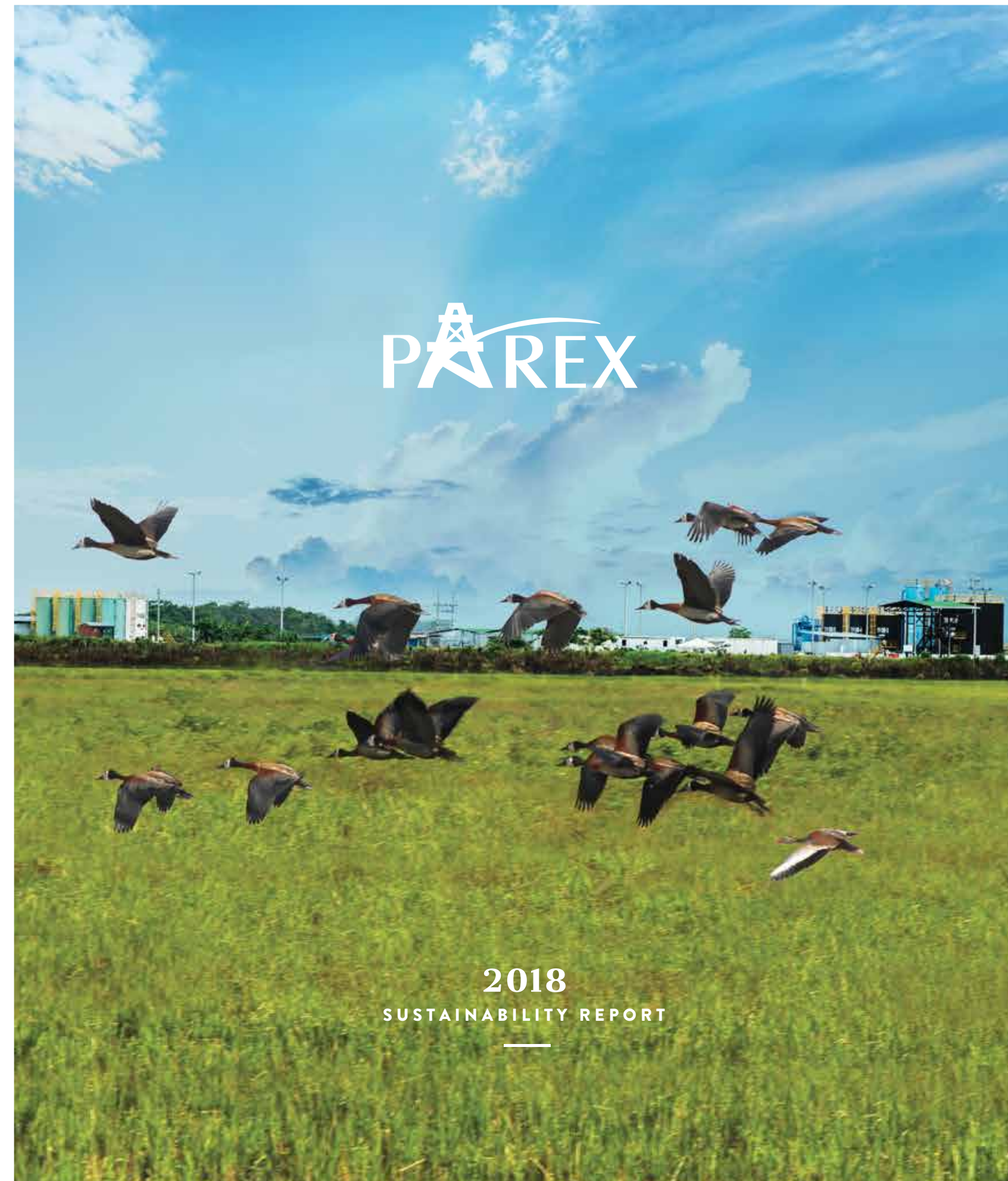




WE WORK FOR SHARED BENEFITS



2018
SUSTAINABILITY REPORT

A low-angle, upward-looking photograph of several large, dark industrial storage tanks. The tanks are arranged in a row, receding into the distance. A yellow metal walkway with railings connects the tops of the tanks. A worker in a safety harness is visible on this walkway. The sky is bright blue with scattered white clouds. The sun is positioned behind one of the tanks in the middle ground, creating a strong lens flare effect with rays of light fanning out. The foreground shows the dark, metallic surface of a tank and some industrial piping.

**Celebrating
10 Years
In Colombia**

Letter From Lee DiStefano

PRESIDENT PAREX COLOMBIA

This 2018 Sustainability Report is a very special one for Parex Resources. We prepared it at the beginning of 2019 when the Company was celebrating its first ten years of existence and presence in Colombia. I would therefore like to take this opportunity to look back and describe how we in the Organization see the process that has brought us to corporate maturity and to working diligently in the hydrocarbons field.

Parex began operations in Colombia in 2009 at a time when social, economic and environmental challenges were increasing in the oil sector in the different regions of the country. From the start, we knew that we would have to concentrate our efforts not only on obtaining exploratory results, but also on gaining the trust of local communities and territorial authorities.

With such clarity, we began operations in the department of Casanare and very quickly became one of its largest operators. We later moved into the Middle Magdalena Valley and more recently to the Lower Magdalena Valley in the Department of Arauca. We have put in place our successful engagement strategy in all these territories, based on direct, sincere dialogue and by rigorously fulfilling our commitments.

In 2014, when we prepared our first Sustainability Report, we were a company with annual production of 22,526 barrels of oil equivalent per day. We exported our first shipment of 100% Parex Resources crude oil in 2015; currently two tankers depart for other countries per month. In 2018 production averaged 44,408 barrels of oil equivalent per day.

