and quality standards, as well as with the timely payment of their commercial obligations. The new office has become a formal channel through which the Company directly receives complaints from local businesses

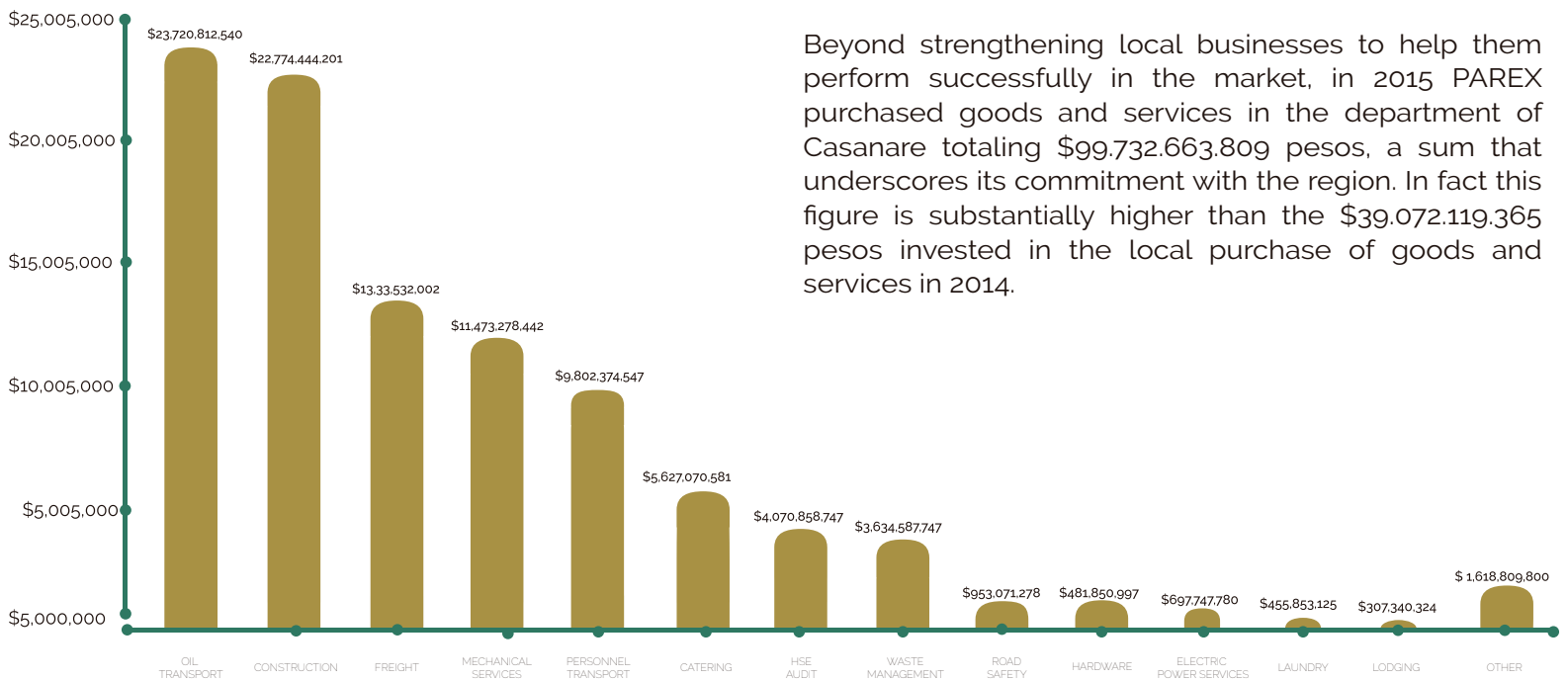
concerning contractor's non-compliance of contractual agreements. Once PAREX verifies the complaints, an immediate solution is offered.

Through this system, the Company aims to anticipate the occurrence of complaints. In order to identify pressing issues, it permanently engages its contractors and offers its expertise to review existent databases on contract management – when the contractors voluntarily provide them. Access allows the Company to audit the manner in which the contracts have been executed, identifies any outstanding debts as well as payment deadlines. This information is useful to the Company as it maintains open communication with those parties potentially affected and carries out follow-up activities.



Ricardo Romero
Rumba Project Beneficiary
La Graciela County

PURCHASING LOCAL GOODS AND SERVICES



Beyond strengthening local businesses to help them perform successfully in the market, in 2015 PAREX purchased goods and services in the department of Casanare totaling \$99,732,663,809 pesos, a sum that underscores its commitment with the region. In fact this figure is substantially higher than the \$39,072,119,365 pesos invested in the local purchase of goods and services in 2014.

TRANSPORT SAFETY

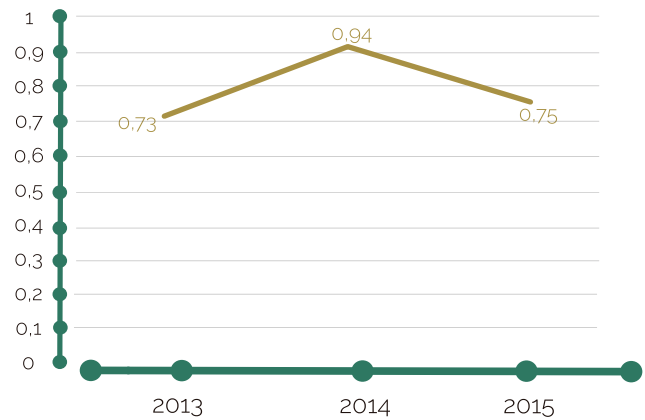


With the goal of promoting safe driving habits, PAREX implemented awareness workshops with transport-services contractors. During 32 days the Company met with drivers and staff at the mixing stations of Aguazul, La Casona, and Llanos 40 (Bogonia, and Celtis); transportation contractors TS Casanare, Prodeca, Teca, Vigía, Transpetrocar, Servicusiana, Forward, Transmulicarga, GCC, and Coltanques, were in attendance.

