



2017

S U S T A I N A B I L I T Y
R E P O R T





CONVERTING BUSINESS
GROWTH INTO
WELL-BEING

Thanks to its human talent's efforts and the coordinated work with stakeholders, Parex was able to meet its goals in 2017. The Company achieved greater impact in improving the quality of life of those communities influenced by its operations and helping to expand development in the regions where it operates.

As a result of our efforts in building successful relationships, based on dialogue and meeting our commitments to stakeholders, Parex began operations in the Capachos Block, located in the Arauca department. Once more we demonstrated, as we did in Casanare, that we can convert our business growth into community well-being.

LETTER

from the President

PAREX RESOURCES COLOMBIA



2017 was indeed a challenging year, but it was also a successful time for Parex in Colombia. In a difficult environment for the hydrocarbon industry due to low crude oil prices, increased community consultations and heightened opposition to oil and gas operations in different regions of the country, we delivered excellent operating results in the Casanare block and began oil production in the Capachos Block, in the department of Arauca.

During 2017, we continued delivering sustainable growth in oil production and reserves. Our production averaged 35,541 barrels of oil equivalent per day, a 20% increase over 2016. In addition, we increased our proven plus probable reserves (2P) by 44.6% and we continued to strengthen our financial position.

We acknowledge that our operating results go hand in hand with our stakeholder communication strategy that has allowed us to earn credibility with our stakeholders and their trust and support to continue expanding our horizons and bringing sustainable development to the regions where we operate.

In particular, I would like to mention the start of our operations in the department of Arauca in 2017, specifically the Capachos Block. Thanks to the steady and effective efforts by our human talent and the open disposition to dialogue by the region's stakeholders, we earned the confidence and support of communities, government, businesses and unions who became our partners and supporters; we are all

working together to make the Capachos project an opportunity for the future of the municipality of Tame, and Arauca.

We understand that communities are as important as our investors, clients and partners. For this reason, we must demonstrate that before we extract the very first drop of oil in a region, we need to work hard to create better living conditions for the communities and prove that it is not about a choice between hydrocarbons or water, instead it is about improving access to water by developing mechanisms to protect water resources; it is not the end of wildlife and forests, instead we learn to protect them together; and local economic and social conditions are not impoverished, instead opportunities to improve them are created.

I would like to emphasize the outcomes of the 2017 Plan Padrino, an employee-driven social responsibility program created by Parex six years ago. Our employees donated part of their salaries to collect a record amount of money for the construction and delivery of a house in the area of influence of one of our blocks. I could not be more grateful for and proud of our employees.

2017 was also a key year for reinforcing a culture of self-care at Parex' operations. We implemented programs and initiatives, such as SOS and Plan Mentor, to generate awareness on occupational health and safety; we also improved in all indicators, for both employees and contractors. Additionally, by implementing "Mejorando Ando", a safe-driving program, we were able to reduce road accident rates involving contracted crude oil trucking companies.

I would like to bring attention to the efforts made by our team in preparing a greenhouse gas inventory (GHG) or Carbon Footprint for the Company's operations in accordance with Colombia's Technical Standard ISO 14064-1, based on the methodology of

the Intergovernmental Panel on Climate Change, IPCC, (2006). All operations including production, drilling, civil engineering works, facilities, marketing, administrative activities, workovers and completions, as well as air and ground transportation were considered in the analysis. By having a Carbon Footprint baseline, our Company will be able to design and implement plans focused on optimizing our performance in relation to the environment.

These are some of the topics we would like to cover in this 2017 Parex Sustainability Report, that has been prepared with the participation and commitment of all our departments, and it is based on the suggested Global Reporting Initiative (GRI) standards.

In 2018, Parex is aiming to continue strengthening its presence in Casanare and in the new operating areas located in the departments of Arauca and Santander. To achieve this target, we need not only to increase oil production and reserves, but also to strengthen our bonds of confidence with stakeholders by fulfilling our commitments to sustainable growth.

LEE DISTEFANO
PRESIDENTE PAREX RESOURCES COLOMBIA

A B O U T

P A R E X



Parex is a company focused on oil exploration, development and production in Colombia, in the departments of Casanare, Arauca and in the basins of Middle and Lower Magdalena. The Company is headquartered in Calgary, Alberta, Canada while the administrative offices are in the city of Bogota, Colombia. In 2017 the Company celebrated eight years of operations in Colombia, and during this time our company has shown a rapid and sustained growth.

Parex' operations in Colombia are located in 20 exploration and production blocks for a total of 647,5 hectares (1,6 million gross acres).

The Company's shares are listed on the Toronto Stock Exchange under the symbol "PXT". The Company is publicly traded and has no one major shareholder. As of December 31, 2017, there were 154,742,134 outstanding common shares and the 2017 closing share price was CAN\$ 18,16.

Parex defines itself as an organization that is financially cautious, detailed and diligent in

identifying and analyzing operational and business risks and opportunities, and determined to advance projects deemed suitable. This business approach has allowed the Company to overcome challenging conditions, such as falling oil prices, and even achieved a sustainable growth amid conditions considered adverse.

During 2017, the Company had 279 full-time employees and did not experience any major changes in size, management, stock ownership or supply chain.

Parex holds the international certifications ISO 14001:2004 and OSHAS 18001:2007, ratifying the Company's commitment to occupational health and safety, and environmental management in activities related to oil exploration, production, marketing, and transportation from producing fields to the different stations within Colombia.

Parex is a member of the Colombian Petroleum Association and the Colombian-Canadian Chamber of Commerce.

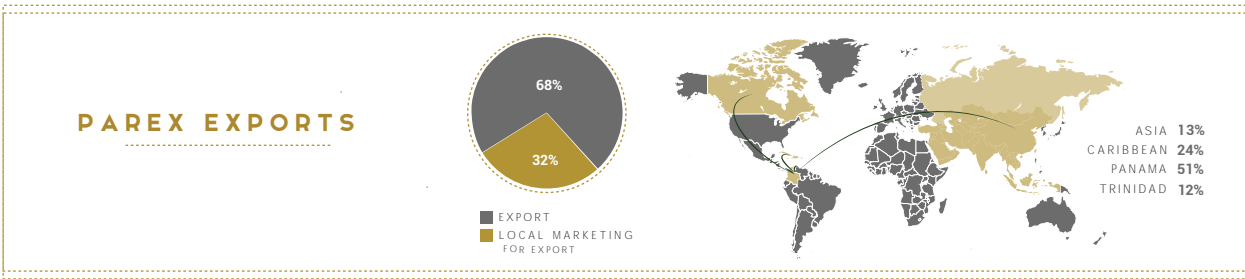
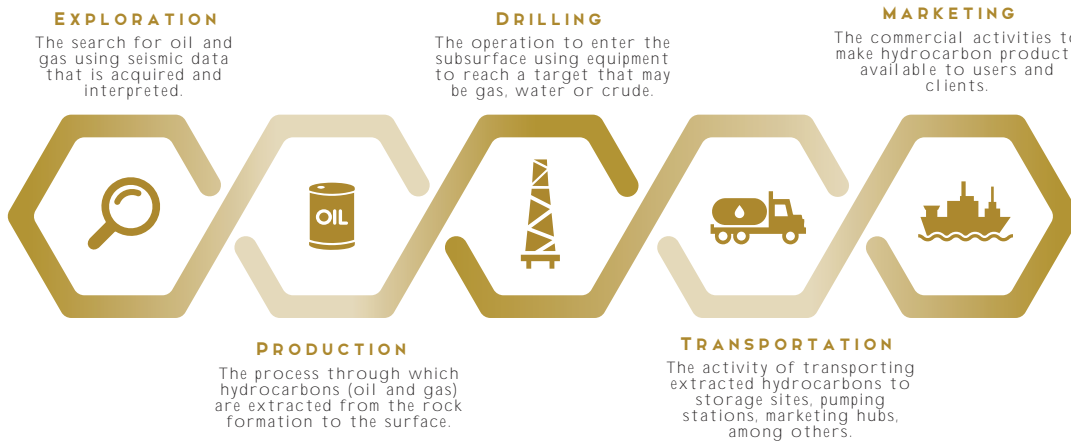


Value

CHAIN

Parex is involved in oil exploration, production, marketing activities; we conduct our operations in a responsible, transparent, cost-effective and safe manner; we safeguard the environment and share benefits with shareholders, contractors, suppliers, employees, government and neighbouring

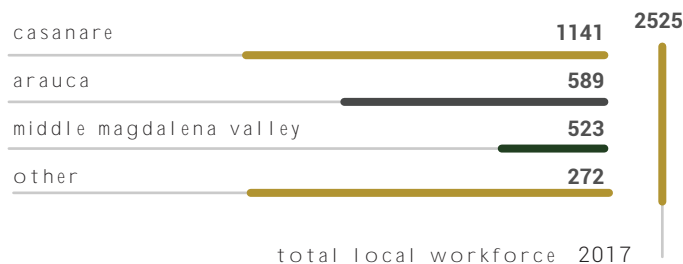
communities. We operate in different regions of Colombia working together with local, national and subsidiary businesses and employing local and regional human talent that provide their support for the Company to face any technical and environmental challenges in the different activities related to the operations.



LOCAL WORKFORCE

Total purchase of goods and services

COP \$ 48,483 (USD 16.4 million)



number of contractors participating in the value chain in 2017 **459**

number of international contractors with subsidiaries in Colombia **33**

"Parex is a company that is actively engaged in academic events and in communicating with government officials. We are very proud the company is one of our members because they have achieved so much in so little time. It is an example of the success of Canadian companies that are contributing to the economic, social and environmental development in Colombia.

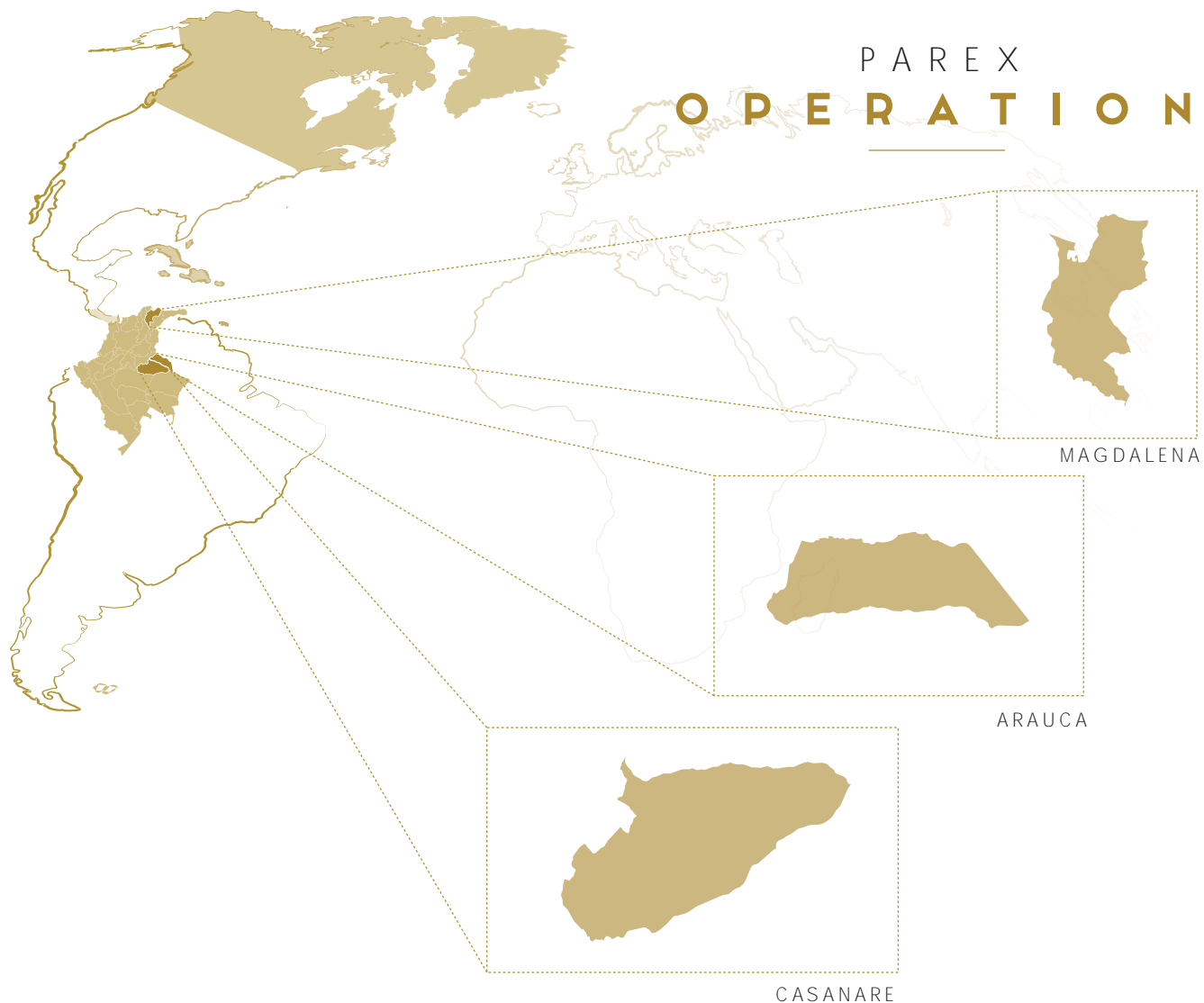
LILIANA VILLAYECES, EXECUTIVE DIRECTOR OF THE COLOMBIAN-CANADIAN CHAMBER OF COMMERCE

"Parex is a company that has found a way to build bonds of trust and trustworthiness in the region. The Company has been able to be very efficient and make a difference."

FRANCISCO JOSÉ LLOREDA, PRESIDENT OF ACP

"Parex is a very efficient operator that has been incorporating a very efficient investment development strategy. Their capability to manage different contexts allows them to make their operations possible. It is a company with a well-defined management structure and a highly competent leadership team who understands how Colombia's investment sector works. Their business ethics and integrity are noteworthy. It is a company we trust".

HÉCTOR MANOSALVA, VICE PRESIDENT, DEVELOPMENT AND PRODUCTION, ECOPETROL S.A



HIGHLIGHTS



INCREASED ANNUAL AVERAGE NET
PRODUCTION BY **20%**

PRODUCED

35,541 BARRELS
of oil equivalent per day



INCREASED 2P RESERVES BY **44.6%**

162 MILLION
BARRELS OF OIL EQUIVALENT (MMBOE)

FUNDS FLOW FROM OPERATIONS OF

COP **\$ 826,370** BILLION
USD 280 MILLION



ACQUIRED
17.5% OF LLA - 32

50% OF LLA - 40
IN THE LLANOS BLOCK

SOCIAL INVESTMENT
OF COP \$11 BILLION
USD 3.4 MILLION

LOCALLY PROCURED
GOODS AND SERVICES
FOR COP \$48 BILLION
USD 16.4 MILLION



ABOUT THIS REPORT



This sustainability report describes the economic, environmental, and social management outcomes of Parex' oil exploration, development, and production operations in Colombia during 2017. This report was prepared based on the information provided by Parex Resources Colombia, Ltd, Sucursal, Parex Verano Limited Sucursal, and AB Exploración y Producción B.V Sucursal.

Indicators related to total oil production and financial information are based on Parex' global activities, including the operations in which the Company is only a partner and does not exercise operatorship. The remaining indicators capture the operations in which the Company is the operator.

Amounts are expressed in United States dollars and Colombian pesos. An average USD/COP exchange rate of 2,951.32 was used for this report.

As in the past three years, this report has been prepared in accordance with the GRI-G4 core option of the Global Reporting Initiative (GRI) standards as well as the Oil & Gas Supplement. This document was published prior to July 1, 2018. Parex took into consideration guidelines and recommendations from GRI standards published in 2016 and the Company plans to implement them in its 2018 report.



External AUDIT

Parex' Executive Management engaged the services of the company Price WaterHouse Coopers to audit this sustainability report in an effort to address stakeholders' expectations as well as to ensure traceability and reliability of any information contained herein. Refer to the assurance report on pages 94 to 99.

Identifying STAKEHOLDERS AND MATERIAL TOPICS

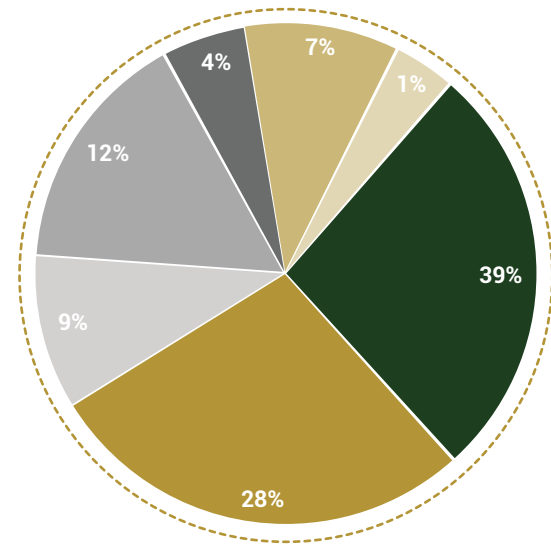
Parex engaged the services of Signum Consulting for the research and reporting process of this report. By conducting an initial benchmark study of oil companies operating in Colombia, the consulting company was able to identify reporting trends and prevailing material topics as well as ways in which the management of those issues are being reported.

Subsequently, stakeholders previously identified in prior reports were reviewed and confirmed during a workshop held at Parex' offices in which seventeen individuals participated, including the Company's Executive Management and department leads. At this meeting, we discussed a community-based map prepared by our Communications department and those stakeholders identified in the 20-20 Project, an action initiated by Parex in 2015, with the purpose to ensure our continued improvement and plan the Company's future.

During this session, we established and prioritized economic, social and environmental issues relevant to Parex and we also discussed an internal and external management strategy.

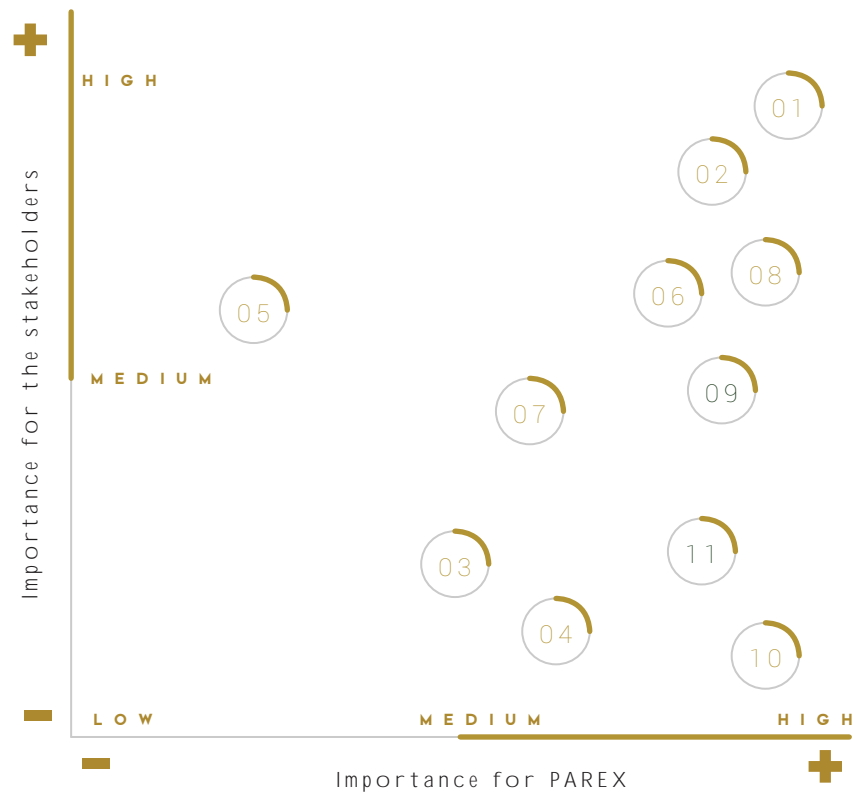
A semi-structured interview process was designed to undertake consultation with Parex' internal and external stakeholders. Seventy individuals, including government officials, partners, community members, employees, contractors and suppliers, unions, civil society and media, were interviewed. The survey contained questions not only to identify and assess stakeholders' material topics related to Parex' operations, but also to reveal how the stakeholders perceive the Company's response to those issues. The interviews took place both in the field and in Bogota.