Between 2017 and 2018, we increased production by 25%. In addition, last year we achieved a production peak of 50,000 barrels of oil equivalent per day. Also, Proved Plus Probable reserves (2P) increased by 14%, compared to 2017.



We have evolved not only as an operator and as professionals, but also from personal perspectives: this is my conclusion on looking back and seeing what we have achieved to this date. On-going interaction with the communities has made us sensitive to their needs and conscious of the role that we play as allies in promoting their well-being.

An example of this is “Plan Padrino” which is now in its seventh year of operation. This program is a social responsibility initiative in which employees contribute money towards building a fully equipped house for a family in a previously identified area of influence. Parex Resources contractors have joined this program, and thanks to this, year after year we have had a positive impact on the quality of life of a Colombian household. Parex Resources’ business growth has become an engine of sustainable development in the area of influence of its operations. Its strategic allies participate in the social and environmental initiatives promoted by the Company and we have also participated in their initiatives. Today, we are partners in a joint campaign for progress in the regions. The communities, on their side, have become empowered and have assumed an active role in the development of social investment projects, which guarantees their sustainability.

We are continuing to support the Water for All program, through which we have been showing communities that the oil business does not simply use up water, but to the contrary, it provides an opportunity for the most vulnerable population to have access to this resource, and even more, to have access to better quality water. In 2018, we impacted 3,944 individuals with the construction and upgrading of villages water supply systems, installation of water treatment plants, and the installation of water dispensers in 10 schools.

In 2018, we were able to put in place a school donation project under the new Works for Taxes program, which benefitted 4,899 rural children and youth. In addition, we supported 1,059 specialist medical consultations

and 157 surgical procedures that were carried out on a surgery day held in Tame (Arauca). As well, we assisted 1,320 individuals through our investment in hospital infrastructure in the municipalities of Aguazul and Villanueva (Casanare).

Environmental protection and conservation continue to be an important line of action. Since 2017, we started to manage our greenhouse gas (GHG) emissions in accordance with Colombia’s Technical Standard ISO 14064-1; and as a result Parex Resources team is considering initiatives such as replacing combustible fuels with natural gas, incorporating non-conventional energy sources and using equipment with positive fuel consumption indicators, among others.

In 2019, we will continue to consolidate in the areas where we already have a presence; but we are also evaluating opportunities and making decisions on entering new areas in the country, always bearing in mind the importance of linking our prosperity to development expectations in the regions and gaining trust through actions, respect, and demonstrating that oil is a tool for progress that is compatible with society and the environment.

LEE DISTEFANO

PRESIDENT PAREX COLOMBIA

ABOUT PAREX RESOURCES



GAS FIELD
TAURAMENA- CASANARE

20 BLOCKS

WITH A TOTAL AREA OF
2.1 MILLION
GROSS ACRES

Certifications, MEMBERSHIPS AND AFFILIATIONS

Parex Resources holds ISO 14001:2004 and OHSAS 18001:2007 international certifications for its activities related to exploration, production, marketing, and transport of oil in tanker trucks from the production fields to receiving stations in various regions in Colombia.

During 2018, the Company maintained memberships in the Canadian Association of Petroleum Producers, in the Colombian Petroleum Association (ACP), in the National Business Association of Colombia (ANDI), and in the Canada-Colombia Chamber of Commerce. These associations are key to defining and promoting best practices in the hydrocarbons sector. Parex Resources is a committed member that promotes and participates actively in initiatives related to responsible development in the oil industry.

In 2018, Parex Resources joined the Extractive Industries Transparency Initiative (EITI). This is a global standard created to promote open and responsible management of oil, gas and mining resources. The standard requires the dissemination of information all along the value chain of the extractive industry, from the extraction point through to the way that revenue makes its way to the government, and ultimately to how it benefits the public in general.



Parex Resources is a company dedicated to petroleum exploration, development and production. Its corporate office is located in Calgary (Canada) and its operating offices are in Bogota (Colombia). All of its operations are located in Colombia, in the departments of Casanare and Arauca and in the Middle and Lower Magdalena Valleys.

The Company was established in 2009 and year after year it has maintained on-going, sustainable growth. It is a strong, financially robust corporation. Currently, Parex has interests in 20 exploration and production blocks with a total area of 2.1 million gross acres. It is known as a company that identifies and acquires large prospective resources, involves other interested parties, and for being a cost-effective operator.

Parex Resources' shares are listed on the Toronto Stock Exchange ("TSX") under the stock symbol "PXT". As of December 31, 2018, there were 155,013,908 common shares outstanding.

Net income for 2018 was USD \$402.9 million (2.59 per basic share). Total oil and gas sales in 2018 were USD \$965,723 in thousands, an increase of 68.6% over the previous year. The average realized price (Brent referenced) for the year was USD \$58.64, up 34% from the previous year.

In order to maintain a strong balance sheet that provides flexibility, in 2018 the Company carried out its capital projects using funds flow from operations of USD \$ 382,941 in thousands (2.46 per basic share), which increased by 37% compared to that of December 31, 2017.

The Company did not experience any significant changes in size, structure, share ownership, or supply chain during the year that is the subject of this report. In 2018, Parex' personnel included 277 direct employees in the Bogota (Colombia) offices and 41 employees in the Calgary (Canada) offices.

WATER FOR ALL

PROGRAM
BENEFITED 3,944
PEOPLE IN 2018



REWARDED FOR GOOD

SOCIAL PRACTICES

On July 19, 2018, Parex Resources was recognized by the Colombian Ministry of Mines and Energy and by the National Hydrocarbons Agency (ANH), for its implementation of best practices in the category of Social Investment through the Water for All program: Improvement in the Village Water Supply System of the Corocito population centre in the municipality of Tame, Arauca.