Issues discussed during these meetings included defensive driving, emotional intelligence for drivers, prohibition of alcohol, tobacco and drugs, energy drinks and medication; drowsiness, fatigue, and distractions while driving; transportation of non-authorized persons; analysis of risks on the road (critical points); eating habits, nutrition, cardiovascular risk; vehicle inspection, safety for heavy vehicles while in transit through urban areas.

Further, road safety campaigns were implemented for 70 days in order to facilitate the detection and prevention of unsafe driving conditions in highways with heavy traffic, such as those leading to Cabretero and Llanos 32. Speed control and testing for alcohol consumption were executed, as well as the registration of traffic violations. Truck drivers agreed to sign a document by which they pledge to follow safety rules.

Accident Rate per million kilometers on the road



Keeping in mind that, according to the Colombian Safety Council, traffic accidents are the second cause of death in the department of Casanare, PAREX executed three defensive driving campaigns for motorcycles near Bella Vista County in Llanos 26, Trompillos County in Llanos 32, and El Raizal County in the Cebucán block.

The Company goal is to elicit proper behavior and develop local skills to share the roads in a prudent and safe manner.

COMMUNITIES

WITH A VISION TO THE FUTURE

One of PAREX's greatest satisfactions is the relations of trust and mutual support it enjoys with the community. This has been made possible thanks to the belief that ongoing, direct, and frank communications are a key to success in the six years the Company has operated in Casanare. Many of the social projects executed in the past years flourished during 2015; they were the product of synergies between the Company and the community, as well as the result of

strategic partnerships developed with the local authorities and other oil operators present in PAREX's area of influence.

Social investment for the Company reached \$6,557 million pesos. This sum was distributed by PAREX in accordance with its social investment guidelines and in congruence with the local development plans and community priorities.

Tatiana Atilua
Beneficiary of the Biopark Project
Pore, Casanare

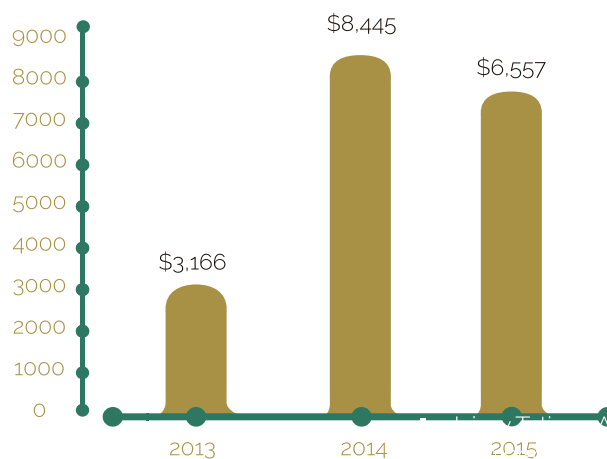


PAREX'S ECONOMIC CONTRIBUTION

NUMBER OF BENEFICIARIES BY INVESTMENT LINE – 2015

INVESTMENT LINE	PAREX CONTRIBUTION Million pesos	BENEFICIARIES	
		FAMILIES	PERSONS
Economic development	\$1,693	515	2,575
Community strengthening	\$661	1,487	7,435
Culture, recreation, sport	\$221	1,011	5,055
Support for development plans	\$3,312	1,403	7,015
Institutional strengthening	\$615	19,331	96,655
Cross projects	\$56	1,000	4,500
		MUNICIPALITY	VICINITY
Audit	\$224	3	16
Total social investment 2015	\$6,557		

Social investment for the last 3 years at PAREX



During 2015 PAREX's social investment reached \$6,557 million pesos



Efrain Oropesa Tabaco
Housing Improvement Project Beneficiary
Miralindo County, Pore

IMPROVED LIVING CONDITIONS

This initiative was selected in direct consultation with the communities and in line with the departmental and municipal development plans. In this manner, the Company contributed to positively change the living standards of 1,329 families, some 6,645 persons in nine municipalities in the department of Casanare. Total PAREX investment for this project was \$3.092 million pesos.

Beneficiaries of this program obtained construction materials to restore roofs, floors, and bathrooms, as well as to build walls, repair windows and doors, among other home improvements. At the same time, the community provided the required labor and oversaw the use of the materials for the purposes mentioned.

Efraín Oropesa was born in Curimina, a small village in the municipality of Pore, department of Casanare. He is a man of a small stature, brown complexion, and an everlasting smile. He prefers to walk on his bare feet as if it were a sign of his belonging to this land. He says that he is nicknamed "El Chicote" (cigar stub), and that his family founded the "Miralindo" (beautiful view) County. In 1984, a time when bridges were built from bamboo and roads were nonexistent, they obtained the legal authority to constitute the County. "We carried the materials to build our homes on the back of mules; the community gathered to prepare lunch so we could have the strength to collect the materials that were required for the construction: dirt for the adobe bricks for the floors and walls, and "tupen" (palm leaves) for the roofs".

He recounts they were people of no money who did not receive support from the government. According to Efraín, "we were only aided by the supreme being". As time went by, they were determined to educate their children, so ten

"Through the Housing Improvement program PAREX positively impacted the quality of living for 1,329 families in Casanare"

families joined efforts to build the school. Since that time the youngsters do not have to walk long distances to take their lessons. However, due to the violence that hit the region with force, the teachers left the school. The school building began to deteriorate despite the toil of the neighbors who wished to preserve it under the leadership of his great friend, "Chavez".