STAKEHOLDER'S
interview



- Communities
- Government Officials
- Employees
- Contractors/Suppliers
- Civil Society
- Media
- Partners

MATERIALITY ANALYSIS



- 01 Social investment
- 02 Employment
- 03 Locally procured good and services
- 04 Taxes, royalties and economic rights
- 05 Local infrastructure
- 06 Environmental regulation compliance
- 07 Reforestation
- 08 Water management
- 09 Climate change
- 10 Occupational health and safety
- 11 Human Rights

The matrix below contains the outcomes from the analysis of material topics identified by Parex and internal and external stakeholders.

MATERIAL TOPICS AND INTERNAL AND EXTERNAL BOUNDARIES

MATERIAL ISSUE	INTERNAL BOUNDARY	EXTERNAL BOUNDARY
	Sustainability, Social Responsibility, Communication	Communities, Government
Social investment	All Company's departments	Communities, Employees and Contractors
Employment	Facilities, Operations, Production, Social Responsibility, Procurement and Contracts*	Local businesses, Communities, and contractors
Locally procured good and services	Finance, Legal, Marketing and Government	Government, Communities, Shareholders
Taxes, Royalties and Economic rights	Sustainability, Social Responsibility, civil engineering	Government, Communities, and contractors
Infrastructure Local	Legal, Sustainability, Environment	Communities, Government, NGOs, and contractors
Environmental regulation compliance	Sustainability and Environment	Government, Communities
Reforestation	Sustainability and Environment, Operations	Government, Communities, NGOs
Water management	All Company's departments	Communities, Government, Contractors, Partners, Shareholders, NGOs
Climate change	Occupational health and safety and all Company's departments in general	Employees, Contractors, Communities
Occupational health and safety	Sustainability, Government, Safety and Social Responsibility, Legal, Human Resources	Government, Communities, Employees, Contractors, NGOs, Ethnic groups
Human Rights		

In this 2017 sustainability report, Parex provides information on the management of those material topics identified herein. Please send any questions about this report to info@Parexresources.com. This report is publicly available at: www.Parexresources.com.





C O R P O R A T E
G O V E R N A N C E

B O A R D O F D I R E C T O R S

PAREX

WAYNE FOO
President of the Board

CURTIS D. BARLETT
Member of the Corporate Governance and Nominating Committee

LISA COLNETT
Chair of the Compensation and HR Committee, Member of the HSE and Reserves Committee

ROBERT J. ENGBLOOM
Member of the Corporate Governance and Nominating Committee

BOB MACDOUGALL
Chair of the Compensation and HR Committee, Member of the HSE and Reserves Committee

GLEN MCNAMARA
Member of the Finance and Audit Committee, Member of the HSE and Reserves Committee

RON MILLER
Member of the Compensation and HR Committee, Member of the HSE and Reserves Committee

CARMEN SYLVAIN
Member of the Corporate Governance and Nominating Committee

DAVID R. TAYLOR
President and CEO

PAUL D. WRIGHT
Chair of the Finance and Audit Committee, Member of the Corporate Governance and Nominating Committee

Parex Resources Inc. has a robust and effective Corporate Governance that ensures a transparent performance by the Company and each one of its members with regard to all its stakeholders. As the highest governing body at Parex, the Board of Directors monitors the Executive Management's activities and strategic management through the Committees of Finance and Audit, Corporate Governance and Nominating, Compensation and Human Resources, and HSE and Reserves.

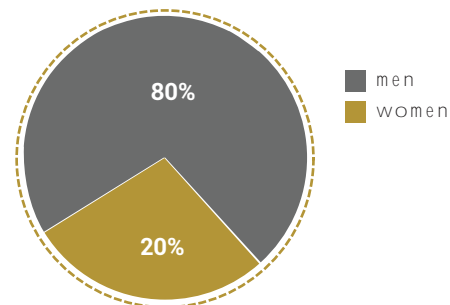
At the annual general and special shareholders meeting held on May 11, 2017, ten Board members were elected. During this meeting and in compliance with the Company's succession plan, Mr. Wayne Foo stepped down as CEO to become the Board of Directors' President. In addition, Mr. David Taylor became the new Parex' President and CEO while Mr. Robert Engbloom was appointed Parex' Lead Director.

During the month of February 2017, Mr. Norman F. McIntyre and Mr. John Bechtold stepped down as members of Parex' Board of Directors.

Mr. Lee DiStefano is the President of Parex Colombia LTD Sucursal.

B O A R D O F D I R E C T O R S

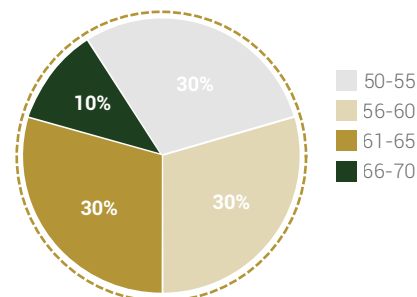
by gender (%)



All Board members are over **51** years old.

B O A R D O F D I R E C T O R S

by age (%)



Ethics AND TRANSPARENCY



At Parex, our Code of Ethics serves as a guidance for employees, workers and contractors to act in compliance with applicable laws and the principles of transparency, confidentiality, integrity, fair treatment, equity and responsibility. On a regular basis we update our Anti-bribery and Anti-corruption Policy, that helps us combat acts of bribery or corruption, safeguarding the Company's corporate reputation.

Any questions or complaints arising from any possible breach of Parex' Code of Ethics are to be reported to an immediate supervisor or, if the claimant prefers it, directly to the Corporate Governance and Nominating Committee, that must ensure a timely and effective response.

In 2017, the Corporate Governance and Nominating Committee implemented a confidential reporting system regarding Parex' Whistleblower Policy that is managed by an independent provider, Ethics Point. Complaints can be reported to this organization in Spanish or English, 24/7 by phone or on line (www.ethicspoint.com).

In addition, the Company offers a direct telephone line [(001) 403-265-4800] and a mailing address where any reports can be sent directly: 2700 Eight Avenue Place West 585-8th Avenue S.W. Calgary, Alberta T2P 1G1. All communications should be labelled "Private & Confidential" and addressed to any member of Management or to the Chair of the Corporate Governance Committee.



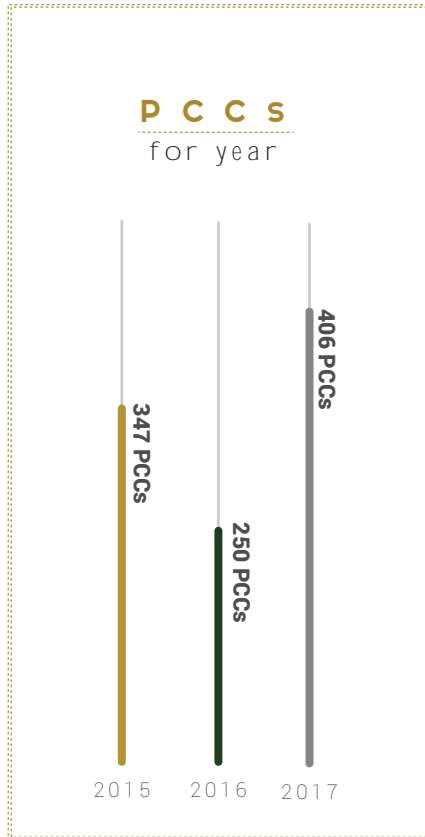
A timely response TO PETITIONS, COMPLAINTS AND CLAIMS

In 2017, in accordance with Colombian regulations, Parex continued to improve its Petitions, Complaints and Claims (PCC) System, a key corporate tool that helps the Company prevent operation-related risks as well as to build and promote trust with stakeholders.

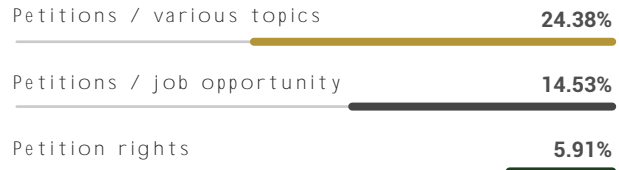
During 2017, Parex received 406 PCCs, of which 182 were petitions and 224 complaints and claims. By the end of 2017, 92%, or 375,

of PCCs were already resolved while the remaining PCCs, that were received during December 2017, were settled in January 2018.

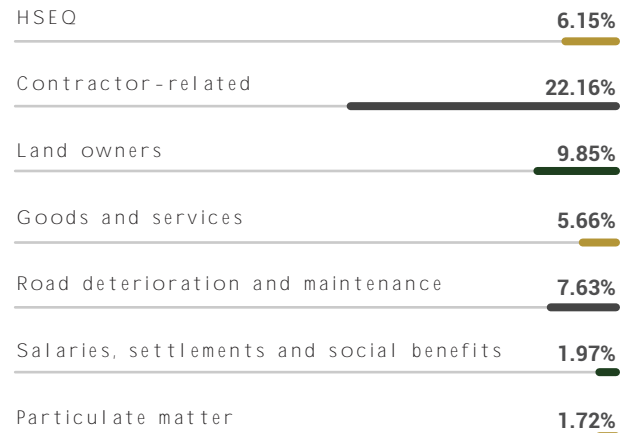
The increase in the number of PCCs during 2017 was associated to Parex' entry into new regions. Contractor-related PCC submissions continued to decrease as a result of regular audits and the ongoing support the Company provides to contractors and subcontractors.



PETITIONS



COMPLAINTS AND CLAIMS





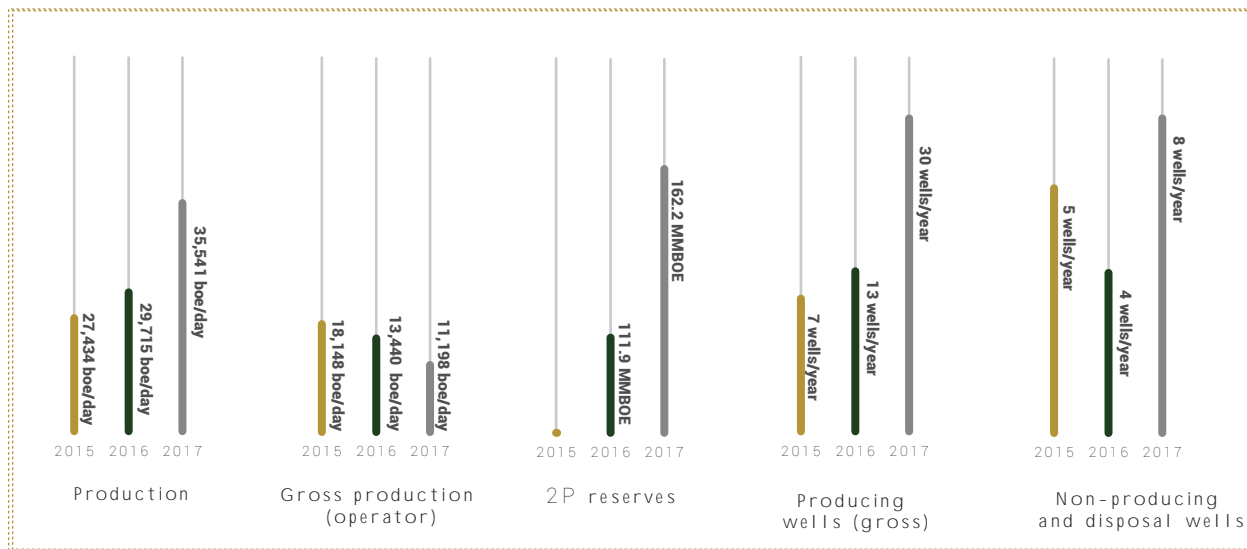
Beginning in 2018 Parex' Legal Department will be in charge of PCC management. Our Executive Management aim is to make the Company more efficient by decreasing response times and preventing PCCs to become potential legal actions. Our priority is to show our stakeholders that our Company is responsive and diligent.

TARGET 2018	Responding 100%
of PCCs received within the specified timeframe.	

SUSTAINED ECONOMIC AND OPERATIONAL GROWTH

In 2017, oil production averaged 35,541 barrels of oil equivalent per day, a 20% increase over 2016. We increased production while growing proven plus probable (2P) reserves by 44.6% over the previous year.

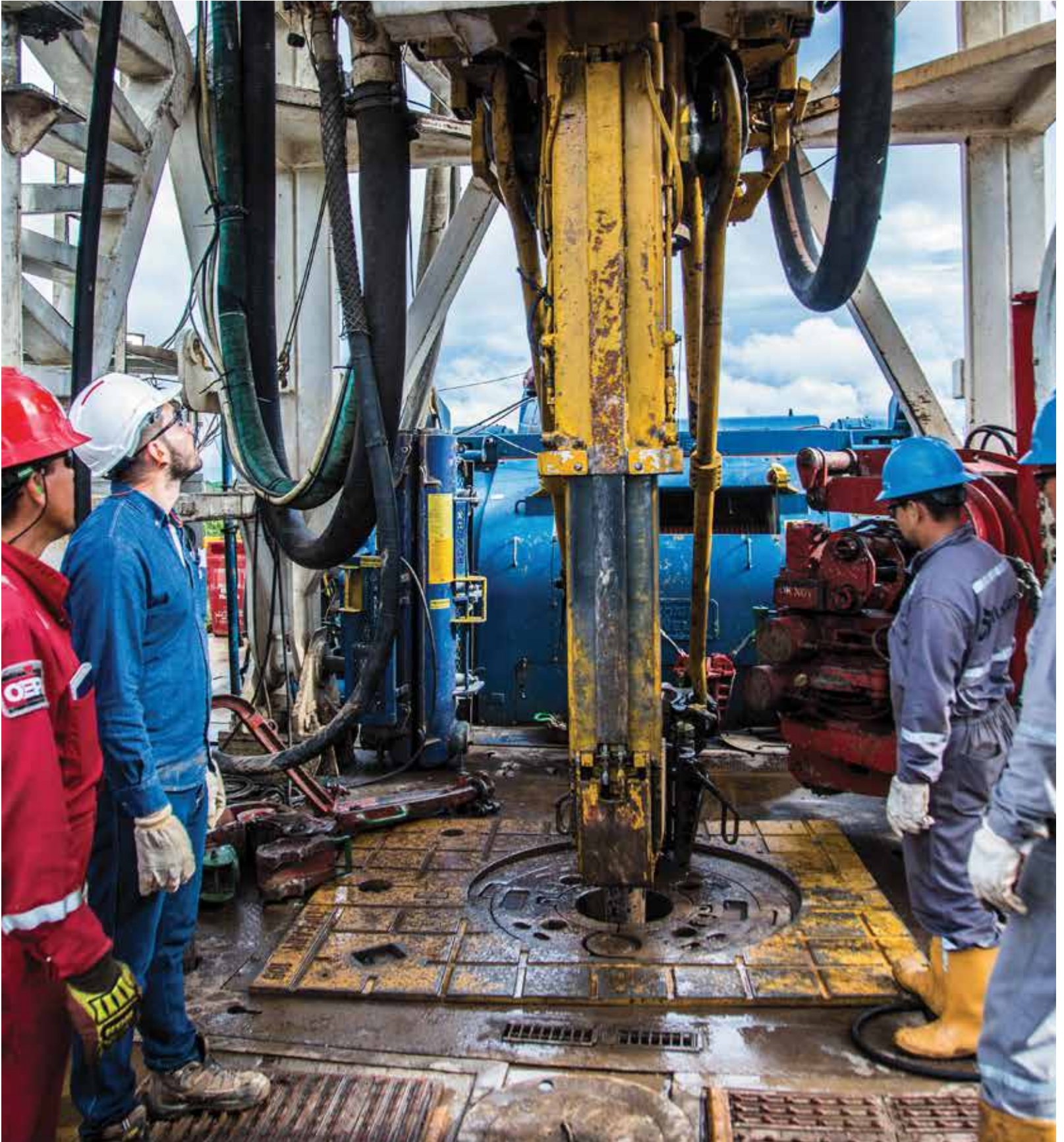
In 2017, our Finding, Development, and Acquisition costs (FD&A) were COP \$13,900 (USD 4.71) per barrel of oil equivalent for 2P reserves, including capital for future development. By year-end 2017, net income was COP \$458 billion (USD 155.1 million).



During 2017, funds flow from operations was COP \$826 billion (USD 280 million) and funds flow from operations per basic share was COP \$5,342 (USD 1.81), representing a 94% increase over the year ended December 31, 2016. Net working capital increased to COP \$482.2 billion (USD 163.4 million). PAREX exited 2017 with no debt.

Parex' consolidated and audited financial statements are available at www.Parexresources.com.

Parex has identified operation-derived taxes, royalties and economic rights as material topics because the Company understands that its growth goes hand in hand with creating value for Colombia. The regional resources are a very important driving force in the country's development and progress. For this reason, at Parex, every team member works towards a higher purpose that goes beyond achieving individual well-being but attaining a general wellness and a transparent economic performance.



HUMAN TALENT

THRIVING ALONG WITH THE COMPANY



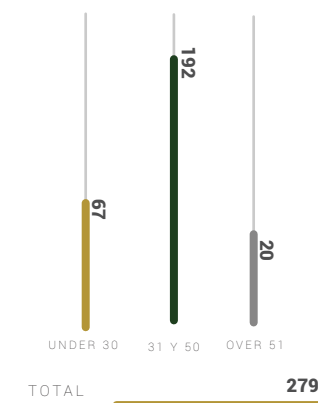
ALL OUR EMPLOYEES ARE FULL-TIME EMPLOYEES WITH INDEFINITE TERM CONTRACTS.

Human talent is one of Parex' strengths. Through a highly competitive and capable team, our Company has been able to achieve sustained growth for the past eight years. By the end of 2017, the Company had 279 employees, 18 more employees than in the previous year.