The Company participated in the competition with 115 other companies that submitted their social initiative projects related to social, community and environmental development, of which 70 were involved in the petroleum industry, 39 in the electricity sector and 6 in mining.

Thanks to the Water for All program, which was created with the purpose of generating sustainable environments that benefit communities and operations, Parex Resources has assisted about 4,000 individuals in the municipalities of Pore, Villanueva and Paz de Ariporo in the Department of Casanare; Tenerife and El Plato in the Department of Magdalena; San Vicente de Chucurí and Simacota in Santander; and Tame in the Department of Arauca.



ANH AWARD
BOGOTÁ - COLOMBIA

RECOGNITION
FROM THE MINISTRY OF MINING
AND ENERGY AND THE NATIONAL
HYDROCARBONS AGENCY, ANH

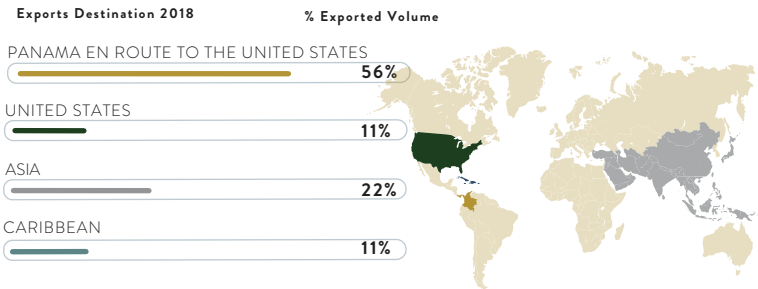
FOR THE IMPLEMENTATION
OF BEST PRACTICES IN THE
SOCIAL INVESTMENT
CATEGORY



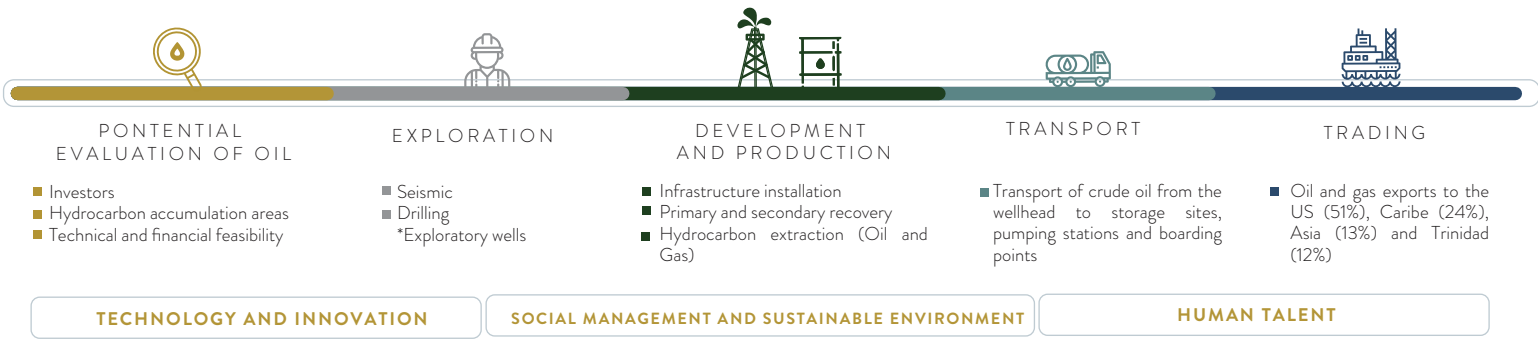
FILTER DELIVERY WATER FOR ALL
SAN VICENTE DE CHICURÍ - SANTANDER

VALUE CHAIN

Parex Resources carries out exploration, production, marketing, and crude oil transport activities, adhering to the highest standards and the best socio-environmental practices, and it is conscious of the importance of generating value for its stakeholders. The Company has found companies and a workforce in the regions that are natural allies in the development and success of its operations.



POSITIVE RELATIONSHIP WITH THE STAKEHOLDERS



In the hydrocarbons sector, indirect contracting is greater in the seismic and exploration phases and is carried out taking into account standardized charges for the industry. During 2018, contactors reported to Parex the number of individuals working on its operations monthly as well as the hours and the days that they worked. Parex Resources consolidated this information and on December 31, 2018 calculated the annual average number of contract workers.

In the period covered by this report, no significant variations related to seasonal variation were reported for Parex Resources' operations.

WHAT OUR STAKEHOLDERS SAY

JAIME CONCHA,
VICE PRESIDENT -
HYDROCARBONS AND ENERGY, ANDI

"Parex is one of the most important companies in exploration and exploitation of hydrocarbons in the country. It is an active, collaborative and professional member of ANDI. We add value to Parex Resources, but it is also generating value for us with its proposals and with the topics that it brings to the table."