Efarín Oropesa and his son Víctor, who is currently a renowned community leader, are among the beneficiaries of PAREX's Home Improvement Program. This has allowed them to put the hard times behind them and look to the future with optimism. "The Company has helped us in many ways; it has paid attention to us and we are thankful, first to God, then to PAREX."

At the age of 78 years, cattle rancher Gustavo Ruiz, a resident of the Caño Chiquito County in the municipality of Paz de Ariporo, also expressed his gratitude for the support he received to refurbish his home. "I want to thank PAREX because it gave me the materials to build a kitchen, an elevated water tank, and bathrooms. Our kitchen had a dirt floor and its walls were plastered with mud. Among other construction materials provided were steel rods, netting, tiles, and tubing", he recalls with enthusiasm.

Another case is that of Pedro Vidal Arenas, 82 years of age. His wife is Ms. María Arenas; he is the father of 10 children; they live in the San Pedro County located in the municipality of Trinidad. Through the Home Improvement program of PAREX, Pedro decided to seek help to improve his horse stables. Happily he received zinc sheets, fencing, and joints.

A HOME, A PROJECT FOR LIFE

In 2011 PAREX began its Plan Padrino (Sponsorship Plan), as a means to incite solidarity and social responsibility among its employees and contractors. Through their generosity, the goal is to raise the funds necessary to build a house for a family living in extreme poverty in the area of influence of the Company. Over the past years, five families have benefitted from this program.

Mauricio Rincón had been working hard in order to build a home for his family in the area of “El Gabán”, a neighborhood in the municipality of Tauramena. The structure of the house was weak and could hardly keep the family dry from the rain and free from the humidity, as it was built with coarse boards of wood as walls and zinc sheets for the roof, some of which he had received as a donation. However, this situation changed on October 28, 2015, a day he was surprised to have the visit of PAREX employees. They gave Mauricio one of the best news of his life: his family had been chosen as a beneficiary of the Plan Padrino Social Responsibility program.

Mauricio and his wife, Ana Zenaida, had struggled together for eleven years against all odds and financial limitations. They are the parents of three children, Mauricio Steiver, nine years of age, Taliana, four years old, and Nicolás Santiago, a newborn who brings happiness to all. Ms. Omaira Mantilla, Mauricio's mother, also lives with them.

To PAREX's delight, in 2015 contractors participated with such generosity that the Plan Padrino fund grew substantially as compared to the previous year. While six companies contributed to fund the Program in 2014, twenty-two participated with their donations in 2015. Thanks to them, over \$45 million pesos were collected, a sum that was enough to give the Rincón family a totally finished home built with excellent materials. The Planning Office of Tauramena helped to speed the construction permit, as well as the installation of electric power and access to the public water system. The funds were enough to help the Rincón neighbors build a bathroom.

On the day the house was delivered, Mauricio Rincón said the following words as his emotions ran high: “I do not see PAREX as a Company, but as a group of great human beings. They have revived in us the feeling of giving without expecting anything in exchange, sharing and receiving. This is not a project made of bricks or cement, it is one that changed our lives and fulfilled the dreams of a family that happened to be mine.”



Home donation
PAREX Plan Padrino Project
Gabán neighborhood – Tauramena. Casanare

* Foto de Andres Martinez

Home donation
PAREX Plan Padrino Project
Gabán neighborhood – Tauramena, Casanare



Foto de Andres Martinez

COMMUNITY INTEGRATION

In addition to housing and quality of living improvements, PAREX believes it can become a force for development by sponsoring projects that can strengthen and integrate the community. As a result, the building of Community Centers became a key objective for 2015. In association with the communities, the mayors' offices as well as other companies operating in the region, PAREX contributed to the construction of comfortable and secure locations that are currently used to house multiple events.

"The community hall built with the help of PAREX produced great change as the community had no place to meet; it had to request permission to meet in other buildings", states Miguel Ángel Lizarazo, President of the Simón Bolívar Community Board in the municipality of Pore.

Miguel Ángel is a native of La Plata County. His grandfather and his father were the founders of the county. The past three generations of his family are leaders who have been devoted to work for the advancement of their community. When he joined the Armed Forces of Colombia as a soldier he fell in love with the music from the llanos plains. Now he blends his passion for those sounds with his responsibility as President of the Community Board: "as a leader I have labored for the wellbeing of the community; to this end, dialogue with PAREX has been of great importance. Conversations with the Company have been free of violence or unrest. We are thankful with the Company for all its contribution to our town", he concludes.

In 2015 PAREX refurbished six community centers and four schools in Casanare.



RESPONSIBLE COMPANY

For the last three years, Carolina Cisneros has acted as the Secretary for the Community Board of the Banco de la Cañada County in the municipality of Trinidad.

She says that PAREX is a Company that respects their cultural heritage as is demonstrated by the resources it invests in supporting activities that are indigenous to the region , such as the bull chase (coleo), joropo dance groups, children’s day as well as mother’s day celebrations, and the musical instruments show. As for the Community Center that was also built in her county she states that “it is a very important building as the community can now meet as it deems necessary to discuss matter of common interest. In this hall we can call assemblies to talk and convene.”

Eliécer Cárdenas, President of the Community Board of the San José de Bubuy County located in the municipality of Aguazul remembers the time when the people began the construction of the Community Hall. PAREX then contributed with \$120 million pesos, another oil company provided and additional \$50 million pesos and the community provided the \$12 million pesos it could collect. In the second phase of the project, the Company further donated \$90 million pesos that were used to finalize the construction and the outfitting of the Community Center.