EMPLOYEES

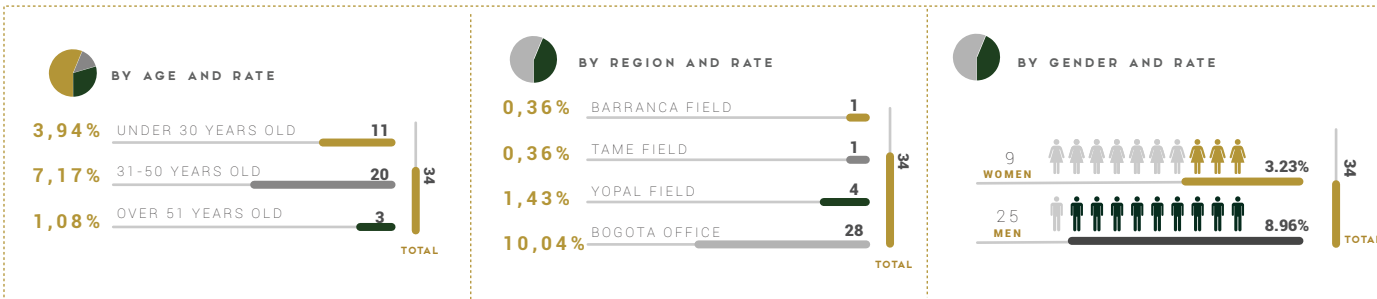
by age



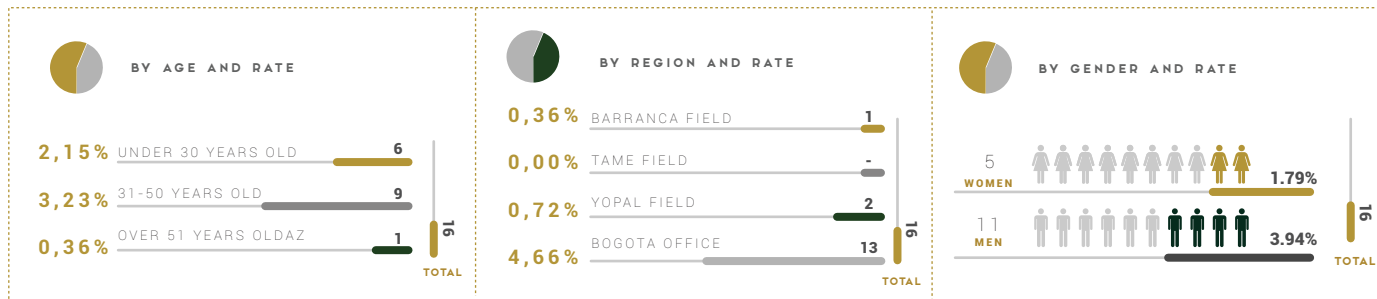
¹ In 2017 the Company hired thirty-four (34) new employees.

2017
NEW
employees

IN 2017 THE COMPANY HIRED THIRTY-FOUR **34** NEW EMPLOYEES.¹



DEPARTURES



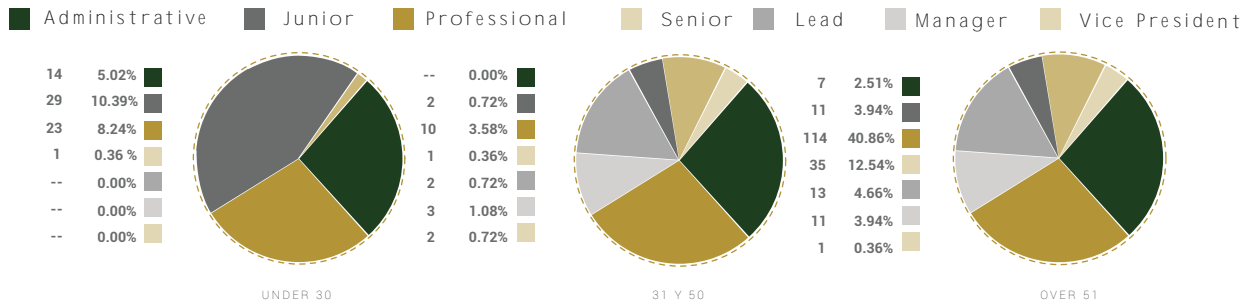
Parex is an employer committed to respecting diversity and promoting gender equality. The ratio of women in relation to the total number of employees is comparable to other oil and gas companies operating in Colombia.

JOB POSITION

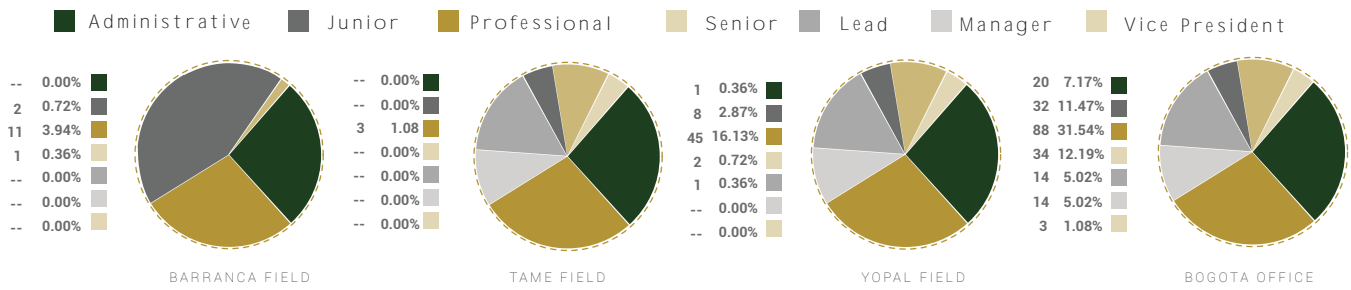
ADMINISTRATIVE	16	5.73%	1.79%	5
JUNIOR	12	4.30%	10.75%	30
PROFESSIONAL	46	16.49%	36.20%	101
SENIOR	7	2.51%	10.75%	30
LEAD	3	1.08%	4.30%	12
MANAGER	4	1.43%	3.58%	10
VICE PRESIDENT	--	0.00%	1.08%	3



JOB POSITION / AGE



JOB POSITION / REGION AND INDEX

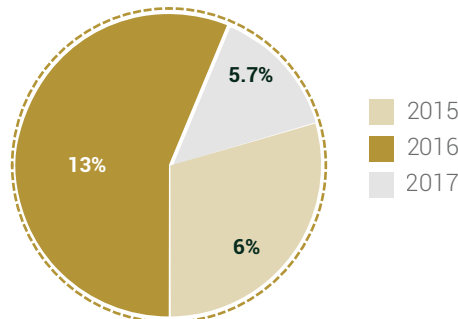


In 2017 personnel turnover was 5.7%, a decrease of 7.3 point over 2016 rates. Note: a review of the data, on which turnover rates had been calculated in previous years, revealed that trainees from Colombia's National Vocational Training Agency (or SENA, for its initials in Spanish) were included in the calculation for the 2016 Sustainability Report; however, since only training agreements, and not employment contracts, are being offered to these students, the indicator reported in that report has been amended and the adjustments are reflected in the 2017 Sustainability Report.

At Parex, we have an ongoing commitment to our human talent; for this reason, we create career development plans and offer growth and well-being opportunities. The majority of first-time managers achieved their management position at Parex after completing Company-sponsored training courses.

The Company respects freedom of association and adheres to any related domestic and international regulations. At Parex, there are no trade unions or unionized employees.

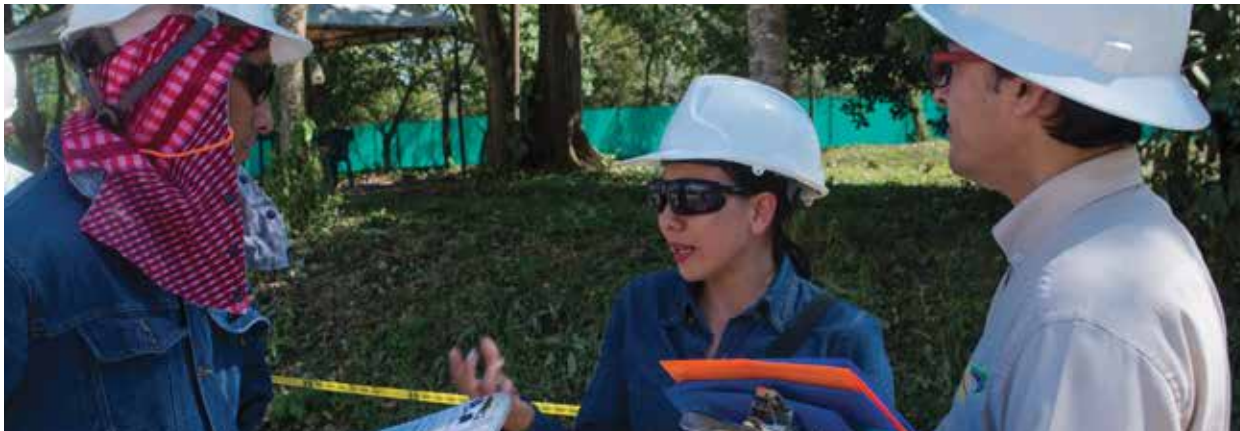
TURNOVER rates



The Act 789 of 2002 states the companies that must hire or provide training for SENA students in Colombia. PAREX complies with this Colombian legislation by hiring SENA trainees.

Training

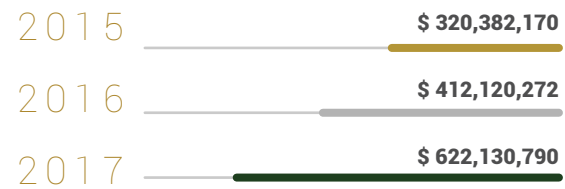
AN ONGOING COMMITMENT



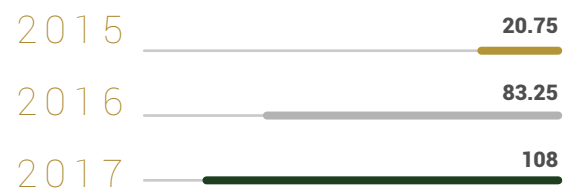
Parex is committed to improving employees' capabilities and skills by allocating significant resources to their formal and informal training and education. One of our main commitments is for all employees to have the opportunity to learn English. During 2017, Parex invested approximately COP \$622,1 million (USD 210.798) in employee training courses, an increase of 33.75% over 2016 and an increase of 48.5% over 2015.

2017	Parex conducted performance reviews
or 100% of its employees	

TRAINING investment



AVERAGE training hours per employee



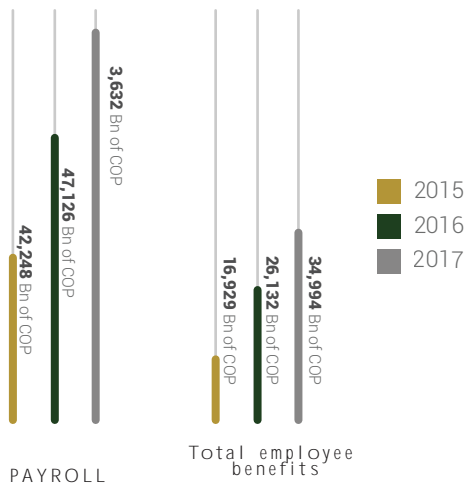
Leadership AND SKILLS DEVELOPMENT

Parex seeks to strengthen and develop leadership skills of its executive team, leads and/or second-line supervisors in Colombia. Our purpose is to help them develop the skills necessary to have a positive influence on the employees they supervise, effectively guiding them to achieve the Company's strategic goals. In 2017, communication, negotiation, conflict resolution and results-oriented skills were strengthened through the executive program Outcome-based Negotiation delivered by EAFIT University.

In compliance with its Training and Development Policy, Parex continues to offer all its personnel the tools to align their performance with the Company's strategic objectives, through soft skills development, and learning and capacity strengthening.



PAYROLL and benefits



Benefits PACKAGE

Parex offers a significant benefits package to all employees with the aim to promote employee commitment, reward efforts and provide wellbeing to employees and their families. One of those benefits is the Long-term Incentive Plan, an annual results-based bonus program, which is directly associated to targets achieved by employees and the Company for the year.

Employees have the option to design their own benefits package based on their needs or preferences.

In 2017, Parex' payroll was approximately COP \$54 billion (USD 18.2 million) and employee-related benefits totalled COP \$35 billion (USD 11.86 million), an increase of 25.32% over 2016.

SENA trainees

MY FIRST JOB AT PAREX



Every year, Parex places young trainees from Colombia's National Vocational Training Agency (SENA, for its initials in Spanish) in different Company's departments, in compliance with the quota established by current SENA regulations.

Even though these trainees are offered a fixed-term learning arrangement, many of them, based on their strong commitment and excellent performance, are hired as full-time employees by the Company at the end of their training.

In 2017, Laura Viviana Camargo, a Human Talent Management technologist, and Janeth Johana Mesa, an Administration Management technologist, went from being SENA trainees to be hired full-time with the Company. Laura and Johana participated in "Forty Thousand First Jobs", a government program created to promote employment for youth between 18 and 25 years old with no formal employment experience, and they got their first job at Parex, where they are currently working as an HR assistant and an Administrative Assistant, respectively.

"Parex funded my practicum for six months and, then, they offered me a full-time job in 2017. My growth is

fostered by the trust that the Company is placing on me. I took several courses to improve my skills; I already began my courses in Psychology and I would like to get a diploma in Wellness. I really like my work at Parex and I see myself working there for a long time" states Laura Viviana Camargo, a SENA trainee from the government-created program Forty Thousand First Jobs, and currently an HR assistant at Parex.

The Company also connects directly or through joint ventures SENA trainees who are not part of the Forty Thousand First Jobs program. In 2017, five of them were offered their first full-time employment at Parex.

"In my opinion, dreams are not enough. You need to work hard, make an effort and get up every day focused on a clear target. Working for Parex has been a great experience and the benefits are plenty, something I was not aware of; the working environment is great, and everyone is very friendly. I am currently studying Environmental Engineering to advance my future career with the Company". says Joan Sebastián Fandiño, a SENA trainee, who is currently working at Parex as a Documentation Technician in the Finance department.

Well-being

AND A HEALTHY WORKPLACE ENVIRONMENT

Parex believes in the importance of making continuous improvement in the workplace. Organized by our Coexistence and Wellness Committee and in compliance with Colombian regulations, we have actively fostered integration courses and activities in Bogota and at several field locations that have been very well attended by our employees. We also held recreational and sporting events and celebrated milestone dates for the Company and employees.

Developed with employees and their families in mind, the Company considers that these events are very important because they are an incentive to continue working with enthusiasm and an opportunity to reinforce the employees' sense of belonging to the organization.

S U C C E S S
S T O R Y

2017

P A R E X I N A R A U C A
V A L U E I N T R U S T

During 2017, as part of an agreement signed with the National Hydrocarbons Agency, Parex began operations in the Capachos Block, in the department of Arauca, and drilled the Capachos Centro and Capachos Sur wells; the first well began production by the end of November 2017. The activities associated with this operation created local employment for 282 skilled and 381 unskilled workers.



Dialogue
AND TRANSPARENCY

The first step in Parex' strategy was to understand the region's dynamics, strengths, and potentialities, and to initiate a trust building process with communities and national and local governments. From the beginning, we understood that our presence in Arauca had to be aligned with some social and political challenges that the country was undergoing at that time.

Parex implemented in Arauca the lessons learned from previous operations over the past years. As Lee DiStefano, Parex' President in Colombia, states: "an open and transparent dialogue, and meeting our stakeholder commitments are the basis for building trust".

The Company allocated the time needed to engage in dialogue with authorities from the Arauca and

Tame municipalities as well as with community representatives of the Capachos Block's area of influence. Within this framework, our stakeholders had the opportunity not only to learn about the Company, but also to identify the main community's needs and government initiatives within the municipal Development Plans; we developed partnerships to closely work towards the communities' environmental improvement and quality of life.

To demonstrate that Parex' corporate operations are compatible with a sustainable development, we invited Arauca's social leaders to visit our operations in Casanare. During the visit, regional communities shared their experiences and social leaders got a close look at the social projects we are supporting.

An open and transparent *dialogue*

and meeting stakeholder commitments are

T H E B A S I S F O R B U I L D I N G T R U S T





Supporters IN ARAUCA

Parex found key supporters for its new enterprise in the Capachos Block in Arauca: the Canadian Embassy, the municipality of Tame, trade unions, Community Action Boards and local businesses. Colombia's security forces were also essential in the process because communication channels were promoted to strengthen relations between the National Army and communities.

According to Ricardo Acevedo, Secretary of Urban Infrastructure and Development of the municipality of Tame: "Parex has been a partner in reaching communities and advancing many projects for which our administration does not have enough resources available".

"Parex contributed in a different way to the municipality; it earned the community's trust by discussing social investment in an accurate, respectful, clear and honest way. For this reason, the community felt at ease welcoming the Company.

Parex has contributed to local employment and businesses, therefore improving the municipality's economy", explains Miguel Ángel Bastos, advisor to Tame's City Hall.

During 2017, the Company offered emergency response and management training to members of the National Army. The purpose of these theoretical-practical sessions, that will be offered again in 2018, was to strengthen the Army's skills regarding prevention and control actions in the event of hydrocarbon incidents.

"The training is very interesting because we learn to care for the ecosystem and prevent oil spills", declares career soldier Javier Garzón, who participated in the Contingency Plan training.

Likewise, Yair Miguel Argel, another career soldier, says: "It is something new I can learn. This knowledge is useful for the future, for helping the community and caring for the environment".

Respect FOR DIVERSITY



Another key interaction in Arauca was the relationship between Parex and indigenous and Afro-Colombian communities living adjacent to the Capachos Block. During respectful and open discussions, we had the opportunity to explain the project scope, impact and mechanisms for an effective and timely management; we made clear our commitment to upholding ethnic groups' rights.

"Parex is important to the Angosturas reserve because the Company has shown interest in the community. We have worked closely with them and received great support on several activities. It is a company with a reputation of fulfilling its commitments. The U'wa people place their trust on those who give and uphold their word of honour. They have always been mindful and in constant communication with us", says Juan Carlos Pérez, member of the Giraras Foundation for the U'wa people.



Community's priorities

HOUSING, MOBILITY AND ACCESS TO WATER

During 2017 many of the most ambitious projects initially agreed between Parex and regional communities and authorities became a reality. Today the Company is pleased to see how those commitments were completed one by one and are improving the living conditions for a large number of people in Arauca.

After productive discussions and an alliance-building process, we advanced a housing improvement program that has benefited five communities and approximately 400 individuals in villages located in our area of influence. To improve community mobility, construction works were carried out on four roads. In

addition, the improvement of an aqueduct was completed, therefore, positively impacting three communities that are currently enjoying a permanent supply of water.

"Since Parex arrived here, our village has experienced growth. We are very grateful because they paid attention to our needs. The aqueduct is a reality today thanks to them", explains Hernán Buitrago, president of the Corocito's Community Action Board.

Procuring local goods and service

AN OPPORTUNITY FOR ARAUCA



One of the initiatives that facilitated to build a close relationship between Parex and the Arauca communities was the procurement of local goods and services. We have been very successful in building strong relations with businesses in the municipality of Tame as a result of our commitment to supporting their ongoing development and helping them achieve the highest standards to be market competitive.

"Parex brought economic relief. They took the time to explain their plans for the area and we understood their goals; that's when we started

our business relationship, and today we contribute our products and services to the operation", states Jorge Iván Pérez from the Merchants Association of Tame, in Arauca.

"Parex has been welcomed in the municipality because they efficiently socialized the project. They have always honoured their commitments and are straightforward regarding guidelines and policies that we, suppliers, must comply with", explains Marcos Zorro, Coordinator at the Tame's Transportation Cooperative for the Capachos project.