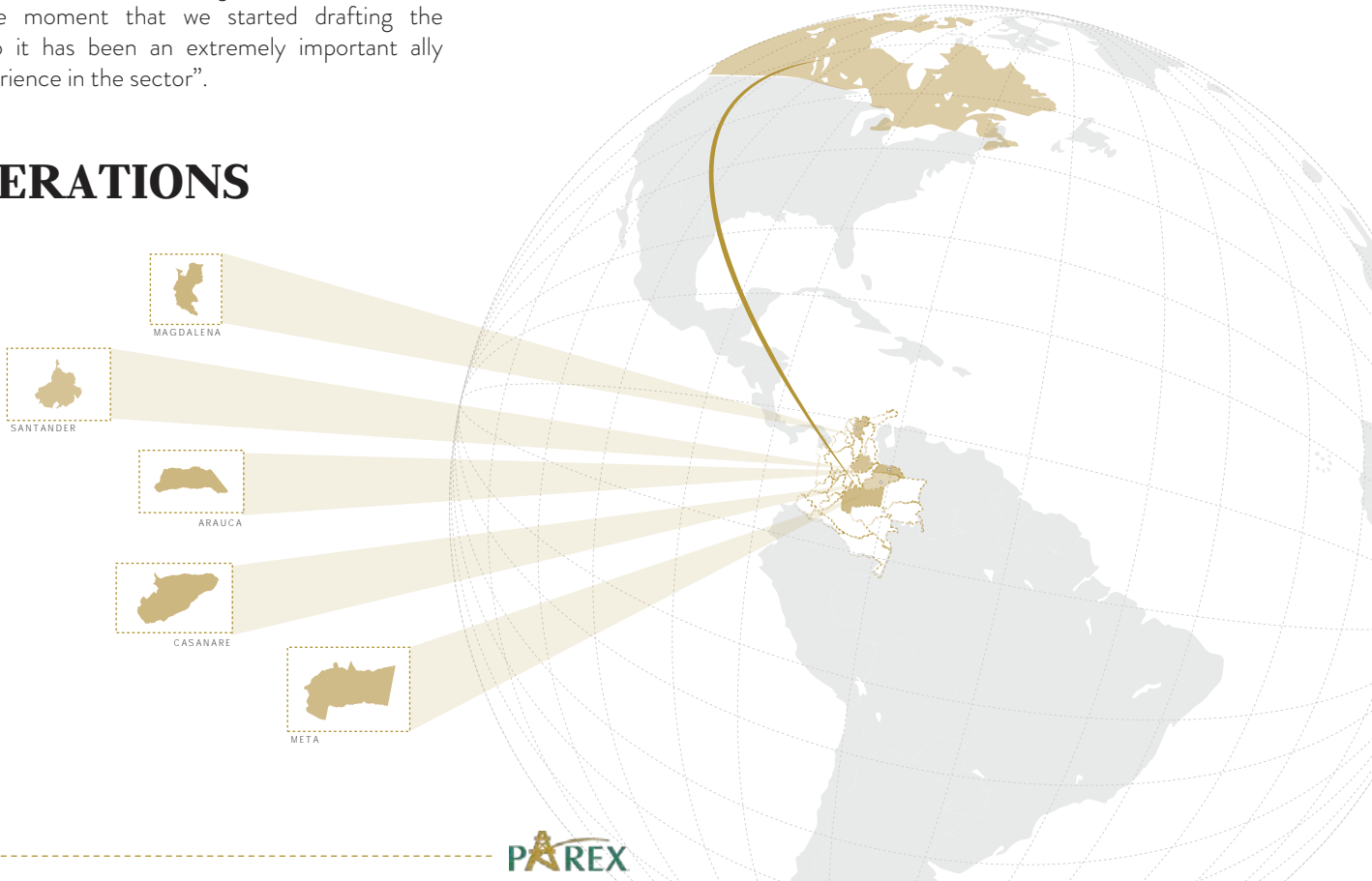
MARÍA OFFIR JIMÉNEZ,
MANAGER -
PROJECT EXECUTION AND EVALUATION DEPARTMENT,
TERRITORIAL RENEWAL AGENCY (ART).

"Parex Resources is a pioneering company in every sense of the word because it has been linked practically from day one with implementing the Works for Taxes legislation. It has been involved from the moment that we started drafting the regulations and so it has been an extremely important ally because of its experience in the sector".

RAMIRO ANDRÉS MORA HERRERA,
COORDINATOR -
ROYALTIES TEAM, MINISTRY OF EDUCATION

"I think it is a very good idea that companies are targeting the education sector for investment in territorial development. Parex Resources' school grants project under the Works for Taxes program not only impacts the students, but also the whole community, given that the community can use those spaces for other activities. Also, these are not just physical assets: their impact will be reflected in future academic and work opportunities. And, obviously, those opportunities are going to generate development inside and outside the region".

OUR OPERATIONS



HIGHLIGHTS
OF FACTS AND FIGURES FOR 2018

SOCIAL INVESTMENT
COP \$ 15,742,997,989
USD \$5,186,910



INCREASE IN ANNUAL NET PRODUCTION AVERAGE OF 25%
44,408 BARRELS OF OIL EQUIVALENT PER DAY



INCREASE OF 14% IN 2P RESERVES
184.7 MILLION BARRELS OF OIL EQUIVALENT



CASH FLOW FROM OPERATIONS
USD \$382,941 IN THOUSANDS
COP \$1,132,138 IN THOUSANDS

DISCOVERY
ANDINA-1 WELL, CAPACHOS BLOCK



PURCHASE OF LOCAL GOODS AND SERVICES
COP \$92,978,993,287
USD \$31,449,753
More than double that of 2017

PARTICIPATION IN DRILLING
54 GROSS WELLS WITH A SUCCESS RATE OF 86%



ROYALTIES PAID
COP \$380,729,055 in thousands
USD \$128,780 in thousands
More than double those paid in 2017.

GOVERNANCE

TRANSPARENT PERFORMANCE

Parex Resources guides its corporate culture and strives to ensure transparent performance of the Organization and of each one of its members through solid Corporate Governance.

Its highest level of governance is the Board of Directors which is responsible for supervising the Company's strategic direction and Management. For this purpose, the Board relies on four committees: Finance and Audit, Corporate Governance and Nominating, Compensation and Human Resources, and HSE & Reserves.

At the Annual General and Special Meeting of the Shareholders held on May 9, 2018, the election of ten members to the Board of Directors was approved. Elected directors are to act in this capacity until the next Annual Meeting, or until their successors are chosen or named at a Meeting with the required number and percentage of ordinary shares represented.

PAREX RESOURCES ENSURES TRANSPARENT PERFORMANCE OF THE ORGANIZATION



PAREX Board of Directors

CURTIS D. BARLETT

Member of the Corporate Governance and Nominating Committee

LISA COLNETT

Member of the Compensation and Human Resources Committee and of the HSE and Reserves Committee.