Javier Moreno Martínez, President of the Labrancitas County Community Board in the municipality of Paz de Ariporo, says that, “before the construction of the Community Hall, most of our meetings took place in the local schools... it was uncomfortable for the teachers and the students. Although this project had its setbacks, we now celebrate a happy ending.”



PRESIDENTS FOR THE
COMMUNITY BOARD OF PORE

- Ramon Marin
- Rosadela Sanabria
- Miguel Angel Lizaraso
- Floralba Inojosa

BIOPARK: HEALTH AND LEISURE

PAREX shares the neighboring communities' desire to make proper use of the people's free time by promoting sporting and recreational activities, a synonym of wellbeing. Inhabitants of the El Alcaraván neighborhood in the municipality of Pore clearly identified the need to develop an area adequate for these outdoor activities. To this end they sought and obtained the Company's support to build the first Biopark in 2015.

"To my mind, PAREX is one of the companies that has the greatest impact in this municipality; it is most responsible in tackling social issues. I can testify to the fact that here in Pore the Company is a positive force because it has helped improve the quality of living of the community, not only through its investment in the Biopark that is located in our neighborhood, but by participating in other projects that are of interest to the local government," says Rosadela Sanabria, President of the Community Board of the El Alcaraván neighborhood.



Biopark is an area with physical exercise equipment. In this space people can carry out sporting, social, and cultural activities.

STRATEGIC PARTNERSHIP FOR HEALTH IN TAURAMENA

On November 19, 2015 the citizens of the municipality of Tauramena in the department of Casanare knew they had a good reason to celebrate. Thanks the joint efforts of PAREX and two oil companies operating in the region, as well as the Mayor's Office and the State Social Company, they now have access to renovated hospital facilities.

The local Tauramena hospital was inaugurated in 2000; since that time the building had not been maintained, nor had structural reinforcement work been performed to meet the standards set by the Ministry of Social Protection, thus putting its long-term existence at risk. The participating oil companies invested \$512 million pesos in the project; PAREX contributed 45.3% of the total. These funds paid for the engineering required to improve the general structure of the hospital building. The resources invested by other oil companies contributed to its outfitting, the development of a new pediatrics service, and the improvement of the emergencies area.

As a result of this project, 40 thousand potential users from this municipality will not have to leave to other towns to receive medical attention. Furthermore, 35 thousand inhabitants of the neighboring towns of Aguazul, Monterrey, Villanueva, Sabanalarga, and Maní also have access to the Tauramena hospital services. On the day of the inauguration of the refurbished building, Alexander Contreras, the Mayor of Tauramena said, "The oil industry is the most important player in our municipality; it lives alongside our residents. In a manner consistent with the local public administration, these companies have the vision, the will, and the commitment necessary to ensure prosperity for our community."

As well, Constanza Vega, the Hospital Manager, asserted, "The hospital is our life project, one that is shared by all of us who work here. Thanks to the investment by the oil companies, we now enjoy an asset that allows us to provide a more humane service for all of our patients."



* Foto de Andres Martinez



REQUESTS, PETITIONS, COMPLAINTS, AND CLAIMS

Permanent and fluid communications with its interest groups are of fundamental importance for PAREX. For this reason, the Company seeks to constantly improve the management of the requests, complaints, and claims presented by its stakeholders. The goal is to offer clear and timely reply to said petitions.

Requests are those initiatives presented by the communities and the authorities that are geared to the common good and require financing for their implementation. Requests can receive support by PAREX in the context of its social investment program. Petitions, complaints, and claims are processed through the PQR tool and refer to probable impacts caused by Company operations.

In 2015 the PAREX team improved its response time, although further improvement is considered a key challenge for 2016. All the Company managers are committed to meet this challenge as they must process all petitions, complaints, and claims within their functional areas.

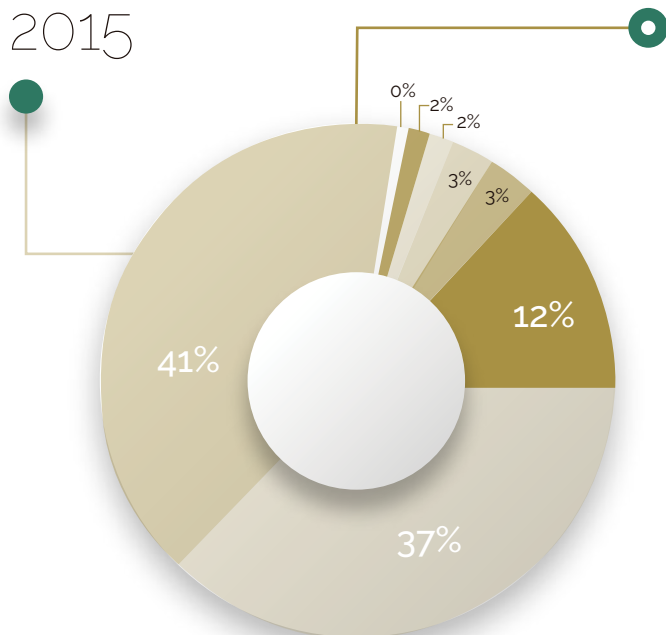
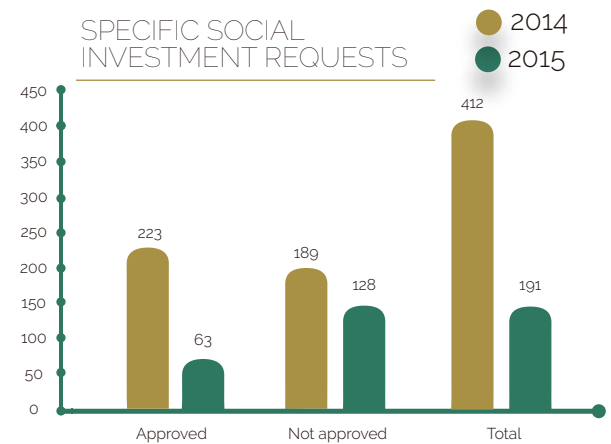
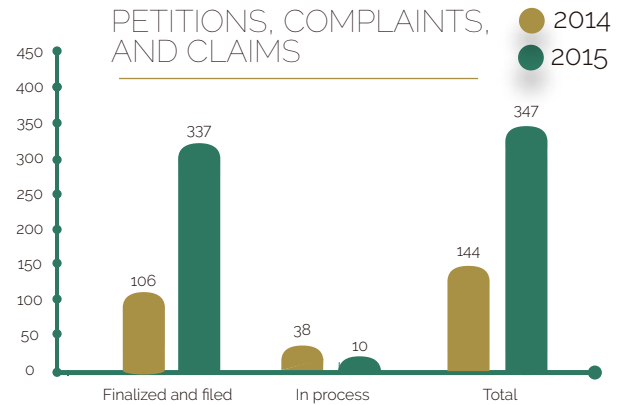
The number of requests received by PAREX in 2015 was substantially less than the previous year. In 2014 the Company heard 412 requests while only 191 were presented in 2015. This is the result of the permanent and frank dialogue the Company holds with the authorities and communities located in the area of influence of its operations, as well as its capacity to execute projects and crystalize ideas that have the