HONOURING STAKEHOLDER COMMITMENTS





Human Rights; compliance with environmental regulation; occupational health and safety; protection of water resources and biodiversity; reforestation; climate change; social investment on critical areas such as health, education and access to water; improvement of community infrastructure as well as employment opportunities and local entrepreneurship support are material topics

identified in 2017 by both Parex and stakeholders, regarding social, economic and environmental dimensions.

The Company presents below its management approach and outcomes regarding these topics during the year covered by this report.

H U M A N

R I G H T S



As it is stated in Parex' Code of Ethics, the Company respects and fosters Human Rights. The Company has clearly specified this commitment to all its personnel, including directors, officers, consultants and employees. In the same manner, the Company extends this commitment to its contractors, through a mandatory compliance clause included in their contracts.

Parex is committed to providing equal opportunities in all aspects of employment. At Parex, abusive, harassing or offensive conduct, whether verbal, physical or visual, is not tolerated. Harassment may occur on the grounds of race or religious beliefs, sexual orientation, colour, place of origin, gender, physical or mental disability, ancestry, marital

status, age, family status or source of income. Complaints regarding potential Human Rights violations are dealt with at the highest corporate management level, specifically through the Finance and Audit Committee and the Corporate Governance and Nominating Committee. Both committees are made up of members of the Company's Board of Directors. In 2017, no complaints of Human Rights violations were filed.

Parex has signed Cooperation Agreements with Colombia's Ministry of Defense, that have been drafted according to the country's legislation and constitutional principles, and in compliance with the Ministry's Comprehensive Human Rights Policy, and International Humanitarian Law.



2018 TARGET	Establishing a plan to <i>strengthen Human Rights practices</i>
in the Company in accordance with international and domestic standards for businesses and Human Rights.	

OCCUPATIONAL HEALTH AND SAFETY

During 2017, Occupational Health and Safety became a priority topic at Parex. In particular we focused on implementing a strategy to engage employees in developing a culture of safety. As a result of these efforts, no major incidents were reported during 2017 at our operating sites.

Senior management conducted health and safety inspections at different operating sites and several targets and indicators for employees were set. A Mentorship Plan was created to prevent employee-related accidents at our sites; in addition, it is an opportunity for our managers to assume the role of tutors and

share their knowledge about safe behaviors with the community.

Furthermore, we built a strong foundation to promote a culture of self-care across the organization through the creation of SOS cards that help identify and document unsafe behaviors and conditions; the implementation of new control mechanisms, an audit system, and safety stops; and the development of new indicators, among others.

In 2017 Parex met its targets to reduce accident rates to 0,59 incidents per million of man-hours worked.

HEALTH AND SAFETY indicators



$$\text{Lost Time Incident Frequency (LTIF)} = \frac{\# \text{ Total LTI} + \text{FAT} * 10^6}{\text{man-hours worked}}$$



$$\text{Total Recordable Incident Frequency (TRIF)} = \frac{\# \text{ Total injuries} * 10^6}{\text{man-hours worked}}$$

TARGET	in 2018
Reducing LTIF rate to 0.54 <i>Adopting SOS card program by contractors</i>	



S a f e

TRANSPORTATION



T A R G E T S		in 2 0 1 8	
Reducing road accident frequency to	0.92	Incorporating gas transportation trucks and passenger vehicles in the control and monitoring program Mejorando Ando	

$$MVA = \frac{\# \text{ Total of vehicle accidents}}{\text{Total number of km driven}}$$

Ensuring compliance with safety practices and standards by truck companies contracted to transport our crude oil is a great challenge we face at Parex. For this reason, in 2017, we implemented Mejorando Ando, a program focused on decreasing road accidents involving crude tanker trucks through mechanisms that monitor risk factors.

The specific objectives of this initiative are as follows:

Reducing road accidents by generating actions that link actors and aspects involved in the transportation of crude oil by tanker trucks. Creating mechanisms to identify inadequate driving habits that may potentially result in accidents.

As a result of the Mejorando Ando program, accidents related to crude oil transportation were reduced in 2017. Motor vehicle accident (MVA) frequency as of December 31, 2017 was 1.02.

Joint occupational HEALTH AND SAFETY COMMITTEE

In 2017, Parex kept active the Joint Occupational Health and Safety Committee (COPASST, for its initials in Spanish) and held monthly meetings, in compliance with current Colombian legislation. The Committee, made up of employees from the Bogota and field offices, conducted on-site activities focused on developing and disseminating the Occupational Health and Safety Management System, promoting self-care and adoption of healthy habits, and preventing workplace accidents and illnesses.

In 2018 COPASST will be part of the Management

System and its members will participate in the following activities:

KPI MEETINGS

AUDIT PLANNING

MANAGEMENT-LED INSPECTIONS

ENVIRONMENTAL MEASUREMENTS

ROAD SAFETY COMMITTEE

PSYCHOSOCIAL RISK

Parex acknowledges that stress may compromise workplace safety and exacerbate other workplace-related health issues in employees. In 2017, we conducted an annual stress-related risk

assessment, developed activities to make employees aware of this significant issue, and promote healthy lifestyles and healthy work.



E N V I R O N M E N T A L

L E G A L C O M P L I A N C E



Parex' environmental legal management is based on providing legal support in the preparation of Environmental Impact Assessments and the development and implementation of specific Management Plans for each project. We foster the participation of local communities in any environmental planning and we ensure that we comply with current regulations.

We conduct due diligence in our procurement practices to identify and assess regulatory and environmental liabilities.

In 2017, we engaged the services of external auditors to evaluate our compliance with the environmental legal requirement matrix we prepared; the audit concluded that Parex complied with 95% of existing regulations.

**2018
TARGET**

PAREX *will continue to strengthen its
Environmental Management System*

*as well as document traceability
for each of the environmental aspects
generated by the Company's activities.*

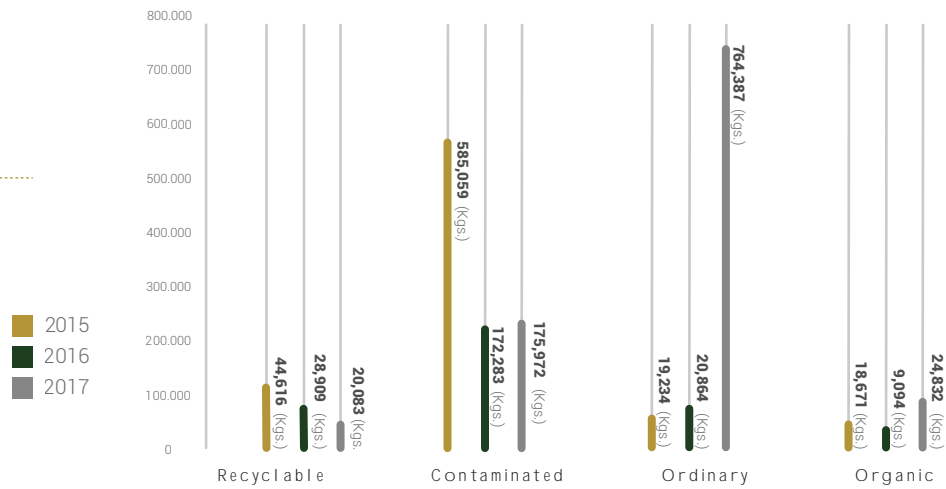
No monetary or non-monetary
o (zero) *penalties or sanctions*

*for non-compliance with currently applicable Colombian
environmental legislation and regulations were imposed on Parex.*





WASTE
disposal

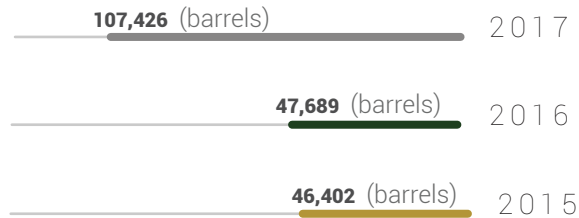


Waste generated by Parex' operations are classified into recyclable, contaminated, ordinary and organic. We sort waste at source and its disposal depends on the type of material. Dangerous waste is sent to independent companies that are properly authorized for collection and proper disposal

During 2017, ordinary waste increased to 764,387 kg as a result of the removal of concrete structures during the cease of activities at the Celeus project in Llanos 17 (300 m³ or 450 tons) and at Calona in Llanos 32 (182 m³ or 273 tons); this waste was disposed by independent companies at authorized dumping sites.

DRILLING

cuttings and sludge

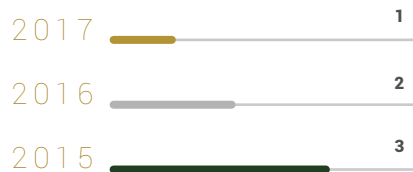


As a result of an increase in exploration wells, we experienced higher volumes of drilling cuttings and sludge in 2017. During the same period, we generated 107,426 barrels of drilling cuttings and sludge, which were disposed according to applicable legislation and standards. The use of benzene and sulfur is prohibited at our operations.

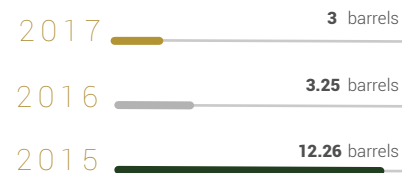
SPILLS

Parex is making ongoing efforts to prevent and properly manage potential spills of crude, chemical substances, oils or fuels that may affect the environment or public infrastructure of the areas where it operates. As a result, we experienced fewer and less significant incidents in 2017.

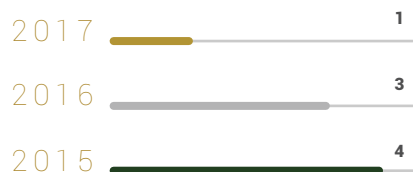
NUMBER OF REPORTABLE SPILLS OPERATIONS



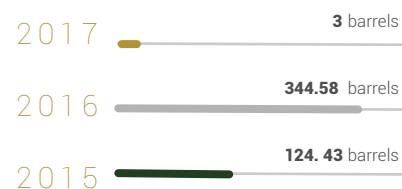
VOLUME SPILLED OPERATIONS (BARRELS)



NUMBER OF REPORTABLE SPILLS TRANSPORTATION



VOLUME SPILLED TRANSPORTATION (BARRELS)



PAREX changed its reporting methodology to include the number of events and volume of barrels spilled in production operations and transportation

C l i m a t e c h a n g e

C A R B O N F O O T P R I N T

In 2017, Parex engaged the services of the consulting company Conservación & Carbono S.A.S to conduct a Greenhouse Gas (GHG) Emissions Inventory or Carbon Footprint of its operations in Colombia, according to the Colombian Technical Standard ISO 14064-1. This inventory will provide us with a generated Carbon Footprint baseline that will help us develop a strategy to optimize our performance.

With the support of our Environmental and Quality team and other departments, it was possible to collect data related to GHG emission-associated activities. Assuming that estimates were a reasonable representation of the real world, the consultants considered consumption data from each operating area, averages from simple statistical data analysis, and expert opinions for the report.

Emission estimates were calculated based on the Intergovernmental Panel on Climate Change, or IPCC, (2006) and the report was prepared based on Scopes 1, 2 and 3 (direct, indirect and other indirect emissions, respectively).

According to the best practices suggested by IPCC guidelines, methodological levels 1 and 2 were employed for the calculations of each one of the categories identified as emission sources. In the same way, the same guidelines were applied to prepare emission summary charts.

The method used to calculate carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFC) emissions was based on combining the information on the extent to which a human activity takes place (called activity data or AD) with coefficients that quantify emissions or removals per unit activity (emission factors or EF). EFs used were those reported by the Colombian Fuels Emission Factors and the IPCC and applied based on an arithmetic mean for EFs with asymmetric uncertainty.

In certain situations, it was necessary to modify the basic equation to include other estimation parameters different from emission factors. The global warming potential of each of the GHGs included in the report was taken from the fourth IPCC assessment report (2007), based on the radioactive capacity of each gas in the atmosphere for a period of 100 years. All calculations were conducted based on the adopted methodology.

This measurement determines a baseline to manage the impact of Parex' operations (operational control) on the environment and add our contribution to the global efforts on climate change.

The GHG inventory was prepared based on working interest rates; in other words, Parex' operated and non-operated fields were considered for calculation purposes.

Scope 1, or direct source GHG emissions, include fuel burning to produce energy, gas leaks from refrigerating systems, gas flaring, gas vents and other fugitive emissions (leaks from valves and connection points).

Scope 2, or indirect sources, refer to the use of energy in the National Interconnected System. Scope 3, or other indirect sources or referred to as other indirect emissions, include oil and gas transportation, air travel and ground transportation of personnel, procurement and use of paper products, solid waste management and treatment, wastewater management and disposal, and gas leaks associated to oil and gas transportation.

CO₂, CH₄, N₂O and HFC were considered for the inventory.

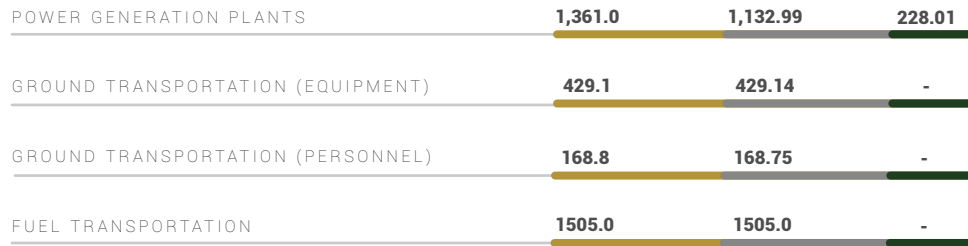
GREENHOUSE

gas emissions
equivalent CO²



BIOGENIC

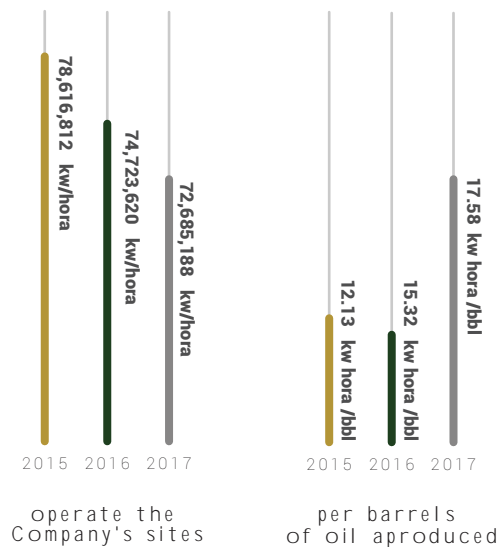
TOTAL **3,463.9** CO² Biogenic tons
 TOTAL **228.0** CO² Biogenic tons - SCOPE 1
 TOTAL **3,235.9** CO² Biogenic tons - SCOPE 2



ELECTRIC

power consumption

Energy
CONSUMPTION



W A T E R M A N A G E M E N T





captación DE AGUA

At all its operations, Parex complies with Colombian water management regulations. We are always looking for ways to optimize the use of water resources because we understand the value and significance of water for a sustainable planet.

Surface water and groundwater are collected within the limits allowed by Environmental Licences. Recorded values are from readings at flow meters duly calibrated and certified; readings are recorded at different withdrawal points and at consumption registers for each operational activity.

VOLUME of water withdrawal



Total volume of water withdrawal at the following sources:	101.861	97.070	128.556
SURFACE WATER FROM WETLANDS, RIVERS, LAKES AND OCEANS	26.427	13.534	23.631
GROUNDWATER	62.308	59.614	59.865
RAINWATER DIRECTLY HARVESTED AND STORED BY THE COMPANY	5.104	2.148	2.740
WASTEWATER FROM OTHER COMPANY	0	0	0
WATER SUPPLY BY MUNICIPALITY OR THIRD-PARTY PROVIDER	8.022	21.773,9	42.319

UNIDAD: m³/year

reused WATER

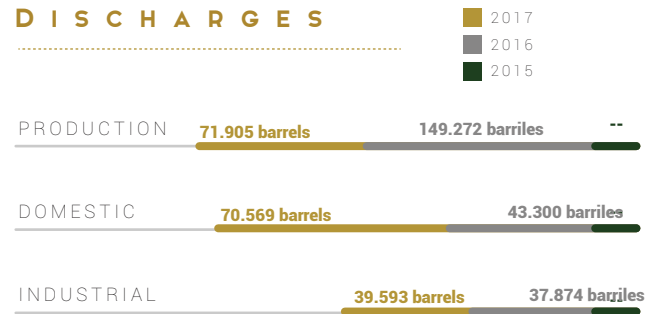


TOTAL VOLUME OF WATER REUSED BY THE COMPANY	151 m ³ /year	725 m ³ /year	39,75 m ³ /year
PERCENTAGE OF WATER REUSED IN RELATION TO THE TOTAL VOLUME OF WATER COLLECTED ACCORDING TO THE G4-EN8 INDICATOR	0,15 %	0,74 %	0,03 %

Parex does not make any discharges into surface waters. Instead we employ a process that consists in injecting into wells water that has been treated to remove the highest quantities of solids and oil that could contaminate the subsurface.

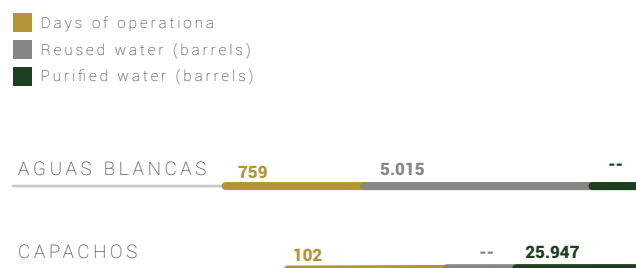
We send residential, industrial and production wastewater, which require treatment before final disposal, to an independent company to ensure their proper disposal.

DISCHARGES



WATER REUSE and purification

Parex reused 5,015 barrels of water during a 59-day operation in the Aguas Blancas project, located in the municipality of Simacota, department of Santander. Additionally, we were able to purify 25,947 barrels of water for site consumption during our 102-day operation in the Capachos Block. These efforts resulted in significant savings while at the same time a positive impact on water conservation was made.



UNDERSTANDING AND PROTECTING BIODIVERSITY



Parex understands that entering a new region entails a significant commitment towards communities and natural resources. It could have not been different in Arauca. For this reason, we advocated an inventory of plants and animals that inhabit the Capachos Block's area of influence, in the municipality of Tame. National, departmental and municipal authorities; community leaders; and the Fundación Orinoquía Biodiversa also collaborated on this joint effort.

The survey identified areas of greater significance for species sustainability and survival.

As a result of this project, we advanced the publication of an illustrated primer. Our aim is to provoke reflection about the coexistence of humans and nature, and the shared responsibility we have to care for our natural resources.

In 2017, we conducted inventories of protected species according to the International Union for Conservation of Nature Red List and Colombian laws. The surveys helped us identify the presence of critically endangered birds, mammals and reptiles and other vulnerable, threatened and near-threatened species and determine proper management actions.

2017
THREATENED
species monitoring

Block	Project	Birds	Reptiles	Mammals	Monitoring date
VMM-11	Glauca	6	2	4	January 2017
	IGUAZU	7	2	2	October 2017
LLANOS 32	Carmentea Kananaskis Calona	14	6	2	July 2017
CABRESTERO	Ponyo	14	7	3	March 2017
	Kitaro	8	7	3	September 2017
Playon	Boranda	11	3	3	March 2017
Llanos 40	Begonia	14	4	3	April 2017
LLANOS 16	Kona	6	5	2	September 2017
LLANOS 26	Rumba	16	6	1	May 2017
		11	6	2	September 2017
LLANOS 30	Adalia	13	4	2	May 2017
LOS OCARROS	Las Maracas	22	5	4	May 2017

CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora



R E F O R E S T A T I O N



Building a future

BY SOWING TOGETHER

For the celebration of Earth Day and Arbor Day, Parex hosted a day of tree planting with employees on the slopes of the Adalia, Rumba, Las Maracas, Begonia, Carmentea, Kananaskis and Kitano fields.