ROBERT ENGBLOOM

Member of the Corporate Governance and Nominating Committee.

WAYNE FOO

Chairman of the Board of Directors.

(G.R.) BOB MACDOUGALL

Member of the Compensation and Human Resources Committee and of the HSE and Reserves Committee.

GLENN MCNAMARA

Member of the Finance and Audit Committee and of the HSE and Reserves Committee.

RON MILLER

Member of the Finance and Audit Committee and of the Compensation and Human Resources Committee.

CARMEN SYLVAIN

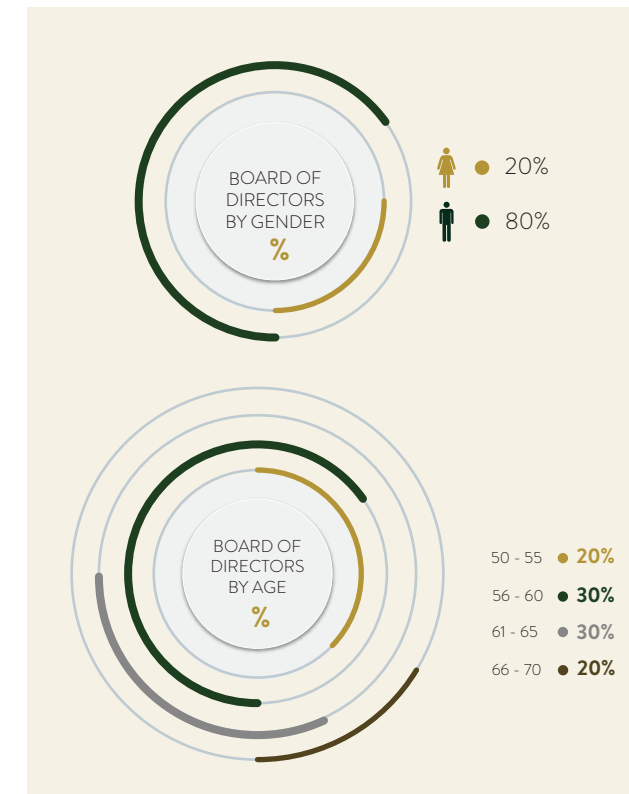
Member of the Corporate Governance Committee and of the Corporate Governance and Nominating Committee.

DAVID TAYLOR

President and Executive Director of Parex

PAUL WRIGTH

Member of the Finance and Audit Committee and of the Corporate Governance and Nominating Committee.



ETHICS AND TRANSPARENCY

EITI

One of Parex Resources' most important milestones for 2018 was joining the Extractive Industry Transparency Initiative (EITI). A world-wide standard that contributes to good governance of the extraction sector, in addition, it is a tool that helps countries to effectively manage their resources derived from hydrocarbon activity. In 2014, Colombia joined the EITI as a candidate country and in 2018 the International Secretariat validated it as an implementer of the strategy and confirmed its compliance with the standards, so that today it is rated as a Country with Satisfactory Progress.



A WORLD-WIDE STANDARD

THAT CONTRIBUTES
TO GOOD GOVERNANCE



"Companies in Colombia are paying. The ones that voluntarily adhered to EITI Colombia represent 92% of the hydrocarbons companies that contribute the most in paying taxes and royalties. Colombia is the third country in the world to obtain a Satisfactory Progress designation. There are 52 members and it is the first one in the Americas to obtain it. We are a role model internationally and a reference point for other countries that are working on becoming candidate countries, such as the Dominican Republic, Ecuador, Mexico, Argentina, among others". Gloria Patricia Gamba Saavedra, EITI Colombia Coordinator.

42.13%
OF THE PAYMENTS MADE
TO THE GOVERNMENT
WERE IN THE FORM OF ROYALTIES,
THAT IS, **USD \$128,780 IN THOUSANDS,**
WHICH IS EQUIVALENT TO
COP \$380,729,055 IN THOUSANDS.

ML/TF

Parex Resources uses the ML/TF Manual - Monitoring and Risk Management System for the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, based on international standards and current regulations set by the Colombian Superintendency of Corporations.

The ML/TF Monitoring and Risk Management System has as its objective to minimize the possibility that, through its various activities, Parex Resources is used to launder assets or finance terrorism. The manual applies to all of the Company's personnel, shareholders, partners and stakeholders.

PAYMENTS MADE BY PAREX RESOURCES (mid-rank)

Payments to government are taxes that Parex Resources pays at the international, national municipal and local levels. These do not include any deferred taxes which the Company may have generated. The amounts paid to the government in 2018 rose to USD \$229,370 in thousands, which is equivalent to COP \$678,116,349.10 in thousands. These were made in accordance with the Extractive Sector Transparency Measures Act of the Government of Canada, proclaimed in 2014. ¹

¹ figures These may be consulted in the audited financial statements of the Company as of December 31, 2018:
<https://parexresources.com/wp-content/uploads/2019/03/PXT.12-31-2018.FSMDA-FINAL-COMBINE-r495.pdf>

CODE OF CONDUCT

AND ETHICS AND TRANSPARENCY POLICIES



A CULTURE OF RESPONSIBILITY AND INTEGRITY

VIS-A-VIS ALL
STAKEHOLDERS

Through its Code of Conduct and Ethics, Parex Resources documents the principles that must be upheld by the Company, its affiliates and subsidiaries, and in particular by its directors, officials, consultants, and employees in the performance of their duties. Its goal is to maintain a culture of responsibility and integrity vis-a-vis all stakeholders, as well as to ensure profitable growth, cost effective management and sustainable performance.