RESPONSIBLE COMPANY

potential of impacting the people's quality of living and generating regional development. Of the 191 requests received by the Company, 63 were approved or resolved while 128 were not sanctioned. Approval of a request is contingent upon meeting criteria such as responding to the collective interest, its association with an investment line defined by the Company, and its consistency with the region's development objectives.

Instead, the number of petitions, complaints, and claims (PQR) grew in 2015. During 2014, PAREX received 144 PQR while 347 were presented in 2015. The diagram below shows the issues of interest: many were related to the relations with contractors, especially those having to do with third party payments and contract settlements, as well as social security payments, among others. PAREX promptly acted on these issues to ensure they were immediately redressed.

By means of the Company's new audit service, PAREX ensures that all the contractors fulfill their agreements with the local service providers. The Company understands this is a key challenge to confront. It trusts that the actions it is implementing will result in improved performance in 2016.



PETITIONS, COMPLAINTS, AND CLAIMS BY ISSUE

- Damage of the infrastructure 12%
- Labor issues other than salaries 2%
- Particulate matter 3%
- Landowners 0%
- Other petitions 41%
- Petition rights to formal reply 37%
- Road damage 2%
- Environment 3%
- Contractor relations 37%
(Third party payments, settlements, salaries, other)





**SUSTAINABLE
ENVIRONMENT**

Libia Beatriz Parales
Beneficiary of the Banana tree fencing Project
Municipality of Paz de Ariporo, Casanare



INITIATIVES FOR PROGRESS

In 2015 PAREX proved its commitment to contribute to the improvement of the quality of living of the rural population located in the area of influence of its operations through its support for local entrepreneurs.

MOBILE PLANTAIN PLOTS

The mobile plantain plots are the result of an idea that originated in the community of Aguaverde located in the municipality of Paz de Ariporo during 2015. The aim was to plant trees for shade in the lowlands whilst improving food provision.

PAREX provides ecological fence posts with a lifespan of 25 to 30 years, as well as angles for support and caliber 10 chain-link fencing that may last for over 20 years. The community works to build the enclosure and then carries out an activity it calls "majadeo", which consists in driving the cattle into the fenced plot – with an area between half and one hectare – where the manure is deposited. Later, the participating landowners work on the seedbeds where the "topocho" trees (a variety of plantain tree indigenous to the region) as well as pumpkin, yucca, and native fruit trees and bushes such as "mamones", mangos, guamos, "mery", and watermelons, among others, grow. Three years later, when the trees are tall and have been protected from the chigüiros (rodents also called capybaras) and other predators, the fencing is removed to be installed in another plot of land to begin the cycle once again.

In 2015 the Company distributed 14 kits with materials to build the plantain fences, to benefit the same number of landowners in the municipality of Paz de Ariporo. PAREX's funding of this project was in the amount of \$100 million pesos.

Libia Parales, a community leader from the Aguaverde County asserts that 52 farms are currently participating in this project. She says it is a successful initiative, especially because it contributes to restore the tradition and identity of the llanos plains. She explains that this project has had a demonstration effect as "the farm owners from other counties began realizing that it is important to plant and protect the native species of trees, thus contributing to the local diet; at the same time they produce shade and support cattle ranching in the region, the main activity of our region."

PRODUCTIVE AND ENVIRONMENTALLY FRIENDLY FIELDS

In 2015 PAREX offered its support to a Paz de Ariporo community petition to provide 6,947 ecological fence posts. This project aims at the protection of the gallery forests of the eastern llanos lowlands. The ecological fence posts substitute traditional wood posts obtained from tree felling. Wood posts may last one or two years while an ecological fence post may have a life span ten times bigger. This is may be measured in terms of the number of trees that are not cut, nearly ten trees for each post every 18 years. Furthermore the materials of which the ecological fence posts are built are resistant to fire; the posts are inexpensive, easy to install, and require minimum of maintenance work.