A special emphasis was given to the benefits that tree planting and vegetation cover recovery contribute to a balanced environment and sustainable planet. We planted 175 trees and each participant baptized a tree, assumed the commitment to caring for it for the following four months, and received a sponsorship certificate.

By hosting this type of events, our goal is to ensure workers are informed and aware of the importance of protecting the environment and conserving natural resources.

Protective PLANTATIONS

To comply with our commitments associated to environmental offsetting actions since 2011, we have planted 56,200 trees of 29 different native species, a great contribution to flora biodiversity and a significant addition to wildlife protection by setting up perching and feeding stations.

In 2017, we conducted forestry maintenance activities and planted 22,000 native trees in the Hato La Graciela location, located in La Graciela, a village in the municipality of Aguazul (Casanare) to facilitate the recovery, protection and extension of tree cover on the slopes of the Cusiana river and La Graciela pond.

In the areas reforested by Parex, sightings of wildlife have been reported and are proof that the actions promoted by the Company have a positive impact. Some of the animals reported were white tailed deer (*Odocoileus virginianus*), crab-eating foxes (*Cerdocyon thous*), porcupines (*Coendou prehensilis*), turtles (*Podocnemis vogli*), lizards (*Ameiva ameiva*), iguanas (*Iguana iguana*), gold tegu (*Tupinambis teguixin*), giant anteaters (*Myrmecophaga tridactyla*), green-rumped parrotlets (*Forpus passerinus*), and armadillos (*Dasyus species*).





S c h o o l s c o m m i t t e d
TO REFORESTATION

During 2017, a vegetable garden was built and 1,282 trees of 11 different native species were planted on the grounds of the El Diviso La Colorada school, in the municipality of Simacota (Santander).

This project was possible thanks to the participation of teachers, parents and students who helped plant trees in the green spaces surrounding the school. The participants planted a variety of genera and a mix of species, such as forest (1,052), ornamental (200) and citrus (30) tree species.

The school's vegetable garden was built as a learning platform to foster environment conservation and educational community's well-being. Some of the trees and vegetables planted included Valencia orange, tangelo orange, Tahiti lemon, mandarin, Conto tomato seeds, large onion, peppers, and aromatic herbs, such as basil, spearmint, thyme and lemon grass. Subsequently, a series of workshops on climate change, waste management and cultivation management workshops were provided.

<p>Parex' environmental investment in 2017</p>
<p>reached a COP \$ 863 million (USD 293 million).</p>



A new weather

RADAR FOR THE COUNTRY

In 2017, and in response to our environmental investment commitment of 1%, we initiated a very important project that we expect will become a reality in 2018. We are working towards the modernization of IDEAM's Hydro-meteorological Monitoring Office in the city of Duitama (Boyacá) and the installation of a radar that will allow the collection and processing of data in real time. This latest project is part of the complementation agreement for the National Weather Radar System executed between the Fondo de Adaptación and IDEAM, that is monitoring the installation of three radars in Colombia.

Weather radars are used in risk management as an early alert system to detect rain and study spatial and temporal patterns of rainfall. Radars help forecast whether it will rain or hail, for example.

The radar system to be donated by Parex will be located in Orinoquía and it will cover eight departments in the country, meaning that it will cover an area of approximately 181,404 square kilometers and benefit over two million people. It is estimated that the radar will cover 100% of Casanare and 51% of Meta, where the Company is advancing operations.

The aim of this project is to improve the country's technical capability in monitoring hydro-meteorological variables and facilitate timely and accurate data on which authorities can rely to create disaster prevention and mitigation actions.

S O C I A L

I N V E S T M E N T



P R O G R A M S

B E N E F I T I N G C O M M U N I T I E S

Social investment is a very significant topic to both Parex and its stakeholders, in particular to those communities located where the Company operates. We were able to identify this concern based on the feedback received through the many Company-fostered communication platforms where the most important community-related problems and needs are prioritized. We partner with public organizations because we want our social investment to have a greater impact on local development. Since the communities are actively engaged in the execution and monitoring of our projects, their participation creates a positive synergy for project sustainability.

In 2017, Parex made a social investment of approximately COP \$11 billion (USD 3.4 million), in the areas where the Company operates. We amended the calculation base in relation to previous years since the Value Added Tax was removed and we included expenditures from January 1 to December 31, 2017.

³ The amounts in social investment reported include social management efforts by Parex Resources Colombia, Ltd, Sucursal and Parex Verano Limited Sucursal.



W A T E R
FOR ALL



Limited access to drinking water is one of the issues that has a great impact on the communities where Parex operates. This situation presents serious health risks and a negative impact to the population's quality of life. Through the "Water for All" program, our aim is to show that hydrocarbon activity does not necessarily impact water sources and, to the contrary, our presence entails opportunities for communities, such as access to water suitable for consumption and substantial improvement of living conditions.

In 2017, the aqueduct located in Buenos Aires Alto, a village in the municipality of Villanueva, department of Casanare, was completed. This project was carried out in coordination with the municipality, the Secretary of Public Works, the Municipal Public Services Company, the Community Action Board, and community members.

Parex contributed the maintenance of the water treatment plant. In addition, the Company supported aqueduct rehabilitation works, a network expansion to connect 19 new users, and the future installation of water meters. An investment of COP \$210 million (USD 71,155) has benefited 325 individuals. The municipality and the Public Services Company not only invested COP \$39 million (USD 13,214) in the project, but also provided technical support.

"It was a very good experience to work with Parex. With this aqueduct, we improve the quality of water and our health at the same time. We can now prepare food safely for our children. The Company facilitated the coordination with

different organizations for this project" states José María Téllez, president of Buenos Aires Alto's Community Action Board.

We also provided our support to improve an aqueduct in Corocito, a village in the municipality of Tame, Arauca, during 2017. This project improved the lives of 165 families and approximately 800 individuals, including other communities from the Angosturas reserve and the village El Triunfo. In addition, a proposal has been advanced to bring water to more users in these communities with the financing of a review and design project for the rural aqueduct "La Macaguana"; this project that is expected to be financed with public and private funds.

We are currently developing an ambitious plan that aims to continue impacting communities in a positive way. The first beneficiaries in 2018 will be the communities of Pasacorriendo, a village in the municipality of Plato, and of La Imagen and El Consuelo, both villages located in the municipality of Tenerife, in the department of Magdalena.

In these communities, people have to walk long distances to reach the closest artificial pond and then carry the water in heavy containers back to their homes or schools. Furthermore, the water does not comply with specifications that make it suitable for human consumption. To help these communities, we are planning to install three sun-powered water treatment stations.

2018 TARGET	<i>Continuing the improvement of access to drinking water for communities</i>
<i>through the "Water for All" program.</i>	



LOCAL INFRASTRUCTURE



Investing in local infrastructure directly impacts the quality of life of communities and contributes to regional sustainable growth. Parex allocates resources and efforts to the construction and improvement of housing, hospitals, learning centres, community centers and sports facilities, among others. All projects are always aligned with the Development Plans of the municipalities where the Company operates.



Better

HOUSING

In 2017, Parex implemented a project focused on improving housing conditions in the communities neighbouring its operations. These projects were aligned with municipal Development Plans and synergies were created with municipal authorities that made them viable.

Approximately 400 individuals and 89 families in the villages of San José de Morichal I and II, Brisas de Tamacay, Rincón de Babaica and Brisas del Cravo, in the municipality of Tame, Arauca, were the beneficiaries of this Parex-driven housing improvement program.

Making dreams

COME TRUE

About 18 years ago, Abel Romero, a 51-year old native of the department of Cesar, arrived in Palo Solo, a village in Aguazul, Casanare, to start a new life. His first job was working in rice fields hauling rice bags and fertilizing crops. With his first savings he bought some land and built a house on a wooden platform with canvas-made walls and a tin roof. However, every time it rained, the house flooded.

Abel and his family, six adults and four children, were the beneficiaries of Parex' Housing Improvement Program in 2017. The company Duval Ltda., an Aguazul supplier who

acted also as project manager, provided a home evaluation and designed a renovation plan. With our help, Abel built walls, installed flooring and roofing and he is currently working on renovating the kitchen.

"Now we feel safe and at ease because the house does not get flooded anymore; having our house is a dream come true thanks to Parex" declared Abel Romero who still lives in the same village.

Abel's house is one of the 943 housing improvement projects that were completed in the department of Casanare.



sponsor PLAN



A social initiative BY EMPLOYEES AT PAREX

Six years ago, a group of our employees arrived in Pore, located in Casanare, where the Company had just begun operations; there they met a family living in extreme poverty. Because this case affected them very deeply, they decided to raise money among their coworkers to help improve the family's situation.

This is how Plan Padrino was born; an individual-based social responsibility initiative that has evolved with time and in which every employee at Parex is currently participating. In the past years, eight low-income families have reached their dream of living in a suitable house and developing an enterprise to subsidize their needs; all thanks to the solidarity of Parex' employees.

"Plan Padrino is a project that delights us as employees because volunteering to support people who are in a less privileged situation makes us feel proud. The Company's president

in Colombia, Lee DiStefano, is always encouraging us and supporting this initiative by promoting our participation", says Sandra Tarazona, the Plan lead at Parex.

To identify possible beneficiaries, we work with social services agencies from the municipalities where we have operations; this is the first step in selecting families living in extreme poverty. Then, our community liaison visits each family and documents their living conditions. Members of our Plan Padrino Committee, that consists of several employees, review the information and select the family for the year.

In 2017, thanks to the support of our employees in Colombia and in Calgary, Canada, and of some of our contractors, we raised the amount of COP \$65 million (USD 22,024) to build a house for the Marulanda Toledo family in the municipality of Tame, in Arauca.



ABRAHAM'S

personal story

Abraham Marulanda is sixty years old and lives with his wife and four children in the community Brisas de Satena, in the municipality of Tame. Despite the precarious conditions of his home and significant economic difficulties he was facing every day, having a close-knit family has been the source of his happiness for the past 13 years.

One day he was approached by a group of Parex' employees who asked him to register on the Plan Padrino's possible beneficiary list. Abraham did not even know what the Company was at that time, but he agreed because he thought there was a remote possibility that his dream of giving his family a decent home would come true. And this is how their lives changed, thanks to the efforts of our employees, who

raised enough money to build not only a new house but a new life project for the Marulanda Toledo family.

The "little shack", as Abraham called it, became history, and today in his property there is a beautiful house, equipped with many comfortable features.

"I am still not able to grasp how much happiness I am going to share with my family; now I have everything I did not have for my children in the past. Thanks to Parex and everyone who contributed their efforts, so my family can enjoy so much happiness today. No more fears or despair in my life from now on", says Abraham Marulanda.

Promoting learning THROUGH INFRASTRUCTURE

Besides being places where children can learn about different subject, schools are venues for coexistence and enjoyment, where the little ones spend a good part of their days. For this reason and because most communities believe that adequate school facilities are essential for the learning process, Parex allocated

significant resources for the construction of a new school in El Diviso, a village in the department of Santander in 2017. We also contributed to improving the infrastructure of other eight schools in the municipalities of Plato and Tenerife, in Magdalena, and one school in Aguazul, Casanare.



Encouraging CHILDREN OF "LA GRACIELA"

As part of the programs to benefit communities in our Rumba operations area of influence, we supported the renovation and construction work at the school Luis María Jiménez, located in La Graciela, a village in the municipality of Aguazul, Casanare. The school infrastructure was in very poor condition; in particular, some buildings were built over 25 years ago and some areas, like bathrooms, were in disuse and total neglect.

With the participation of the village's Community Action Board and the school's teaching staff, the project included the demolition of three buildings;

the reconstruction of the school health unit; the construction of a septic tank, pedestrian paths, a computer room and a teacher's office; the renovation of the school cafeteria building; and the rehabilitation of the electrical grid.

"The improvement of the school infrastructure showed a direct correlation with the motivation of children to attend school and of teachers to teach" declares Carlos Chaparro, president of La Graciela's Community Action Board.





New Learning CENTRE IN EL DIVISO

The works carried out at the rural school La Colorada, in El Diviso, a village in the department of Santander, was one of the most significant projects undertaken by Parex in 2017. With an investment of COP \$1,2 billion (USD 406,598), it was possible to build new, spacious and modern facilities and add more places for children in the area, so they can also have access to learning. The municipal authorities were actively engaged in this initiative that benefitted more than 80 families.

During the relocation and the four-month construction of the new learning centre, it was necessary to properly retrofit temporary facilities for the students to continue with their regular classes in a good learning environment.

The learning centre La Colorada currently boasts a total of 470 square meters with two

fully equipped classrooms, washrooms for boys and girls, an art classroom and a computer lab with more than ten computers (five of them laptops), sports field for mini soccer and basketball, dining room, social lounge and housing for a living-in teacher.

There is also a vegetable garden where watermelon, squash, beans, tomato, onion, cilantro, basil and plantain are planted, and their crops are enjoyed by students and teachers.

Mónica Liliana Ardila Hernández, one of the teachers, says: "Parex is a company that came to change our lives because it made possible many things and the Company has impacted our children in such a positive way that they want to spend most of their time at school".



BETTER ROADS, greater progress



PAREX believes that improving roads used by communities is one the greatest contributions that the Company can make to local development. In 2017, we invested COP \$900 million (USD 304,948) in road improvements that were prioritized by four villages located in the Capachos Block's area of influence, in the department of Arauca. These improvements have benefitted some 340 individuals residing in the communities of Caño Grande, Alto Cabalalía, Brisas del Cravo and the Angosturas reserve. These roads are solely for public use and not for Parex' operations.



CONTRIBUTING

TO THE HEALTH

OF COMMUNITIES



Improving

HOSPITALS AND HEALTH CENTRES

For many years Parex has socially invested in improving health conditions in the regions where the Company operates. In 2017, we contributed to upgrading hospital infrastructure in Tauramena and Villanueva, in Casanare. This type of projects has a positive impact on thousands of individuals living in urban areas, remote villages and neighbouring municipalities.

In addition, and in response to the needs of those communities surrounding Parex' operations, we supported facility improvements and provided medical equipment to health centres in four villages in the municipalities of Plato, Tenerife, and Chibolo, in the department of Magdalena.



Health Brigades

REACHING MORE THAN 4,000 INDIVIDUALS

An ambitious Health Brigades program was launched to bring medical attention to those with no access to healthcare. In collaboration with Parex' Partner, GeoPark, the Colombian Civil Air Patrol and the municipal hospitals in Tauramena and Villanueva, Parex made possible for a multidisciplinary team of volunteer doctors to travel to remote villages and provide medical services to more than 4,000 individuals of different ages.

The services included consultations, diagnostic tests and approximately 200 different types of surgeries. In addition, workshops on family planning, hygiene practices, healthy lifestyle, prevention of sexually transmitted diseases, and childrearing guidelines were provided.

María Constanza Vega, General Manager of the Tauramena hospital, says: "Parex is like a guardian angel that has helped us improve this hospital by engaging Health Brigades. It is also an opportunity for us to reach people in remote villages and detect high-impact diseases in advance". (PICTURES)

Parex also supported health brigades led by municipal authorities and/or hospital administrators in the municipalities of Tauramena and Aguazul. "We value Parex' commitment to the community. Through sourcing our services to the Health Brigades, we have been able to buy medical and surgical supplies for the hospital that we did not have before. We are very grateful for the support the Company provided in times when we needed it the most" says Ingrid Velandia, Manager of the Aguazul hospital.

BRINGING AWARENESS TO COMMUNITIES



About

THE OIL AND GAS INDUSTRY

In collaboration with Colombian universities, Universidad Industrial of Santander and Universidad Nacional, Parex led a community training program about the hydrocarbon industry. Scholars from these universities shared their knowledge and answered questions related to topics such as legal aspects, current sector trends in the country and the real impact of oil and gas operations on climate change and water resources, among others. The lectures also included subjects such as alternative energy sources that are currently being developed around the world.

These training sessions were offered as workshops that included teaching tools such as models and videos. Different teaching methodologies were implemented to make the topics clear and simple for attendees. Children also had the opportunity to engage in these sessions; through age-appropriate workshops, they learned about the importance of caring for the environment and water conservation. These sessions were held in Simacota and Cimitarra (Santander), Puerto Boyacá (Boyacá) and Tame (Arauca).

About conservation AND SUSTAINABLE USE OF NATURAL RESOURCES

In collaboration with SENA and ADSAMBIENTE, Parex launched eleven community training programs for environmental advocates in different municipalities. These advocates attended the program "Environmental educators and facilitators training" delivered by the Ministry of Environment and Territorial Development.

This initiative aims to train and foster citizenship engagement in environmental management, planning

and regulations, and to strengthen learning skills in developing plans, programs and projects on sustainable development.

Parex socialized this project with authorities and communities and led the initiative with the participation of 268 individuals from 38 villages in the municipalities of Pore, Nunchía, San Luis de Palenque, Trinidad, Orocué, Yopal, Aguazul, Tauramena and Villanueva, in the department of Casanare.



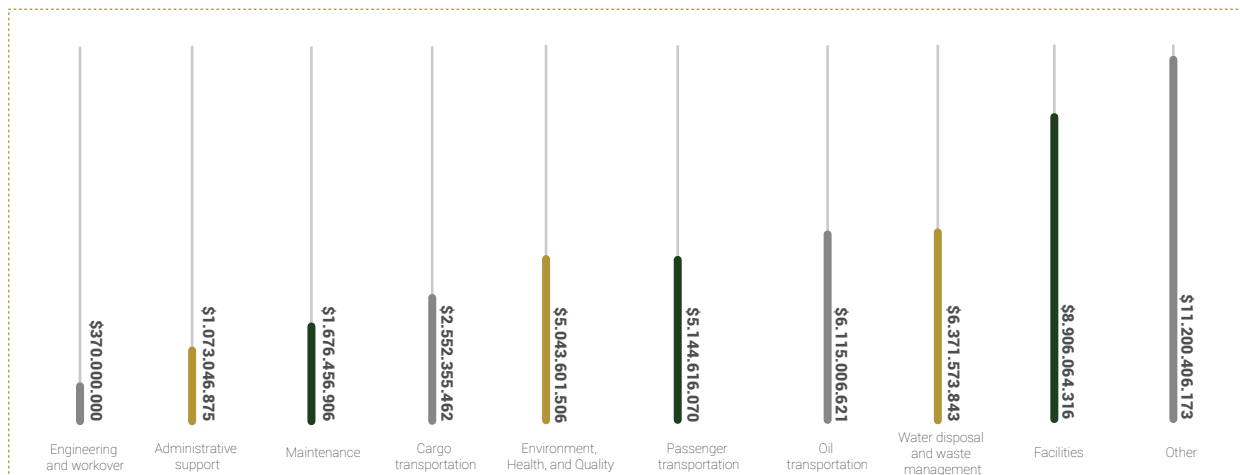
PROCURING LOCAL GOOD AND SERVICES



Parex continues to be committed to procuring good and services from the communities where it operates. The synergies we created with local businesses have become a springboard for regional economies.