In the Code of Conduct and Ethics, which was updated and revised in 2017, Parex Resources makes explicit its mission to “provide superior shareholder returns through exploration for and exploitation of large, early stage, resource plays in moderate risk jurisdictions”. In addition, it expresses in its value statement that the Organization is a place where people work towards shared success and value teamwork as key elements for achieving the company’s business goals.

The document defines policies and guidelines on fundamental topics such as: conflict of interest, confidentiality, protection of personal data, protection and proper use of corporate assets, insider trading, bribery and anti-corruption, fair dealing, client relations, relations with suppliers and contractors, compliance with the law, Human Rights, discrimination and harassment, amongst others.

The Code sets out general principles; and does not replace policies and procedures covered under specific policy statements or the laws and regulations that apply in any of the jurisdictions in which Parex Resources operates.

In any situation where there is a question about compliance either with the letter or the spirit of the Company’s policies and applicable laws, an individual should seek assistance or guidance from the Disclosure Committee (as defined in the Policy on Disclosure, Confidentiality, Insider Trading & Blackout Period Policy and Procedures). The Disclosure Committee consists of the President & CEO, the CFO and the Vice President of Corporate Planning and Investor Relations.

The Whistleblower Policy at Parex Resources is to be read, interpreted and administered jointly with the Code of Conduct and Ethics. It has as its objective to ensure that all reports, complaints or concerns are handled promptly and effectively. In addition, it encourages all managers, officials, consultants, employees, contractors, suppliers, communities, partners, governments, and the public in general to report situations such as: violations of the Code of Conduct and Ethics, concerns regarding the accounting of the Company, internal accounting controls or auditing matters, violations of the Policy on Disclosure, Confidentiality, Insider Trading & Blackout Period Policy and Procedures, or of the Policy on the Environment, Health and Safety of the Company, or of the Policy on Anti-bribery and Anti-corruption, or about any law or regulation in the

jurisdiction in which Parex Resources is carrying out its activities, or any other concern regarding the manner in which the Company is operating.

The Board of Directors of Parex Resources has established the following channels for obtaining advice or assistance, or for reporting on the situations above:

IMMEDIATE SUPERVISOR
PRESIDENT OF THE COMPANY
DISCLOSURE COMMITTEE
Any member
DIRECT REPORTING LINE

At the company’s ethicspoint, at www.Ethicspoint.Com, 1-888-279-5269. It is available every day of the week, 24 hours a day.

THE EXTERNAL LEGAL COUNSEL

Of the company – burnet, duckworth & palmer llp, 2400, 525 – 8th avenue s.W., Calgary, alberta t2p 1g1, attention: r. Bruce allford; telephone number: (403) 260-0100.

THE ALBERTA HUMAN RIGHTS

Commission, southern regional office, suite 310, 525 – 11 avenue s.W., Calgary, alberta t2r 0c9, telephone number: (403) 297-6571 (confidential complaints line).

ANY OTHER MEMBER OF THE BOARD OF DIRECTORS

The complainant may identify oneself or remain anonymous.

During 2018 one (1) complaint of unjustified dismissal/harassment was received through the www.ethicspoint.com web-page, and it was immediately investigated and resolved under the supervision of the Board of Directors of Parex Resources.

Compliance with the Anti-bribery and Anti-corruption Policy is ratified annually, signed by managers, officials, employees and other agents of the company.

HUMAN RIGHTS



To meet its commitment with respect to and promotion of Human Rights which is explicit in the Code of Ethics and applicable to all contractors through a clause in their contracts, Parex Resources undertook several activities in 2018.

At the internal level, Parex carried out a gap analysis using as its reference point the United Nations Guiding Principles on Business and Human Rights, with several areas of the Company participating. The results of this exercise were shared with executive management, who also increased their awareness of this topic of strategic importance for Parex Resources. Based on the conclusions from the gap analysis, materials to be circulated to employees are being prepared.

Efforts were also centred on the documentation and assessment of Parex Resources' current Human Rights

practices; firstly, to respond to inquiries and provide information to its stakeholders, and secondly, to identify opportunities for improvement.

External work included the monitoring of complaints and reports on companies and Human Rights published by NGOs, thanks to which it was possible to quickly alert the Calgary and Bogota offices and to respond in a timely manner.

The Company actively participated in Human Rights workshops offered by the National Hydrocarbons Agency (ANH). It is important to point out that, since 2018, Parex Resources has been monitoring the drafting of Human Rights indicators which will be central components of the future implementation of a Human Rights Policy by the Ministry of Mines and Energy of Colombia, on the year of this report.

ZERO (0) COMPLAINTS

RELATED TO VIOLATION OF HUMAN RIGHTS IN
2018

TIMELY MANAGEMENT

OF PETITIONS, COMPLAINTS AND CLAIMS

In compliance with Colombian standards and as part of the stakeholder engagement strategy, in 2018 Parex Resources promoted continuous improvement of its Petitions, Complaints and Claims (PCCs) response program. The staff members in charge of receiving PCCs at the Company participated in training and feedback sessions.

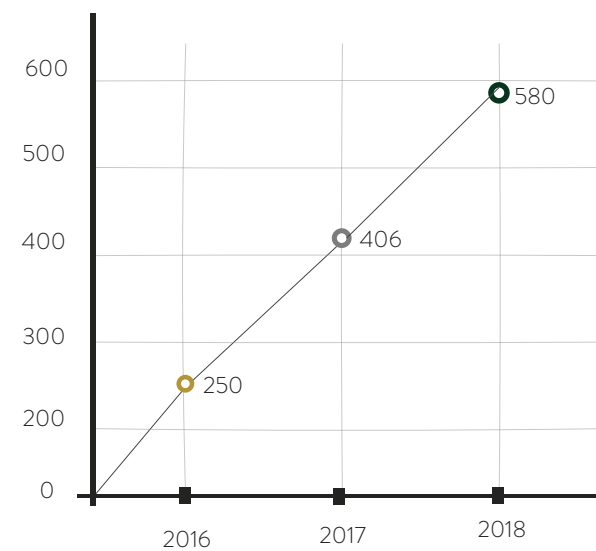
Also, conceptual work on a new PCCs Response Manual was started, based on the experience of and contributions from all areas of the Organization. The Manual is in compliance with Parex Resources' Management System and has as its objective to provide a timely and efficient response to all PCCs received. This new corporate tool will be circulated to all staff members in the second quarter of the year 2019.