WINDMILLS AND PRARIE IMPROVEMENT

Once again in 2015 PAREX made an important contribution in two key areas related to the productivity of the fields in the municipality of Paz de Ariporo, Casanare. The Company invested \$190 million pesos to install 44 windmills to fight the shortage of water. This program began in 2013 and gained momentum during 2014, a period when the region suffered a major drought. Despite the oil market shortcomings, the Company was determined to give its support to the communities who required the provision of this fluid essential for life.

Oscar Hincapié, a farm owner of Playitas County in Paz de Ariporo, says he feels happy: "I believe windmills are great tools as they are the most rational and sustainable manner to obtain water. Further, it is an economical means to have access to water as it is operates without the use of fuel and is not sophisticated technically. We only need the wind to propel it and a regular maintenance schedule for its upkeep. In this manner, I can say that PAREX contributed largely to our county."

Furthermore, PAREX donated 476 hours of maintenance work to improve the grasslands. Filomena Franco, the Secretary of the Community Board of the Caño Chiquito County, municipality of Paz de Ariporo, and a beneficiary of the improvement of grasslands project, is a witness of the impact this project has had on cattle ranching, a business she and her husband began six years ago on land inherited from her father. She explains that "the project is developed in stages, each one involving two or three hectares. After preparing the land with a pickax and seeds, we plough and plant. We received "minicula" and "llanero" seeds that produce good fodder for livestock and increases cost effectiveness. The cattle to be sold in Villavicencio and Cumaral, among other places, gains the necessary weight in four months."

ENTORNO SOSTENIBLE

Filomena Franco
Beneficiary of the prairie improvement Project
Caño Chiquito County - Paz de Ariporo, Casanare



PROMOTING TRADITIONAL ACTIVITIES

220 families of 14 counties in Casanare have benefitted from the cattle grants project

Los ojos de María Odilia Hernández se iluminan cuando The eyes of María Odilia Hernández shine as she looks at the herd of 50 calves she has raised with her husband, Pedro Julio González. The couple owns a farm in Palo Solo County, located in the municipality of Aguazul. They settled there two years ago and built a home that they share with their two children.

Although they plant plantain, yucca, and citrus trees, their main source of income is cattle ranching, an activity they started after obtaining credit from the Agrarian bank. With these funds, they were able to purchase the cattle necessary for their family's livelihood. The couple's interest in improving their business and making it a long-term project was precisely what allowed them to have access to PAREX's Cattle Grants project. On October 2015, Pedro Julio and María Odilia received five pregnant cows because of their participation in the project. "One of the cows already has a calf," proudly explains María Odilia.

A five-member committee was created to implement this project. All of the participants in the committee are residents of Palo Solo County. Once constituted, the committee started a fund with average member contributions of \$220 thousand pesos. This money served to collect and transport the cattle granted by PAREX. "It is a small amount of money in comparison to the benefits received", assures María Odilia. Then she adds, "This is a small savings for the future."

The purchase of the cattle was a competitive process involving three local providers. The local committee, a veterinarian, and PAREX representatives awarded the animals. Then the cows were branded as part of a monitoring strategy. To ensure the long-term success of this project, PAREX and the cattle ranchers agreed that the latter group would retain the property of the herd for a minimum of two years.

Pedro Julio ends the conversation with a sentence that his wife readily shares: "a single cow is necessary to make a herd and a mare will find a shortcut."

María Odilia Hernández
Beneficiary of the Cattle Grants Project
Palo Solo County - Aguazul



INSTITUTIONAL STRENGTHENING

One of PAREX's strategic social investment priorities is concerned with capacity building in public institutions. The goal is to support the local authorities in a manner that will help them fulfill their public mission and meet their development objectives, thus having a positive impact on the community.

In 2015, the Company donated a \$203 million pesos tanker truck to aid the Mayor's Office of Paz de Ariporo in its resolve to transport and deliver water to the community. This activity is part of a program sponsored by PAREX since 2013. It is designed to improve the water

supply to Casanare communities, and stands alongside the windmills and the construction of water holes projects, among others. Approximately 230 families have benefitted from the projects that have received Company funds in the order of \$1.300 million pesos.

Edgar Bejarano, Mayor of Paz de Ariporo, says he is grateful for PAREX's support: "Not long ago we started this project in Caño Chiquito County; we now have funds that can be used to the benefit of the community".



Edgar Bejarano
Mayor of Paz de Ariporo 2012-2015
Paz de Ariporo, Casanare

Photograph by Andrés Martínez

SUSTAINABLE ENVIRONMENT

The Company has planted 12.893 trees in the Regalito and Curimina Counties, located in the municipality of Pore; in 15 years these trees will produce 10.193.533 tons of carbon dioxide uptake (CO₂)



CARBON DIOXIDE UPTAKE PROGRAM

In compliance with the environmental obligations resulting from its drilling program in the Llanos 16 Block, PAREX implemented its Forest Consolidation Plan. In the current phase, the Company planted 1.100 trees belonging to 21 native species in 12 hectares of land in the Regalito and Curimina counties, located in the municipality of Pore, Casanare. A total of 12.893 trees have been planted in the area.

The Forest Plan for PAREX is not only carried out to meet its legal obligations, but is aimed at the protection of the gallery forest along the Curimina River, thus contributing to the conservation of this ecosystem. Among other environmental services resulting from gallery forest conservation are the regulation of the hydrologic cycle, improving habitat for the fauna, and acting as a Biological Conservation Corridor, such as is defined by the Ministry of the Environment and Sustainable Development and the IDEAM weather bureau.

The uptake of carbon dioxide is another consequence of forest preservation activities, as is the production of biomass. The Company carried out estimates for both yearly CO₂ uptake as well as the biomass produced through its Forest Consolidation Plan.