In 2017, we invested COP \$48 billion (USD 16.4 million) in locally procured good and services.

Purchasing of local goods and services in
2017





Strengthening
LOCAL ENTREPRENEURSHIP



<p>PROMOTION OF LOCAL ENTREPRENEURSHIP</p>	<p>MIGUEL ANGEL CASTILLO <i>5 years of service</i></p>
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Miguel Ángel Castillo is the founder and general manager of J&M Ingeniería S.A.S, a company dedicated to civil, hydraulic, sanitary and environmental activities located in Aguazul, Casanare. He fondly remembers that his mother, a teacher, was always instilling in him the importance of pursuing university studies; for this reason, he applied for a student loan from ICETEX to study Sanitary and Environmental Engineering in the city of Tunja (Boyacá).

After completing his university degree, Miguel Ángel returned to Aguazul with the firm intention of starting his own company and contributing to the region's economic development. His company J&M is just the realization of that

dream. Mr. Castillo's Casanare-based company has been operating for 12 years and employs 20 full-time employees.

Upon submitting his offer, J&M was selected by Parex to carry out infrastructure renovation activities at the school in the village La Graciela.

"I would like to mention Parex' efforts to support the children of La Graciela; I think that investing in education is the best contribution that a company can make. The Company gives our local businesses, like mine, the chance to support the community by providing our services", explains Miguel Ángel Castillo.

Promoting entrepreneurship THROUGH PUBLIC-PRIVATE PARTNERSHIPS

Sponsored by public-private efforts, SINERGIA is a program that advances entrepreneurial culture in Casanare through the incubation and acceleration of innovative, sustainable and dynamic companies capable to offer their goods and services to the region.

Many organizations participate in this program including the Secretary of Agriculture, Livestock and Environment of the Government of Casanare; the Secretary of Economic Development of the municipality of Yopal; Casanare's SENA; the University Foundation for the American Tropics (Unitrópico); the San Gil University Foundation (Unisangil); the Amanecer Foundation; Ecopetrol; and the Casanare Chamber of Commerce, the program administrator.

In 2017, Parex contributed seed capital for entrepreneurs to acquire the necessary materials to develop their minimum viable products and start selling. Companies such as Helados Tailandeses, Agroinsumos Orgánicos and a local dinnerware company, are examples of this initiative the Company heartily supports.

"We maintain a very open communication with Parex about the requirements of the programs in which we work together. They participate in the Chamber's activities always showing a good disposition and the best attitude" states Carlos Rojas Arenas, Executive President of the Casanare Chamber of Commerce.



Parex, a supporter
OF LOCAL BUSINESSES



PROMOTION
OF LOCAL
ENTREPRENEURSHIP

JORGE IVÁN PÉREZ
5 years of service



Jorge Iván Pérez, president of Tame's Merchants Association and current supplier of catering services to the Capachos Block operation, is candid about his feelings of unease when he learned that the Company would be working in the department. "The municipality was bouncing back from a difficult economic crisis because of several strikes and the region had been affected by foot-and-mouth disease, that negatively impacted the economic development of the region."

However, when the Company explained to local entrepreneurs how they could participate in the project by supplying goods and services, the development of the Capachos Block began to be perceived as an opportunity.

Jorge Iván submitted his bid to provide catering services through his restaurant Krakatoa in a bidding process held by Parex, and he was awarded the contract. "Parex was my saviour because my 17-year old business could have not survived if I had not had the opportunity to submit my offer. Instead the feeling is that since the Company arrived there is economic revival in the municipality that is very good", adds the local entrepreneur.

Jorge Iván Pérez continues to work towards achieving his ISO 9000 certification and making his restaurant more competitive in the market.

LOCAL EMPLOYMENT

Finding Human Talent IN THE COMMUNITIES



Dimas Holguín was unemployed and was living with his grandmother in La Graciela, when he learned through SAR, a staffing service company, about employment opportunities at the Parex' Rumba field.

Without hesitation, he submitted his application for the position of Field Foreman and got the job. Before long he was promoted to Training Assistant and shortly after to his current position as Production Assistant. Through his commitment and good performance, he has been experiencing three years of ongoing personal growth.

Dimas explains that "getting this job is the best thing that happened to me; it changed my life. If it had not been for this opportunity, I would still be stuck. The training that I have received has changed my outlook on life and this company has given me many opportunities".

Today he lives with his partner in Aguazul; he would like to work in the fields, hopefully as a rancher, and continue living in the countryside.

Women in THE WORKPLACE



Anayibe Perilla lives in Rio Chiquito, a village in the municipality of Aguazul, Casanare; she is 40 years old, married, and has two children. Her adaptability and desire to thrive allowed her to develop skills in dressmaking, and breeding chickens and pigs. In addition, her leadership skills helped her pioneer a women committee in her community.

She remembers that she heard at a Community Action Board meeting that a staffing company was looking for unskilled workers to work at Parex. The first thought that crossed her mind was that she could not apply because she was a woman and the position was for a "scheduler", a male-dominated job. This position involved the coordination of crude transportation logistics by verifying that all

tank trucks had their documentation in order, checking loading orders and scheduling incoming vehicles to the Rumba field.

She says that many men from the community applied for the job; however, none of them passed the admission tests. Without a second thought, she asked the Community Action Board to submit her name and, even though some members were not completely convinced, they did. Anayibe passed the tests and got the job.

She explains that she has earned the admiration and respect of drivers with whom she works every day; laughingly, she adds that sometimes she confronts them when their documents are not in order and she does not let them enter the facilities.

"I have earned my position through my efforts, hard work, learning and accountability. I am very proud of what I do", concludes Anayibe.

Parex, a pioneer OF THE "WORKS FOR TAXES" PROGRAM



In 2017, the Colombian government launched the "Works for Taxes" program, a new tax modality through which large companies can allocate up to half of their taxes towards infrastructure developments that benefit communities located in the municipalities most affected by the armed conflict (ZOMAC zones as it is known in Spanish) in Colombia.

The Territorial Renewal Agency (ART, for its initials in Spanish) is the institution in charge of implementing the "Works for Taxes" program. During 2017 and with ART's support, Parex advanced the procurement of school equipment working along with the Ministry of Education, the Government of Arauca, the Department's Secretariat of Education, Tame's City Hall, the municipal Secretariat of Education, and the principals of six educational institutions in rural Tame.

Our participation in this project will help these schools have adequate furniture, computers and other fundamental equipment to offer a learning environment that is aligned with the standards designed by the Ministry of Education. Planned to be implemented during the second half of 2018, this initiative will benefit approximately 4,500 students.

Our target in 2018 is to advance two other projects included in the "Works for Taxes" program. Scheduled to be completed in 2019, these projects will improve living conditions for the people of Tame. The first initiative will bring drinking water to about 400 families living in rural areas of the municipality. To implement this project, we have been working closely with the communities and we are coordinating our efforts with the Government, ART, and the Ministry of Housing, City and Territory. The second project is about bringing natural gas to more than 7,000 families in urban and rural areas of the municipality; we have been working closely with municipal authorities, state authorities, ART and the Ministry of Mines and Energy to make this project a reality.

Angélica Leguizamo, Director of the Project Execution and Assessment for the Territory Renewal Agency, affirms that: "Parex has been one of the pioneering companies of this program. They have always been very proactive and committed, and we are very happy with the way we have advanced these projects together. It is a company that has a very clear idea of where its contribution should go and the social impact that wants to generate".



E X T E R N A L
V E R I F I C A T I O N

PAREX takes a new step to meet its stakeholders' expectations.

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Parex Resources Colombia Ltd Sucursal
Independent Limited Assurance Report

June, 2018

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Independent limited assurance report on the assurance objects included in the 2017 sustainability report of Parex Resources

To the Board of Directors and Management of
Parex Resources Inc. and its Subsidiaries

June 29, 2018

We have undertaken a limited assurance engagement on the matters listed below (hereinafter the 'limited assurance objects'), for the year ended 31 December 2017 (hereinafter the 'Review Period'), and reported in the 2017 Sustainability Report (hereinafter the 'SR17', by its acronym in Spanish). This engagement was conducted by a multidisciplinary team including assurance auditors and sustainability experts.

Limited assurance objects

- a. The following performance indicators included in Parex Resources Colombia Ltd Sucursal's SR17 (hereinafter 'the Company') issued by the Management both printed and in a PDF file:
 - i. G4 - LA1: Total number and rates of new employee hires and employee turnover by age group, gender, and region
 - ii. G4 - LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
 - iii. G4 - EN8: Total water withdrawal by source
 - iv. G4 - EN10: Percentage and total volume of water recycled and reused
 - v. G4 - EN15: Direct greenhouse gas (GHG) emissions (Scope 1)
 - vi. G4 - EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)
 - vii. G4 - EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)
 - viii. G4 - EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
 - ix. Own indicator: Lost Time Incident Frequency and Recordable Incident
 - x. Own indicator: 2017 Social Investment
- b. The Company's statement, included in the SR17, regarding its agreement with the "Core" alternative of version G4 2013 "Sustainability Reporting Guidelines" of the Global Reporting Initiative (GRI).

Our limited assurance procedures were performed on the limited assurance objects, which respond to the assurance criteria described in Appendix I; we have not carried out any procedures on other elements beyond those mentioned above and, therefore, we do not express a conclusion on such elements.

Criteria

The criteria used by the Company to prepare the limited assurance objects have been established in accordance with the version G4 2013 of the GRI and with the formalized procedures that, in relation to those indicators, the Management has defined as complements to that stated in the GRI, set out in Appendix 1.

PricewaterhouseCoopers Asesores Gerenciales Ltda., Calle 100 No. 11A-35, Bogotá, Colombia
Tel: (57-1) 634 0555, Fax: (57-1) 634 0614, www.pwc.com/co

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*To the Board of Directors and Management of
Parex Resources Inc. and its Subsidiaries
Independent Limited Assurance Report*

June 29, 2018

Management's Responsibility for the limited assurance objects

The Company's Management is responsible for the preparation and presentation of the limited assurance objects in accordance with the Criteria set forth in Appendix 1. This responsibility includes the design, implementation and keeping of internal control relevant to the preparation and presentation of the limited assurance objects, so that they are free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and ethical requirements of the Code of Ethics for Certified Public Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the limited assurance objects based on the procedures we have performed and the evidence we have obtained. We performed our limited assurance engagement in accordance with International Standard on Assurance Engagements, for non-assurance engagements or for reviews of historical financial information, ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform the engagement to obtain limited assurance regarding whether the limited assurance objects are free from material misstatement.

A limited assurance engagement involves assessing the suitability in the specific circumstances, of the Company's use of the criteria as the basis for the preparation of the limited assurance objects, assessing the risks of material misstatement of the limited assurance objects whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the limited assurance objects. The scope of a limited assurance engagement is substantially smaller than that of a reasonable assurance engagement when it comes both to the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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**To the Board of Directors and Management of
Parex Resources Inc. and its Subsidiaries**
Independent Limited Assurance Report

June 29, 2018

The procedures we performed were based on our professional judgment and they include inquiries, observation of executed processes, inspection of documents, and reconciliation of the relevant supporting documentation. Given the circumstances of the engagement, we performed, among others, the following procedures:

- a. Understanding of the tools used to generate, aggregate and report the limited assurance objects through inquiries with those responsible for the processes listed during visits to the corporate offices of the Company in Bogotá.
- b. Substantive and detailed testing on sampled bases determined in accordance with assurance standards, on the information taken to determine the indicators subject to limited assurance by means of:
 - i. Inspection of policies and procedures established by the Company.
 - ii. Inspection of supporting documentation from both internal and external sources.
 - iii. Arithmetic calculations in accordance with formulas previously defined in the reporting criteria that are set out in the accompanying Appendix I.
 - iv. Comparison of the contents presented by the Management in their SR17 based on that established in the "Core" alternative of the G4 guidelines of the Global Reporting Initiative (GRI), version 2013.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's limited assurance objects have been prepared, in all material respects, in accordance with the Criteria that are set out in Appendix I.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

1. The performance indicators included in the SR17, in regard to the information that responds to the assurance criteria described in the accompanying Appendix I, are not prepared, in all material respects, in accordance with said criteria.

Free translation from the original in Spanish



*To the Board of Directors and Management of
Parex Resources Inc. and its Subsidiaries
Independent Limited Assurance Report*

June 29, 2018

2. The Company's statement, included in the SR17, regarding its agreement with the "Core" alternative of the G4 2013 of the Global Reporting Initiative (GRI); when discussing the information that responds to the assurance criteria described in the accompanying Appendix I, is not prepared, in all material respects, in accordance with said criteria.

Inherent Limitations

Without qualifying our conclusion, we draw attention to the fact that:

- i. The non-financial information is subject to more inherent limitations than financial information, given both the nature and methods used to determine, calculate, sample or estimate such information. Qualitative interpretations of the relevance, materiality and accuracy of the information are subject to individual assumptions and judgments
- ii. Our assurance is made on the Elements subject to limited assurance engagement corresponding to the year under review and, therefore, does not include information from previous years included in IS17, related to projections and future goals, or with financial information of the Company for the year under revision, unless otherwise stated in the attached Annex I. We have not performed any work outside the agreed scope and, therefore, our conclusion is restricted to the Elements subject to limited assurance engagement that respond to the assurance criteria described in Annex I.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determinate emission factors and the values needed to combine emissions of different gases.

Free translation from the original in Spanish



*To the Board of Directors and Management of
Parex Resources Inc. and its Subsidiaries
Independent Limited Assurance Report*

June 29, 2018

Restriction on use and distribution

Our report, including the conclusion, has been prepared solely for the purpose of the Company's Management presenting it to the Board of Directors and Management of Parex Resources Inc. and its Subsidiaries, within the context of reporting its performance and activities in the SR17. We authorize the disclosure of this report in the Sustainability Report. To the full extent permitted by the law, we do not accept or take responsibility for our work or for this report before anyone other than the Company's Management and the Board of Directors and Management of Parex Resources Inc. and its Subsidiaries, except in the event that there are express terms agreed with us and with prior written notification.

(Original in Spanish signed by:)

PricewaterhouseCoopers

PricewaterhouseCoopers Asesores Gerenciales Ltda.
Bogotá - Colombia

Free translation from the original in Spanish

Appendix I

The assurance criteria described below, are applicable to the performance indicators and the The Company's statement, included on the IS17, relating to its accordance "Core" option of G4 2013 version (Elements subject to limited assurance engagement) "Sustainability Reporting Guidelines" by Global Reporting Initiative (GRI) (<https://www.globalreporting.org/resource/library/Spanish-G4-Part-Two.pdf>) and with the formalized procedures that, in relation to those indicators,

These evaluation criteria are integral part of our limited assurance report.

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
1. G4 - LA1: Total number and rates of new employee hires and employee turnover by age group, gender, and region	<p>The Management of the Company included in its SR17, the result of the indicator G4-LA1 "Total number and rates of new employee hires and employee turnover by age group, gender and region" for the Company Parax Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during January 1st to December 31st of 2017 (hereinafter reporting year), taking as a basis that established in section 4.2 "Basic specific contents", of the Implementation Manual of GRI Guide Version G4 (page 150), as presented below:</p> <p>1. Number of new hires disaggregated by age, gender and region: Corresponds to the new employees hired by the reporting entity during the reporting year, which information detailed by age, gender and region was taken from SAP system, HCM module, query "ad-hoc-query" managed by the "RH/TIC & ADMON" department. The disaggregation by age, gender and region is carried out according to the following categories:</p> <p>Age</p> <ul style="list-style-type: none"> • Under 30 years old • Between 31 and 50 years old • Over 51 years old 	

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>Gender</p> <ul style="list-style-type: none"> • Female • Male <p>Region</p> <ul style="list-style-type: none"> • Barranca field • Tame field • Yopal field • Bogotá office <p>2. Number of retirements disaggregated by age, gender and region: Corresponds to the retired employees or fired by the reporting entity during the reporting year, which information detailed by age, gender and region was taken from SAP system, HCM module, query "ad-hoc-query" managed by the "RH/TIC & ADMON" department. The disaggregation by age, gender and region is carried out according to the categories included in numeral 1 of this criterion.</p> <p>3. Hiring rate disaggregated by age, gender and region: Corresponds to the application of the following formula (Number of new hires disaggregated by age, gender and region / total number of direct employees of the reporting entity at December 31, 2017) * 100</p> <p>a. Number of new hires disaggregated by age, gender and region: Corresponds to the information reported in numeral 1 of this criterion.</p> <p>b. Direct employees at December 31, 2017: Corresponds to the sum of active direct employees of the reporting entity at December 31, 2017, presented in the document "export", taken from SAP system, HCM module, query "zhcm014" provided by the "RH/TIC & ADMON" department.</p>	✓

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Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>4. Turnover rate disaggregated by age, gender and region: Corresponds to the application of the following formula:</p> <p>(Number of retirements disaggregated by age, gender and region / total number of direct employees of the reporting entity at December 31, 2017) * 100</p> <p>Understanding that the variables used to calculate this percentage are the ones detailed below:</p> <p>a. Number of retirements disaggregated by age, gender and region: Corresponds to the information reported in numeral 2 of this criterion.</p> <p>b. Direct employees at December 31, 2017: Corresponds to the sum of active direct employees of the reporting entity at December 31, 2017, presented in the document "export", taken from SAP system, HCM module, query "zhcm014" provided by the "RH/TIC & ADMON" department.</p> <p>The scope of the assurance work is limited to: the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the "RH/TIC & ADMON" department; to the validation, on sampling basis, of the existence of new hires and retirements; and to the recalculation of formulas established in the criterion based on the information included in such sources; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the new hires, retirements and direct employees in the reporting year.</p>	

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3



Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
<p>2. G4 - LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity</p>	<p>The Management included in its SR17 the result of the indicator G4-LA12 "Government bodies composition and breakdown of staff by professional category and sex, age, part of a minority group, and other diversity indicators" taking as a basis that established in section 4.2 "Basic specific contents", of the Implementation Manual of GRI Guide Version G4 (page 168), for the Company Parex Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during the reporting year, as presented below:</p> <p>1. Inclusion in SR17 of the composition of the government bodies of the Company: Corresponds to the composition of the government bodies of the Company, among others that can be included, executive board, steering committee or other similar bodies of non-corporate organizations.</p> <p>2. Percentage of employees that compose the government bodies disaggregated by gender, age, and minority groups: Corresponds to the application of the following formula:</p> $\frac{\text{Number of employees by gender and age that compose the government bodies}}{\text{Total number of direct employees that compose the government bodies of the reporting entity at December 31, 2017}} * 100$ <p>Understanding that the variables used to calculate this percentage are the ones detailed below:</p> <p>a. Number of employees by gender and age that compose the government bodies: Corresponds to the number of employees that are part of the government bodies of the reporting entity during the reporting year, disaggregated by gender, age and minority groups, as specified in the document "548205_Parex_Info-Circ_PRINT-1 (8).pdf", which is publicly available in the website "https://parexresources.com/wp-content/uploads/2018/04/548205_Parex_Info-Circ_PRINT-1.pdf" of the reporting entity.</p> <p>b. Total number of direct employees that compose the government bodies of the reporting entity at December 31, 2017: Corresponds to the sum of direct employees that compose the government bodies at December 31, 2017, as specified in the document "548205_Parex_Info-Circ_PRINT-1 (8).pdf", which is publicly available in the website "https://parexresources.com/wp-content/uploads/2018/04/548205_Parex_Info-Circ_PRINT-1.pdf" of the reporting entity.</p>	<p>✓</p>