In 2018, Parex Resources received a total of 580 PCCs and by the end of the year 98% of these had been resolved. The remaining 2% were received in the month of December of that year and were resolved during the month of January 2019.

PCCs increased by 43% compared to 2017, that is, 174 more were received in the year that is the subject of this report. This reflects the expansion process and Parex Resources' new project development in the Magdalena Valley and the Eastern Plains. Another relevant factor is that the submission of written petitions has been enhanced as a channel of communication with communities; this medium allows prompt, in-depth responses to the immediate needs of the petitioners.

Parex Resources will continue to strengthen its channels of communication, so that through this process it continues to demonstrate responsiveness, diligence and efficacy in the Company's processes.

PCCS MANAGEMENT



THE INCREASE IN PCCS

IS DUE TO THE EXPANSION
PROCESS AND NEW
PROJECTS DEVELOPMENT

2019 GOAL | 2019 GOAL: MEET THE EXPECTED RESPONSE TIME FOR 100% OF PCCS RECEIVED.

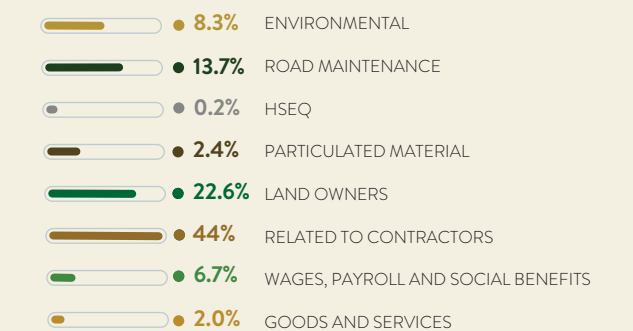
RATING OF PCCS BY TOPIC:



REQUEST
Various Topics
13.98 %

REQUEST
Job opportunities
86.02 %

COMPLAINTS AND CLAIMS RECEIVED 2018



CSR AND SUSTAINABILITY MANAGEMENT



Parex Resources is a Company committed to Corporate Social Responsibility (“CSR”) and sustainability management. It complies with current national standards and adopts high standards and best practices. In addition, it understands that the success of its operations is directly linked to the satisfaction of its stakeholders and it therefore maintains an on-going dialogue in order to understand their expectations and concerns and to incorporate these as key elements of their activities.

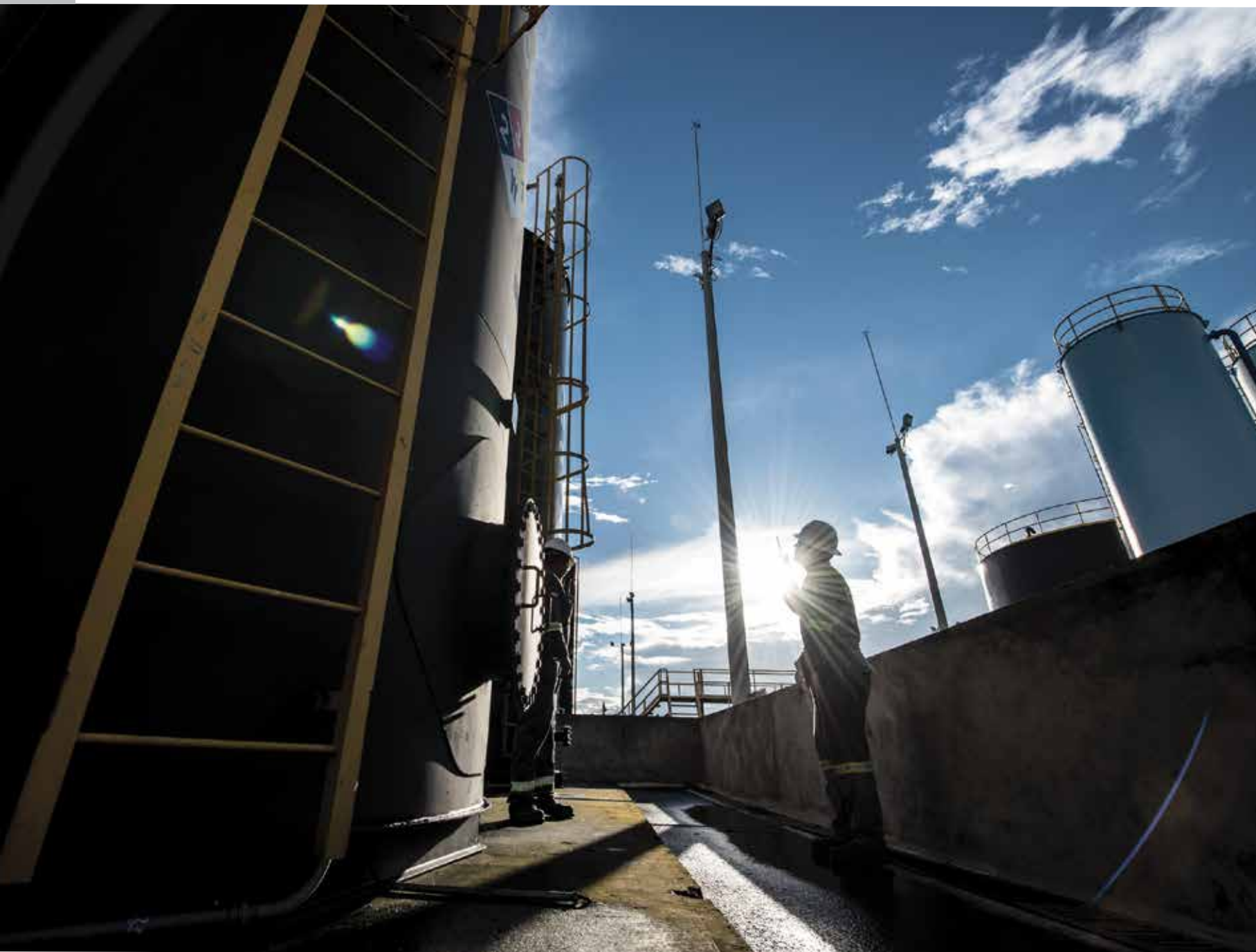
During the reported year, the Company maintained its ISO 14001:2004 certification in order to guarantee effective environmental management, and its OHSAS 18001:2007 certification which establishes the requirements for best practices in the area of workplace health and safety.