Our measurement model developed by the

application of the MINGA methodology indicates that the 12.893 trees planted in 12 hectares capture 679.569 tons of CO₂ per year, or 56.631 tons of CO₂ per hectare/year. Hence, over the next 15 years the total carbon dioxide uptake will be 10.193.533 tons.

In order to understand the impact of the Forest Consolidation Plan and its contribution to mitigate climate change, it is useful to know that the average emissions of each person are 7.65 tons of CO₂ per year. Consequently, this Plan compensates the environmental footprint of approximately 89 persons each year. Another way to express the impact of the Forest Plan is in connection with the emissions of CO₂ caused by power energy consumption. Every three persons consume 83.3 Kw/h for a combined emission figure of 0.156 tons of CO₂; consequently, the Forest Plan mitigates the carbon dioxide emissions of 4.356 energy consumers.

In 2015 PAREX carried out the first forest maintenance program in the area located in the Buenos Aires land plot. As well, in compliance with its legal responsibilities, the Company executed the fifth maintenance program of the 15 hectare protective forest plantation, developed in 2012 in the area of La Esperanza in the municipality of Pore. Finally, PAREX implemented its eighth forest maintenance program in the El Estero and Tolima Grande areas located in the municipality of Trinidad.



Total PAREX investment for the care of the environment was approximately \$890,500,000 pesos including environmental compensation, 1% mandatory contribution, and environmental education

RELOCATION OF THE WILDLIFE

In the framework of its environmental management plans, PAREX implements an inventory of the physical, biotic, and socioeconomic conditions of the areas where it develops its projects. It then prepares a baseline that allows the Company to make the decisions that are necessary to protect the environment in application of the precautionary principle. In relation to those species that may be endangered by oil exploration activities, the Company refers to the Red List prepared by the International Union for the Conservation of Nature (IUCN), as well as to Decree 383 of 2010 enacted by the Colombian Ministry of the Environment.

TAURAMENA, THE GARDEN OF CASANARE

In 2015 the Company continued to offer its support for its "A Day for Oxygen" project. During the year, the Mayor's office of Tauramena, as well as members of the community and local leaders, planted flowers to demonstrate the municipality's commitment to the protection of the environment and improve the region's decoration. With the support of the HSE International Foundation, in charge of overseeing this project as well as carrying out awareness campaigns and the training of the local workforce in charge of executing the project, a total of 2,000 meters of the public roads were decorated with 12,000 plants.



Freeing of the turtles
La Esperanza Natural Reserve
Municipality of Paz de Ariporo, Casanare

Photograph by Andrés Martínez



Photograph by Andrés Martínez

LIFE FOR THE GALAPAGAS TURTLES

The Galapagos savannah turtles (*Podocnemis vogli*) are a native species that only inhabits the Orinoco basin of Colombia and Venezuela. They are land and fresh water reptiles found in creek or riverbeds, estuaries, and small water currents. Unfortunately this is a threatened species, classified as in high risk of extinction in the department of Casanare. The turtle has been a victim of natural predators, but has also become the prey of persons who eat its flesh and eggs, as they have a high protein content, and also use its shell for handmade products.

In 2015 an agreement was signed between PAREX and the American Tropical International University Foundation, Unitrópico, to carry out a research project for the protection of this species in the area of influence of the Company. The goal for this strategic partnership is to rescue the turtles and increase its population in the region.

The "La Esperanza" Natural Reserve in the municipality of Paz de Ariporo, represented by Libia Beatriz Parales, has taken a leadership role in the protection and conservation of the Galapagos turtles. Consequently, "La Esperanza" has played a key role in the implementation of this

conservation project. Training sessions with the community were carried out, and awareness work was executed in the neighboring farms. Children from "La Esperanza" school located in the Caño Chiquito County also developed awareness campaigns to promote harmonious relations between the community and the environment. PAREX provided the resources required for the activities aimed at the protection of this endangered species in the region.

According to Libia Parales, the children would visit the "La Esperanza" Natural Reserve to cover the turtle's eggs and, as the April showers settled in the region, they witnessed the birth of the turtles. During the next six months the reptiles were held in captivity, a time in which they were fed and cared for. Then they were freed in the Reserve grounds where they are still fed and monitored, despite the fact that they are self-sufficient. "These activities were carried out with the support of PAREX and the children of Caño Chiquito. It was a great success as the youngsters were delighted to participate in the liberation of the 350 turtles they had cared for during some time."

ENVIRONMENTAL EDUCATION

On December 5, 2015, the closing ceremony of PAREX's Environmental Promotion Program took place. Through this initiative, 27 community leaders of the Banco de la Cañada, Bélgica, and La Esperanza counties in the municipality of Trinidad received training to contribute to the recovery, conservation, and preservation of the river basins in the region they inhabit, in accordance with Decree 1900 issued in 2006. This project was executed in partnership with the National Training Service, SENA.

In the course of the second semester of 2015, these leaders received 240 hours of instruction comprised

of 120 hours of in-class training and 120 hours of fieldwork. "The oil industry has joined in the great task of leadership formation in sustainable development; they will be in charge of disseminating environmental programs among the communities, families, and schools to the benefit of all the dwellers in the region," said Armando Peñuela, SENA instructor for the Casanare region.



Photograph by Andrés Martínez

TRUST AND NEW OPPORTUNITIES

IN 2015 PAREX started a program to build trust among its interest groups located in the Capachos oil exploration block, located in the municipality of Tame, department of Arauca, an area where the Company hopes to carry out drilling activities in association with ECOPETROL. Through the "Tame Sustainable Territory" strategy the Company seeks to promote community business initiatives as well as the development of green markets.