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4

Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>3. Percentage of employees disaggregated by employment category, age, gender and minority groups: Corresponds to the application of the following formula: (Number of employees disaggregated by employment category, age, gender and minority groups / number of direct employees that compose the government bodies of the reporting entity at December 31, 2017) * 100.</p> <p>Understanding that the variables used to calculate this percentage are the ones detailed below:</p> <p>a. Number of employees disaggregated by employment category, age, gender and minority groups: Corresponds to the employees (direct and expatriate) of the reporting entity at December 31, 2017. It is the sum of the active direct employees of the reporting entity, at December 31, 2017, presented in the document "export", taken from SAP system, HCM module, query "zhcm014" provided by the "RH/TIC & ADMON" department</p> <p>The disaggregation by employment category, age and gender is carried out according to the following categories:</p> <p>Age</p> <ul style="list-style-type: none"> • Under 30 years old • Between 31 and 50 years old • Over 51 years old <p>Gender</p> <ul style="list-style-type: none"> • Female • Male <p>Categories</p> <ul style="list-style-type: none"> • Administrative • Juniors • Professionals • Seniors • Leaders • Managers • Vice-presidents 	

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5

Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>b. Direct employees at December 31, 2017: Corresponds to the sum of the active direct employees of the reporting entity, at December 31, 2017, presented in the document "export", taken from SAP system, HCM module, query "zhcm014" provided by the "RH/TIC & ADMON" department.</p> <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the "RH/TIC & ADMON" department; to the validation, on sampling basis, of the existence of direct employees at December 31, 2017; and to the recalculation of formulas established in the criterion based on the information included in such sources; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the direct employees in the reporting year.</p>	
<p>3. G4 – EN8: Total water withdrawal by source</p>	<p>The Management included in its SR17 the result of the indicator G4-EN8 "Total water withdrawal by source" taking as a basis that established in section 4.2 "Basic specific contents", of the implementation Manual of GRI Guide Version G4 (page 100), for the Company Parex Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during the reporting year, as presented below:</p> <p>1. Total volume of water withdrawn from the following sources: Corresponds to the sum of water consumption record values during the reporting year (in liters and cubic meters) of the following sources:</p> <ul style="list-style-type: none"> • Withdrawn of deep wells: <ul style="list-style-type: none"> ○ Deep well ilanos 32 Kananaskjs and Carmentea location ○ Deep well ilanos 40 Celtis location ○ Deep well ilanos 30 Adalia location ○ Deep well ilanos 26 Rumba location • Withdrawn of surface sources <ul style="list-style-type: none"> ○ Rio Cusiana – ilanos 26- rumba location – Withdrawn by temporality (from January to June 2017) 	<p>✓</p>

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6



Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<ul style="list-style-type: none"> ○ Quebrada la Macaguana – Capachos ○ Río El Ermitaño- VM11 ○ Aguas Blancas – la colorada station ○ Reservoir - Boranda <ul style="list-style-type: none"> • Purchased water: <ul style="list-style-type: none"> ○ Llanos 32, Cerrero, Cabrestero, Ilanos 17, Ilanos 26, Ocarros, Capachos, VM11, Aguas Blancas, Boranda • Withdrawn from pool: <ul style="list-style-type: none"> ○ Cabrestero block <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the Environmental and Quality Management; to the validation, on sampling basis, of the existence of withdrawn records; and to the recalculation of formulas established in the criterion based on the information included in such sources; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the withdrawn records in the reporting year.</p>	
4. G4 – EN10: Percentage and total volume of water recycled and reused	<p>The Management included in its SR17 the result of the indicator G4-EN10 "Total percentage and volume of reused and recycled water" taking as a basis that established in section 4.2 "Basic specific contents", of the Implementation Manual of GRI Guide Version G4 (page 102), for the Company Parex Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during the reporting year, as presented below:</p> <p>Recirculated water: The recirculated water corresponds to the water withdrawn from the injector well in Los Ocarros block.</p>	✓

PwC

7

Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>The calculation of the percentage of reuse corresponds to the following formula:</p> <p style="text-align: center;">value of withdrawn water / total of water consumption for the reporting year</p> <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the Environmental and Quality Management; to the validation of the value of recirculated water in Los Ocarros block; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the recirculated water in the reporting year.</p>	
5. G4 - EN15: Direct greenhouse gas (GHG) emissions (Scope 1)	<p>The Management included in its SR17 the result of the indicator G4-EN15 "Direct Emissions of Greenhouse Gases (Scope 1)" taking as a basis that established in section 4.2 "Basic specific contents", of the Implementation Manual of GRI Guide Version G4 (page 110), for the Company Parex Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during the reporting year, as presented below:</p> <ul style="list-style-type: none"> 1. Gross direct emissions: The calculation of total direct emissions corresponds to the following sum: Kilograms emitted of CO2 equivalent = Kg of emissions of CO2 equivalent for fuel combustion activities + Kg of emissions of CO2 equivalent for using ozone-depleting products. The equivalent factors were defined by the reporting entity in the document "Fe e incertidumbre usados en Cálculos Parex 3-2018.xlsx". • Direct emissions from mobile sources: the reporting entity does not have a fleet of vehicles of its own, so the mobile sources were included by the reporting entity in the indicator G4- EN17. • Direct emissions from fixed sources: understood as emissions generated from fuel combustion (Diesel, Gas, Crude Oil) for generating energy, gas leaks from the cooling systems of operations, gas burning in torch, gas venting and other fugitive emissions of the operation: associated with leaks in the valves and connection points. Emissions of biogenic CO2 	✓

PwC

8

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>2. Base year: 2017</p> <p>3. Regulations, methods and assumptions: The reporting entity calculated the emission as described in the document Parex Report 4_6_2018.pdf, which is quoted below: "To carry out the calculations, methodological level 1 and 2 were used, in accordance with the good practices suggested by the Guidelines of the Intergovernmental Panel of Experts on Climate Change (IPCC, 2006) in each of the categories identified as emission sources. The emission summary tables are also presented in accordance with these Guidelines.</p> <p>The reason why these methodologies are used is because they are accepted at an international level and are adjusted to the requirements defined by the National Climate Change Policy of the Ministry of Environment and Sustainable Development of Colombia for the reporting of organizational inventories of greenhouse gases at the national level.</p> <p>To calculate the emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) and hydrofluorocarbons (HFC), the method which consists of combining the information on the extent to which a human activity takes place (denominated activity data or AD) with the coefficients that quantify the emissions or removals per unit activity, called emission factors (EF) was used. Therefore, the basic equation is:</p> <p style="text-align: center;">Emissions = AD * EF</p> <p>In some circumstances, it was necessary to modify the basic equation to include other estimation parameters different from the emission factors, as indicated by the methodology. "The reporting entity defined the emission factors (EF) through the calculation of the arithmetic mean of the maximum and minimum reference values in the file called "FE e incertidumbre usados en Cálculos Parex 3-2018 (1).xlsx".</p>	

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9

Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A																														
	<p>Greenhouse gases included in the calculation</p> <table border="1" data-bbox="728 1383 1110 1532"> <thead> <tr> <th>Gas</th> <th>Global warming potential</th> </tr> </thead> <tbody> <tr> <td>Carbon dioxide (CO2)</td> <td>1 (IPCC, 2007)</td> </tr> <tr> <td>Methane (CH4)</td> <td>25 (IPCC, 2007)</td> </tr> <tr> <td>Nitrous oxide (N2O).</td> <td>298 (IPCC, 2007)</td> </tr> <tr> <td>HFC: R/22</td> <td>1810 (IPCC, 2007)</td> </tr> <tr> <td>HFC: R/134a</td> <td>1430 (IPCC, 2007)</td> </tr> <tr> <td>HFC: R/410a</td> <td>2088 (IPCC, 2007)</td> </tr> <tr> <td>HFC: R/143a</td> <td>4470 (IPCC, 2007)</td> </tr> </tbody> </table> <p>4. Operational approach and limits: The reporting entity established an operational approach and defined the operational limits of the calculation in the document Parex 4_6_2018.pdf in page 9, as shown below:</p> <table border="1" data-bbox="728 1596 1310 1862"> <thead> <tr> <th colspan="2">Operational limits Scope 1</th> </tr> <tr> <th>Activities developed in the production fields and administrative offices</th> <th>Emission sources associated to the activities</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Production of crude oil and gas</td> <td>Stationary and mobile diesel consumption</td> </tr> <tr> <td>Gas consumption</td> </tr> <tr> <td>Crude oil consumption</td> </tr> <tr> <td>Flaring</td> </tr> <tr> <td>Venting</td> </tr> <tr> <td></td> <td>Fugitive emissions without gas and crude oil transport</td> </tr> <tr> <td>-Administrative activities -Activities entirely developed by third parties -Land and air transport (personnel and machinery)</td> <td>Air conditioning of operations</td> </tr> </tbody> </table>	Gas	Global warming potential	Carbon dioxide (CO2)	1 (IPCC, 2007)	Methane (CH4)	25 (IPCC, 2007)	Nitrous oxide (N2O).	298 (IPCC, 2007)	HFC: R/22	1810 (IPCC, 2007)	HFC: R/134a	1430 (IPCC, 2007)	HFC: R/410a	2088 (IPCC, 2007)	HFC: R/143a	4470 (IPCC, 2007)	Operational limits Scope 1		Activities developed in the production fields and administrative offices	Emission sources associated to the activities	Production of crude oil and gas	Stationary and mobile diesel consumption	Gas consumption	Crude oil consumption	Flaring	Venting		Fugitive emissions without gas and crude oil transport	-Administrative activities -Activities entirely developed by third parties -Land and air transport (personnel and machinery)	Air conditioning of operations	
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10



Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>5. Uncertainty: The uncertainty of the GHG total inventory was defined by the reporting entity is 11.4%. The Company total emissions is between 115.948 ± 13.128 tCO₂e.</p> <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the Environmental and Quality Management; to the validation, on sampling basis, of the existence of source data for the calculation; and to the recalculation of final values of the formulas established in the criterion based on the information included in such sources for the samples selected; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the base information for the calculation in the reporting year.</p>	
<p>6. G4 - EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)</p>	<p>The Management included in its SR17 the result of the indicator G4-EN16 "Indirect Emissions of Greenhouse Gases (Scope 2)" taking as a basis that established in section 4.2 "Basic specific contents", of the Implementation Manual of GRI Guide Version G4 (page 113), for the Company Parex Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during the reporting year, as presented below:</p> <p>Indirect emissions in KgCO₂ = (Consumption of electrical energy in 2017) * (Emission factor of electrical energy in 2017).</p> <p>The variables required in the calculation are described below:</p> <p>Consumption of electrical energy in 2017: Corresponds to the sum of energy consumption in Kilowatts (kWh) in Bogotá, Yopal and Tauramena offices, as well as in Kona loading dock during 2017, recorded in the document "VARIOS CONSUMOS.xlsx", for the consumption of the offices provided by the Environmental and Quality Management and in the file denominated "Consumo Kona.xlsx" for the consumption of Kona loading dock.</p>	✓

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11



105

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Elements subject to limited assurance engagement	Criteria				Nothing has come to our attention (✓) – N/A								
	<table border="1"> <thead> <tr> <th>Reporting entity</th> <th>Number of work centers</th> <th>Number of loading docks connected to the interconnected network</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>Parex Resources Colombia Ltd Branch</td> <td>3</td> <td>1</td> <td>"VARIOS CONSUMOS.xlsx" "Consumo Kona.xlsx"</td> </tr> </tbody> </table>	Reporting entity	Number of work centers	Number of loading docks connected to the interconnected network	Source	Parex Resources Colombia Ltd Branch	3	1	"VARIOS CONSUMOS.xlsx" "Consumo Kona.xlsx"				
Reporting entity	Number of work centers	Number of loading docks connected to the interconnected network	Source										
Parex Resources Colombia Ltd Branch	3	1	"VARIOS CONSUMOS.xlsx" "Consumo Kona.xlsx"										
<p>7. G4 - EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)</p>	<p>Approach: Operational control</p> <p>Uncertainty: The uncertainty of the GHG total inventory was defined by the reporting entity is 11.4%. The Company total emissions is between 115.948 ± 13.128 tCO₂e</p> <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the Environmental and Quality Management; to the validation, on sampling basis, of the existence of source data for the calculation; and to the recalculation of final values of the formulas established in the criterion based on the information included in such sources for the samples selected; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the base information for the calculation in the reporting year.</p> <p>Indirect emissions: Corresponds to the fuel combustion (Diesel) and gas leaks from the cooling systems of third parties contracted by Parex, crude oil and gas transport, air and land transport, generation of waste waters, fugitive emissions associated with the transport of crude oil and gas.</p>				✓								

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12

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A										
	<p>The total calculation of other indirect emissions (Scope 3) corresponds to the sum of Kg emitted of CO2 equivalent of the sources established in the operational limits presented below:</p> <table border="1" data-bbox="662 506 1343 859"> <thead> <tr> <th colspan="2" data-bbox="662 506 1343 527">Operational limits Scope 3</th> </tr> <tr> <th data-bbox="662 527 960 559">Activities developed in the production fields and administrative offices</th> <th data-bbox="966 527 1343 559">Emission sources associated to the activities</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 559 960 629">-Drilling -Facilities -Civil works -Work-over/Completion(WO/CO)</td> <td data-bbox="966 559 1343 629">Stationary and mobile diesel consumption</td> </tr> <tr> <td data-bbox="662 629 960 661">Marketing (sale of produced crude oil and gas)</td> <td data-bbox="966 629 1343 661">Mobile diesel consumption</td> </tr> <tr> <td data-bbox="662 661 960 719">-Administrative activities -Activities entirely developed by third parties -Land and air transport (personnel and machinery)</td> <td data-bbox="966 661 1343 719">Stationary and mobile diesel third party consumption Waste waters Solid waste Personnel land transport Personnel air transport Paper use Machinery land transport Crude land transport Machinery air transport Fugitive emissions without gas and crude oil transport Air conditioning of third parties</td> </tr> </tbody> </table> <p>Emissions of biogenic CO2 Base year: 2017</p> <p>Regulations, methods and assumptions: The reporting entity calculated the emission as described in the document Parex Report 4_6_2018.pdf, which is quoted below:</p>	Operational limits Scope 3		Activities developed in the production fields and administrative offices	Emission sources associated to the activities	-Drilling -Facilities -Civil works -Work-over/Completion(WO/CO)	Stationary and mobile diesel consumption	Marketing (sale of produced crude oil and gas)	Mobile diesel consumption	-Administrative activities -Activities entirely developed by third parties -Land and air transport (personnel and machinery)	Stationary and mobile diesel third party consumption Waste waters Solid waste Personnel land transport Personnel air transport Paper use Machinery land transport Crude land transport Machinery air transport Fugitive emissions without gas and crude oil transport Air conditioning of third parties	
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13

Free translation from the original in Spanish

Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A																		
	<p>"To carry out the calculations, methodological level 1 and 2 were used, in accordance with the good practices suggested by the Guidelines of the Intergovernmental Panel of Experts on Climate Change (IPCC, 2006) in each of the categories identified as emission sources. The emission summary tables are also presented in accordance with these Guidelines.</p> <p>The reason why these methodologies are used is because they are accepted at an international level and are adjusted to the requirements defined by the National Climate Change Policy of the Ministry of Environment and Sustainable Development of Colombia for the reporting of organizational inventories of greenhouse gases at the national level.</p> <p>To calculate the emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) and hydrofluorocarbons (HFC), the method which consists of combining the information on the extent to which a human activity takes place (denominated activity data or AD) with the coefficients that quantify the emissions or removals per unit activity, called emission factors (EF) was used. Therefore, the basic equation is:</p> <p style="text-align: center;">Emissions = AD * EF</p> <p>In some circumstances, it was necessary to modify the basic equation to include other estimation parameters different from the emission factors, as indicated by the methodology. "The reporting entity defined the emission factors (EF) through the calculation of the arithmetic mean of the maximum and minimum reference values in the file called "FE e incertidumbre usados en Cálculos Parex 3-2018 (1).xlsx".</p> <table border="1" data-bbox="717 1740 1102 1902"> <thead> <tr> <th data-bbox="717 1740 917 1761">Greenhouse gases included in the calculation</th> <th data-bbox="922 1740 1102 1761"></th> </tr> <tr> <th data-bbox="717 1761 753 1783">Gas</th> <th data-bbox="922 1761 1102 1783">Global warming potential</th> </tr> </thead> <tbody> <tr> <td data-bbox="717 1783 869 1804">Carbon dioxide (CO2)</td> <td data-bbox="922 1783 1021 1804">1 (IPCC, 2007)</td> </tr> <tr> <td data-bbox="717 1804 826 1825">Methane (CH4)</td> <td data-bbox="922 1804 1021 1825">25 (IPCC, 2007)</td> </tr> <tr> <td data-bbox="717 1825 857 1847">Nitrous oxide (N2O).</td> <td data-bbox="922 1825 1021 1847">298 (IPCC, 2007)</td> </tr> <tr> <td data-bbox="717 1847 789 1868">HFC: R/22</td> <td data-bbox="922 1847 1044 1868">1810 (IPCC, 2007)</td> </tr> <tr> <td data-bbox="717 1868 808 1889">HFC: R/134a</td> <td data-bbox="922 1868 1021 1889">1430 (IPCC, 2007)</td> </tr> <tr> <td data-bbox="717 1889 808 1910">HFC: R/410a</td> <td data-bbox="922 1889 1021 1910">2088 (IPCC, 2007)</td> </tr> <tr> <td data-bbox="717 1910 808 1932">HFC: R/143a</td> <td data-bbox="922 1910 1021 1932">4470 (IPCC, 2007)</td> </tr> </tbody> </table>	Greenhouse gases included in the calculation		Gas	Global warming potential	Carbon dioxide (CO2)	1 (IPCC, 2007)	Methane (CH4)	25 (IPCC, 2007)	Nitrous oxide (N2O).	298 (IPCC, 2007)	HFC: R/22	1810 (IPCC, 2007)	HFC: R/134a	1430 (IPCC, 2007)	HFC: R/410a	2088 (IPCC, 2007)	HFC: R/143a	4470 (IPCC, 2007)	
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Nitrous oxide (N2O).	298 (IPCC, 2007)																			
HFC: R/22	1810 (IPCC, 2007)																			
HFC: R/134a	1430 (IPCC, 2007)																			
HFC: R/410a	2088 (IPCC, 2007)																			
HFC: R/143a	4470 (IPCC, 2007)																			