The Company wishes leave an imprint that may spur sustainable regional development, not only influencing the area immediately influenced by its operations, but the entire municipality of Tame. PAREX understands that this goal may only be attained through partnering with the national government and the creation of an institutional network capable of mobilizing and ensuring public support in the area.

In the frame of this initiative, PAREX supported a number of business associations and organizations working to promote start-up projects within Tame, and later contributed in a manner that allowed them to exhibit their products and services in the Bioexpo Fair that took place later in the year in the grounds of the Botanical Garden of Bogotá, under the leadership of the Ministry of the Environment and Sustainable Development.

Also present in this event were the National Federation of Cocoa Growers, the Coffee Growers Association of the Arauca Foothills, ACAPA, the Colmiel Honey Producers Association, and the "Muse of the Paradise" Artisans Corporation. This latter organization makes artisan goods from plantain tree stems and corn leaves as well as seeds from various plants.



GRI (G4) INDEX

IN ACCORDANCE REPORT

GENERAL STANDARD DISCLOSURE

Strategy and Analysis		
General Standard Disclosures	DESCRIPTION	PAGE NUMBER
G4-1	Statement from the President	6 - 7
G4-3	Name of the organization	9
G4-4	Primary brands, products, and services	8 - 9
G4-5	Location of the organization's headquarters	9
G4-6	Number of countries where the organization operates	9
G4-7	Nature of ownership and legal form	9
G4-9	Scale of the organization (total number of employees, total number of operations, total capitalization-debt and equity; quantity of products and services provided; total assets)	9 - 20
G4-10	Workforce (total number of employees by employment contract and gender; permanent workers by type and gender; total workforce by employees and supervised workers by gender; total workforce by region and gender; what portion of company work is performed by self-employed, personnel; significant variations in employment numbers)	28 - 29
G4-11	Percentage of total employee covered by collective bargaining agreements	29
G4-12	Description of the Organization's supply chain	38 - 44
G4-13	Significant changes of size, structure, ownership or supply chain during the reporting period (location, operations, facility openings, closing and expansions; share of capital structure, maintenance and alteration operations; location of suppliers, structure of the supply chain, relations with suppliers, selection, and termination).	9 - 44
G4-14	Precautionary approach (Rio Declaration on environment and development; approach to risk management in operational planning and development of new products).	69
G4-15	External charters, principles, and other economical, environmental, and social external initiatives adopted by the Company.	67
G4-16	Membership associations (industry associations: position in governance body, participation in projects or committees; funding beyond membership dues, views membership as strategic)	09
G4-34	Governance structure	16

Ethics and Integrity

General Standard Disclosures	DESCRIPTION	PAGE NUMBER
G4-56	Code of Conduct or Code of Ethics	www.parexresources.com

SPECIFIC STANDRAD DISCLOSURES

Social Indicators

General Standard Disclosures	DESCRIPTION	PAGE NUMBER
G4SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	58-59
SO 4	Communication and training on anti-corruption policies and procedures	17
SO 11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	58-59
HR 12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	17, 29, 59
LA 1	Total number and rates of new employee hires and employee turnover by age group, gender and region	28
LA 5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	31
LA 6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	31
OG 13	Security events by activity	31, 45
LA 9	Average hours of training per year per employee by gender, and by employee category	34
LA 10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	32, 34
LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	30
LA 12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	29
LA 16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	59

Indicadores Económicos

General Standard Disclosures	DESCRIPTION	PAGE NUMBER
EC 1	Code of Conduct or Code of Ethics	20
EC 3	Coverage of the Organization's defined benefit plan obligations	30
EC 9	Proportion of spending on local suppliers at significant locations of operation	44

Environmental Indicators

General Standard Disclosures	DESCRIPTION	PAGE NUMBER
EN 1	Materials used by weight or volume	23
EN 3	Energy consumption within the organization	23-24
EN 5	Energy intensity	23
EN 9	Water sources significantly affected by withdrawal of water	24
EN 13	Habitats protected or restored	69
EN 14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	68-69
OG 4	Number and percentage of locations with significant operations with risks to the biodiversity, inventories and monitored	69-71
OG 5	Volume and method of disposal of formation water	25-26
OG 7	Amount of cuttings and drilling muds; strategies for treatment and disposal	27
EN 22	Total water discharge by quality and destination	26
EN 23	Total weight of waste by type and disposal method	27
EN 24	Total number and volume of significant spills	27
EN 31	Total environmental protection expenditures and investments by type	67
EN 34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	59

CREDITS

President and CEO: Wayne K. Foo

President Parex Resources Colombia LTD Sucursal & Country Manager: Lee DiStefano

Vicepresident for Corporate Relations: Rafael Pinto

Vicepresident for Operations in Colombia: Daniel Ferreiro

Director for Exploration and Project Management: Gustavo Fortunato

Drilling Manager: Ernesto Melo

Field Administration Manager: Krys Olchowecki

Facilities Manager: Marcos Penna

Human Resources Manager /IT/ Administration: María Teresa Arévalo

Commercial and Transportation Manager: Ana María Pinzón

Financial Manager: Federico Paz

HSEQ Manager: Rubiela Beltrán

Social Responsibility and Communications Manager: Sandra Rodríguez

Procurement and Logistics Manager: Carlos Ruiz

Security and Risk Prevention Manager: Camilo Martínez

Corporate Communications Coordinator: Andrés Felipe Martínez

Direction, research, and preparation of the Report: SIGNUM CONSULTING

Photography and Art Director: SAGRADO ARIOSIA



Through operational excellence, responsible management, and commitment with the creation of sustainable environments, PAREX will continue to build and consolidate its imprint of trust.