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14

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>Operational approach and limits: The reporting entity established an operational approach and defined the operational limits of the calculation in the document Parex 4_6_2018.pdf in page 9, as shown below:</p> <p>Uncertainty: The uncertainty of the GHG total inventory was defined by the reporting entity is 11.4%. The Company total emissions is between 115.948 ± 13.128 tCO2e</p> <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the Environmental and Quality Management; to the validation, on sampling basis, of the existence of source data for the calculation; and to the recalculation of final values of the formulas established in the criterion based on the information included in such sources for the samples selected; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the base information for the calculation in the reporting year.</p>	
<p>8. G4 - EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</p>	<p>The Management included in its SR17 the result of the indicator G4-EN29 "Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations" taking as a basis that established in section 4.2 "Basic specific contents", of the Implementation Manual of GRI Guide Version G4 (page 135), for the Company Parex Resources Colombia Ltd. Branch (hereinafter in this criterion, the reporting entity) during the reporting year, as presented below:</p> <p>Significant fines and non-monetary sanctions: Corresponds to the monetary and non-monetary finds that the Company paid in the year under review in accordance with the document "Declaracion 2017 sancionatorios.pdf" delivered by the Corporate and Government Affairs area and the query in the Single Registry of Environmental Offenders - RUIA of the Ministry of Environment and Sustainable Development "http://vital.anlia.gov.co/SII/PA_UT_PRE/RUIA/ConsultarSancion.aspx?Ubic=ext"</p> <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the Corporate and Government Affairs department, as well as the consultation in the Integral Window of Environmental Procedures Online - VITAL; to the validation, on sampling basis, of the existence of fines and non-monetary sanctions at December 31, 2017; and to the recalculation of final values of the formulas established in the criterion based on the information included in such sources for the samples selected; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the non-monetary fines and sanctions in the reporting year.</p>	<p>✓</p>

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
<p>9. Own indicator: Lost Time Incident Frequency and Recordable Incident</p>	<p>Frequency of Incidents with Lost Time and Recordable Incidents.</p> <p>The Company included in its Sustainability Report 2017, hereinafter SR17, the result of the own indicator "Frequency of Incidents with Lost Time and Recordable Incidents" for the Company Parex Resources Colombia Ltd Branch, hereinafter the reporting entity, from January 1 to December 31, 2017, hereinafter the reporting year, taking as a basis the procedures established by the Company, as shown below:</p> <ol style="list-style-type: none"> Number of fatalities: Corresponds to the number of deceased persons for Contractors and Direct Personnel, as recorded in the document called "COL-HSEQ-FT-185 Seguimiento Accidentalidad 2017.xlsx" prepared by the HSEQ department, following the classification of procedure "COL-HSEQ-PR-052 Procedimiento, reporte, registro y datos estadísticos HS.pdf" and supported by the Official Preliminary Report document in the format "COL-HSEQ-FT-053". Lost Time Incidents Frequency - LTIF: Corresponds to the frequency of events with lost time (incapacitating and deaths occurred at work), both for Contractors and Direct Personnel, according to that established in procedure "COL-HSEQ-PR-052 Procedimiento, reporte, registro y datos estadísticos HS.pdf", occurred during the reporting period for the total man hours worked, result of applying the following formula: $\frac{\text{Number of lost time incidents}}{\text{Total number of man hours worked}} \cdot 1.000.000$ <p>The variables used in the calculation are defined below:</p> <ol style="list-style-type: none"> Number of events with lost time: Corresponds to the cases recorded under the classification FAT (fatality) and LTI (Lost Time Incident) in the file "COL-HSEQ-FT-185 Seguimiento Accidentalidad 2017.xlsx". Number of total man hours worked: Corresponds to the total hours recorded in Amalia platform, and consolidated in the document "INDICADORES YTD para PWC 2017.xlsx" 	<p>✓</p>

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>3. Total Recordable Incidents Frequency -TRIF: Corresponds to the frequency of number of events with lost time, cases of restricted work, medical treatment occurred according to the procedure "COL-HSEQ-PR-052 Procedimiento, reporte, registro y datos estadísticos HS.pdf", occurred during the reporting period divided into the total man hours worked, result of applying the following formula:</p> $\frac{\text{Number of events with lost time, cases of restricted work, medical treatment}}{\text{Total number of theoretical hours worked}} * 1.000.000$ <p>The variables used in the calculation are defined below:</p> <ul style="list-style-type: none"> a. Number of events with lost time, cases of restricted work, medical treatment: Corresponds to the cases recorded with FAT, LTI, RWC (Restricted Work Case) and MTC (Medical Treatment Case) in the file "COL-HSEQ-FT-185 Seguimiento Accidentalidad 2017.xlsx". b. Total number of man hours worked: Corresponds to the total hours recorded in Amatia platform, and consolidated in the document "INDICADORES YTD para PWC 2017.xlsx" <p>The scope of the assurance work is limited to the crossing of information reported in SR17 in relation to the sources mentioned in the criterion, provided by the HSEQ department; to the validation, on sampling basis, of the existence of incidents; and to the recalculation of the formulas established in the criterion based on the information included in such sources; and does not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the integrity of the incidents in the reporting year.</p>	
10. Own indicator: Social Investment	The Management included in its SR17 the result of the own indicator "Social investment 2017" for the Companies Parex Resources Colombia Ltd. Sucursal y Parex Verano Limited Sucursal (hereinafter in this criterion, the reporting entity) during the reporting year, taking as a basis the local audited figures and, as a reference, the information parameterized in SAP system, included in the documents "Capex Cuentas RSE Ene-Dic 2017.xlsx" and "Opex Cuentas RSE Ene-Dic 2017.xlsx", provided by the department, as presented below:	✓

PwC

17

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A																		
	<p>Social investment 2017: Corresponds to the sum of balances presented in USD in the following accounts:</p> <p>OPEX: Corresponds to the accounts 761917926, 761917927, 761917928, 761917929, 761917930 related to social investments.</p> <p>CAPEX: Corresponds to the accounts 715810065, 715810105, 715810210, 715810220, 715810385 related to social investments expenses.</p> <p>The scope of PwC's assurance work is limited to the crossing of figures taken for the calculation of indicator "social investment 2017" with the figures audited for the period under review and to the confirmation of the information parameterized in SAP, included in the document related to the criterion; and does not include the evaluation of the reasonableness and integrity of the audited figures delivered.</p>																			
11. Presentation of SR17 in accordance with the "Essential" option of the G4 2013 version of the "Guide for the preparation of Sustainability Reports" of the Global Reporting Initiative (GRI).	<p>The Management of the Company reports in its Sustainability Report for the year 2017 (hereinafter SR17) the following mandatory general basic contents, applicable for the "Essential" level of compliance, defined in the "Application Manual" of the GRI Guide Version G4 (pages 24 to 63) or the corresponding omission justification defined in the "Principles and Basic Concepts" of the GRI Guide Version G4 (page 13):</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>General basic contents applicable for the "Essential" level of compliance</th> <th>No. of general basic content</th> </tr> </thead> <tbody> <tr> <td>Strategy and analysis</td> <td>G4-1 to G4-2</td> </tr> <tr> <td>Organization's profile</td> <td>G4-3 to G4-16</td> </tr> <tr> <td>Material aspects and coverage</td> <td>G4-17 to G4-23</td> </tr> <tr> <td>Participation of interest groups</td> <td>G4-24 to G4-27</td> </tr> <tr> <td>Report profile</td> <td>G4-28 to G4-33</td> </tr> <tr> <td>Governance</td> <td>G4-34</td> </tr> <tr> <td>Ethics and integrity</td> <td>G4-56</td> </tr> <tr> <td>Basic general contents included in sectorial supplement "Oil and Gas"</td> <td>Additional information for indicators G4 24 y G4 - 27 Basic contents for the sector: OG-13</td> </tr> </tbody> </table>	General basic contents applicable for the "Essential" level of compliance	No. of general basic content	Strategy and analysis	G4-1 to G4-2	Organization's profile	G4-3 to G4-16	Material aspects and coverage	G4-17 to G4-23	Participation of interest groups	G4-24 to G4-27	Report profile	G4-28 to G4-33	Governance	G4-34	Ethics and integrity	G4-56	Basic general contents included in sectorial supplement "Oil and Gas"	Additional information for indicators G4 24 y G4 - 27 Basic contents for the sector: OG-13	✓
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PwC

18



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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A																								
	<p>1. The Company's Management reports in its SR17, the information corresponding to the mandatory general management approaches, or the corresponding omission justification, defined in the "Principles and Basic Concepts" of the GRI Guide Version G4 (pages 13 and 46) for each of the following material aspects:</p> <table border="1" data-bbox="644 580 1283 842"> <thead> <tr> <th data-bbox="644 580 911 608">Material Aspect</th> <th data-bbox="917 580 1283 619">Information on the general management approach to be reported for each material aspect</th> </tr> </thead> <tbody> <tr> <td data-bbox="644 614 911 640">Social investment</td> <td data-bbox="917 614 1283 640">a. Impacts that make the aspect material.</td> </tr> <tr> <td data-bbox="644 640 911 666">Employment</td> <td data-bbox="917 640 1283 666">b. How the Company manages the material aspect or its effects.</td> </tr> <tr> <td data-bbox="644 666 911 691">Purchase of local goods and services</td> <td data-bbox="917 666 1283 691">c. Mechanisms to evaluate the efficacy of the management approach: the results of the evaluation of the management approach; and any modification related to the management approach.</td> </tr> <tr> <td data-bbox="644 691 911 717">Taxes, royalties and economic rights</td> <td></td> </tr> <tr> <td data-bbox="644 717 911 742">Local infrastructure and road improvement.</td> <td></td> </tr> <tr> <td data-bbox="644 742 911 768">Compliance with the environmental regulatory framework</td> <td></td> </tr> <tr> <td data-bbox="644 768 911 793">Reforestation</td> <td></td> </tr> <tr> <td data-bbox="644 793 911 819">Water management</td> <td></td> </tr> <tr> <td data-bbox="644 819 911 844">Climate change</td> <td></td> </tr> <tr> <td data-bbox="644 844 911 870">HSEQ</td> <td></td> </tr> <tr> <td data-bbox="644 870 911 895">Human rights</td> <td></td> </tr> </tbody> </table> <p>2. The Company's Management reports in its SR17, for each of the material aspects related in section 2 of this criterion, at least one (1) associated performance indicator or the corresponding omission justification whose options are contemplated in the document "Principles and Basic Concepts" of the GRI Guide Version G4 (page 13). These indicators can be defined according to the "Application Manual" of the GRI Guide Version G4 (pages 70 to 240), or built by the Company.</p> <p>3. The Company's Management reports in its SR17 the additional specific contents of the Oil and Gas sector, for the performance indicators, which are associated with material aspects related in section 2 of this criterion, as defined in the sectorial protocol "G4 - Sector Disclosures: Oil and Gas" of the GRI Guide Version G4 (pages 12 to 39), or the corresponding omission justification defined in the "Principles and Basic Concepts" of the GRI Guide Version G4 (page 13).</p>	Material Aspect	Information on the general management approach to be reported for each material aspect	Social investment	a. Impacts that make the aspect material.	Employment	b. How the Company manages the material aspect or its effects.	Purchase of local goods and services	c. Mechanisms to evaluate the efficacy of the management approach: the results of the evaluation of the management approach; and any modification related to the management approach.	Taxes, royalties and economic rights		Local infrastructure and road improvement.		Compliance with the environmental regulatory framework		Reforestation		Water management		Climate change		HSEQ		Human rights		
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Reforestation																										
Water management																										
Climate change																										
HSEQ																										
Human rights																										

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19



105

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Elements subject to limited assurance engagement	Criteria	Nothing has come to our attention (✓) – N/A
	<p>4. The Management included in its SR17 at least one (1) performance indicator of the sectorial protocol "G4 - Oil and Gas Sector" of the GRI Guide Version G4 (pages 28 to 58), provided that information is available, or the corresponding omission justification whose options are contemplated in the document "Principles and Basic Concepts" of the GRI Guide Version G4 (page 13), for each of the material aspects mentioned in numeral 2 of this criterion.</p> <p>The scope of the assurance work is limited to the crossing of the information defined in the criterion with the information reported in the SR17 and does not include the evaluation of the reasonableness and integrity of the reported information.</p>	

PwC

20

G R I c h a r t

Material aspect **STRATEGY AND ANALYSIS** Page

1	Letter from the President	4,5
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Material aspect **ORGANIZATIONAL PROFILE** Page

3	Name of the organization.	6
4	Primary brands, products, and services.	6
5	Location of the organization's headquarters.	6
6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	6, 9
7	Nature of ownership and legal form.	6
8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	6
9	Scale of the reporting organization (number of employees; number of operations; net sales or net revenues; total capitalization broken down in terms of debt and equity, and quantity of services or products provided.	6,8,24,26
10	Number of employees by employment contract and gender; number of permanent employees by employment contract and gender; workforce by employees, supervised workers and by gender; workforce by region and gender.	26, 27, 28
11	Percentage of employees covered by collective bargaining agreements.	28
12	Organization's supply chain.	8
13	Significant changes during the reporting period regarding size, structure, stock ownership or supply chain of the organization.	6
14	Precautionary principle.	48
15	List of charters, principles, or other initiatives to which the organization subscribes or has adopted	6
16	Memberships in associations and/or national/international advocacy organizations to which the organization belongs.	6

Material aspect **MATERIAL ASPECTS AND BOUNDARY** Page

17	List of entities included in the organization's consolidated financial statements.	12, 24
18	Process to define the report content.	12, 14
19	List of material aspects identified in the process for defining report content.	15
20	Boundary within the organization for each material Aspect.	16
21	Boundary outside the organization for each material Aspect.	16
22	Effect of any restatements of information provided in previous reports and their reasons.	28, 52
23	Significant changes from previous reporting periods in Scope and Aspect Boundaries.	12

Material aspect	STAKEHOLDER ENGAGEMENT	Page
24	Stakeholders engaged by the organization.	14
25	Basis for selection of stakeholders.	14
26	Organization approach to stakeholder engagement.	4, 5, 34
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	14, 22, 23, 41

Material aspect	REPORT PROFILE	Page
28	Reporting period.	12
29	Date of most recent previous report (if any).	12
30	Reporting cycle.	12
31	Provide the contact point for questions regarding the report or its contents.	16
32	Type of compliance with Guidelines chosen by the organization.	12
33	Current policies and practices by the organization for external report verification.	14

Material aspect	GOVERNANCE	Page
34	Governance structure of the organization.	19

Material aspect	ETHICS AND INTEGRITY	Page
56	Organization's values, principles, standards, rules, such as code of conduct or code of ethics.	20

ECONOMICS

Material aspect	ECONOMIC PERFORMANCE	Page
EC1	Direct economic value generated and distributed.	24
EC3	Coverage of the organization's defined benefit plan obligations.	30
EC9	Percentage of spending on locally-based suppliers at significant locations of operation: Broken down by type of goods or services.	84

ENVIRONMENT

Material aspect	MATERIALS	Page
EN1	Renewable and non-renewable materials.	50
EN2	Materials used that are recycled input materials.	50



Material aspect	ENERGY	Page
EN3	Direct energy consumption.	53
EN5	Energy saved due to conservation and efficiency improvements.	

Material aspect	WATER	Page
EN8	Total water withdrawal by source.	56
EN9	Water sources significantly affected by withdrawal of water.	57
FN10	Percentage and total volume of water recycled and reused.	57

Material aspect	BIODIVERSITY	Page
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	58
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	48
EN13	Habitats protected or restored.	59
EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	58, 59

Material aspect	EMISSIONS	Page
EN15	Direct greenhouse gas emissions - Scope 1.	53
EN16	Indirect greenhouse gas emissions - Scope 2.	53
EN17	Other indirect greenhouse gas emissions - Scope 3.	53
EN19	Reduction of greenhouse gas emissions.	52

Material aspect	EFFLUENTS AND WASTE	Page
EN22	Total water discharge by quality and destination.	57
EN23	Total weight of waste by type and disposal method.	50
EM24	Total number and volume of significant spills.	51

Material aspect	PRODUCTS AND SERVICES	Page
EN27	Initiatives to mitigate environmental impacts of product and services.	48

Material aspect	REGULATORY COMPLIANCE	Page
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	49

Material aspect	OVERALL	Page
EN31	Total environmental protection expenditures and investments by type.	62

Material aspect	ENVIRONMENTAL GRIEVANCE MECHANISMS	Page
EN34	Number of grievances related to the environment filed, addressed and resolved through formal grievance mechanisms.	22

Social Performance

Material aspect	EMPLOYMENT	Page
LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	27, 28
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	30

Material aspect	OCCUPATIONAL HEALTH AND SAFETY	Page
LA5	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.	47
LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	44, 46

Material aspect	TRAINING AND EDUCATION	Page
LA9	Average hours of training per year per employee by gender, and by employee category.	29
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	29,30
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and employee category.	29

Material aspect	DIVERSITY AND EQUAL OPPORTUNITY	Page
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	19

Material aspect	GRIEVANCE MECHANISMS FOR LABOUR PRACTICES	Page
LA16	Number of grievances related to labour practices filed, addressed, and resolved through formal grievance mechanisms.	22



Material aspect	GRIEVANCE MECHANISMS RELATED TO HUMAN RIGHTS	Page
HR2	Employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	42
HR12	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	42

Society

Material aspect	LOCAL COMMUNITIES	Page
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	64-83

Material aspect	CORRUPTION	Page
SO4	Anti-corruption communication and training policies and procedures.	20

Material aspect	GRIEVANCE MECHANISMS RELATED TO SOCIAL IMPACT ISSUES	Page
SO11	Number of grievances related to social impacts filed, addressed, and resolved through formal grievance mechanisms.	22

Material aspect	SERVICES ON ECOSYSTEM INCLUDING BIODIVERSITY	Page
OG4	Number and percentage of significant operating sites in which biodiversity risks have been assessed and monitored.	58-62

Material aspect	EFFLUENTS AND WASTE	Page
OG5	Volume of formation wastewater or produced water	57
OG7	Volume of waste extraction from drilling, sludge and cuttings, and strategies for their treatment and destruction.	51

Advisory on Forward Looking Statements

Certain information regarding PAREX set forth in this document contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "expect", "estimate", "forecast", "budget" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent Parex' internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures, competitive advantages, plans for and results of drilling activity, business prospects and opportunities, environmental protection matters, safety issues and access to fields, and other matters. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive,

political and social uncertainties and contingencies. Many factors could cause Parex' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Parex.

Forward-looking statements relating to "reserves", which are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.

In particular, forward-looking statements are not limited to the words "target", "objective", "challenge", among others.

These forward-looking statements are subject to numerous risks and uncertainties, as contained in detail in Parex' 2017 Annual Report as well as in other reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). These forward-looking statements are made as of the date of this document and PAREX disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Advisory ON OIL AND GAS MATTERS

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

Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.

C R E D I T S

President and CEO: David R. Taylor

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

Vice-president for Relations with the Government: Rafael Pinto

Vice-president for Marketing and Transportation: Ana María Pinzón

Vice-president for Operations in Colombia: Daniel Ferreiro

Senior Manager for Corporate Affairs: Sandra Rodríguez

Manager for Exploration: Gustavo Fortunato

Drilling Manager: Ernesto Melo

Field Administration Manager: Krys Olchowecki

Development Manager: Diego Ramírez

Manager for Production Engineering: Damián Fernández

Facilities Manager: Marcos Penna

Manager for Human Resources /IT/ Administration: María Teresa Arévalo

Senior Manager for Finance and Procurement: Federico Paz

Manager for Regulatory Compliance: Leonardo Bohórquez

Environment and Quality Manager: Julián Carvajal

Social Responsibility Manager: Jaqueline Tarazona

Procurement and Logistics Manager: José Téllez

Security and Risk Prevention Manager: Camilo Martínez

Senior Corporate Communications Coordinator: Andrés Martínez

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

Photography and Art Direction: SAGRADO ARIOSAS-Sustainable Advertising Agency

W E G E N E R A T E
SHARED BENEFITS