Parex Resources uses as its reference point the United Nations’ Sustainable Development Goals (SDGs). Through its social investment programs and projects, the Company contributes to the reduction of poverty and the satisfaction of Unsatisfied Basic Needs (NBI) of communities in the areas of influence near its operations, which are key elements of the 2030 Agenda for Sustainable Development.

SUSTAINABLE SOCIAL DEVELOPMENT

Parex Resources contributes to the reduction of poverty and the satisfaction of unsatisfied basic needs.

REGARDING THIS REPORT



This sustainability report, which the Company has prepared annually since 2014 (the last one being issued in the year 2017), contains the results of Parex Resources' financial, social and environmental management of its hydrocarbons exploration, development and production operations in Colombia in the period between January 1st and December 31st of 2018. It has been prepared with information provided by Parex Resources Colombia, Ltd. Sucursal, Verano Energy (Barbados) Limited Sucursal (formerly Parex Verano, Ltd. Sucursal), and AB Exploración y Producción B.V Sucursal.

The results in terms of total oil production and financial performance take into account all of the activities carried out by the Company, including those blocks where Parex Resources is a partner and not an operator. The other indicators that are presented reflect the results for the blocks operated by the Company.

Monetary figures are expressed in US dollars and Colombian pesos, except for those related to Financial Performance. The average exchange rate used in this report is COP \$2,956.43.

The 2018 Sustainability Report has been prepared in accordance with the standards of the Global Reporting Initiative (GRI), Core Option, including the Oil & Gas Supplement. It adheres to the principles for preparation of GRI reports: precision, balance, clarity, comparability and reliability.

There is no re-expression of information in this report, except in Section One – Energy Use (Average Energy Generation) in which said re-expression is explained.

Signum Consulting S.A.S supported Parex Resources in the research and preparation processes of this report.

EXTERNAL VERIFICATION

This sustainability report was audited by PricewaterhouseCoopers AG. External verification, on the request of Parex Resources Management, with the objective of guaranteeing the reliability of the information to its stakeholders.

See the Assurance Report on pages 112 to 117.



IDENTIFICATION AND PRIORITIZATION OF MATERIAL TOPICS

Parex Resources has designed and implemented a methodology for identifying and prioritizing material topics, that is, those that reflect the most relevant impacts of the Company in the economic, social and environmental areas.

The Company prepared an initial list of 30 material topics, taking into account the positive and negative impacts already identified by the petroleum industry, particularly related to Parex Resources as it carries out its activities, and considering national and international standards such as the Ten Principles of the UN Global Pact, Bloomberg, the Global Reporting Initiative (GRI), and the methodology of the Sustainability Accounting Standards Board (SASB). Each topic is defined in order to facilitate its understanding.

A tool, the semi-structured interview, was used for Parex Resources and its stakeholders to identify material topics. Material topics were given a value (from 0 to 5) based on their level of importance to the sustainability management of the Organization.

Open-ended and closed-ended questions were included in the interview in order to learn about stakeholders' perceptions of the Company's performance.



Internal Workshop

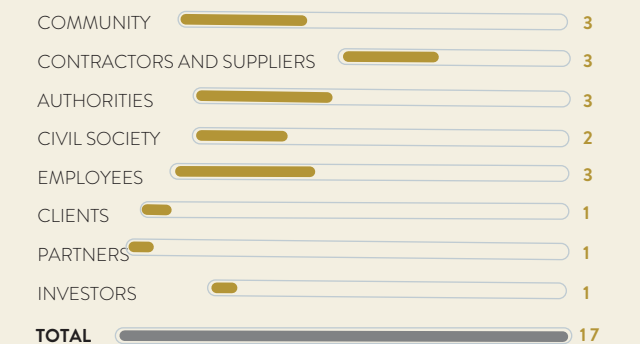
A hands-on workshop was held with the assistance of Parex Resources' Upper Management and managers from different departments. The 15 participants used the material topics identification and evaluation tool and evaluated how the topics affected various corporate strategies such as financial impact, operational performance, positioning in the industry/reputation, regulatory/legal impact, relevance to shareholder decisions and opportunities for innovation. To prioritize the impacts, the average of the points obtained, and the frequency of the responses were taken into account.

Dialogue with Stakeholders

While preparing the 2018 sustainability report, Parex Resources maintained a constructive dialogue with previously identified representatives of the Company's various stakeholders. Signum Consulting's team carried out a total of 83 semi-structured interviews in Bogota and in the area of influence of Parex Resources' operations. To measure the material topics influence on stakeholders' decisions, a random sample from each of the interviews was taken.

TOTAL NUMBER OF INDIVIDUALS INTERVIEWED: 83

Stakeholder SIZE OF SAMPLE



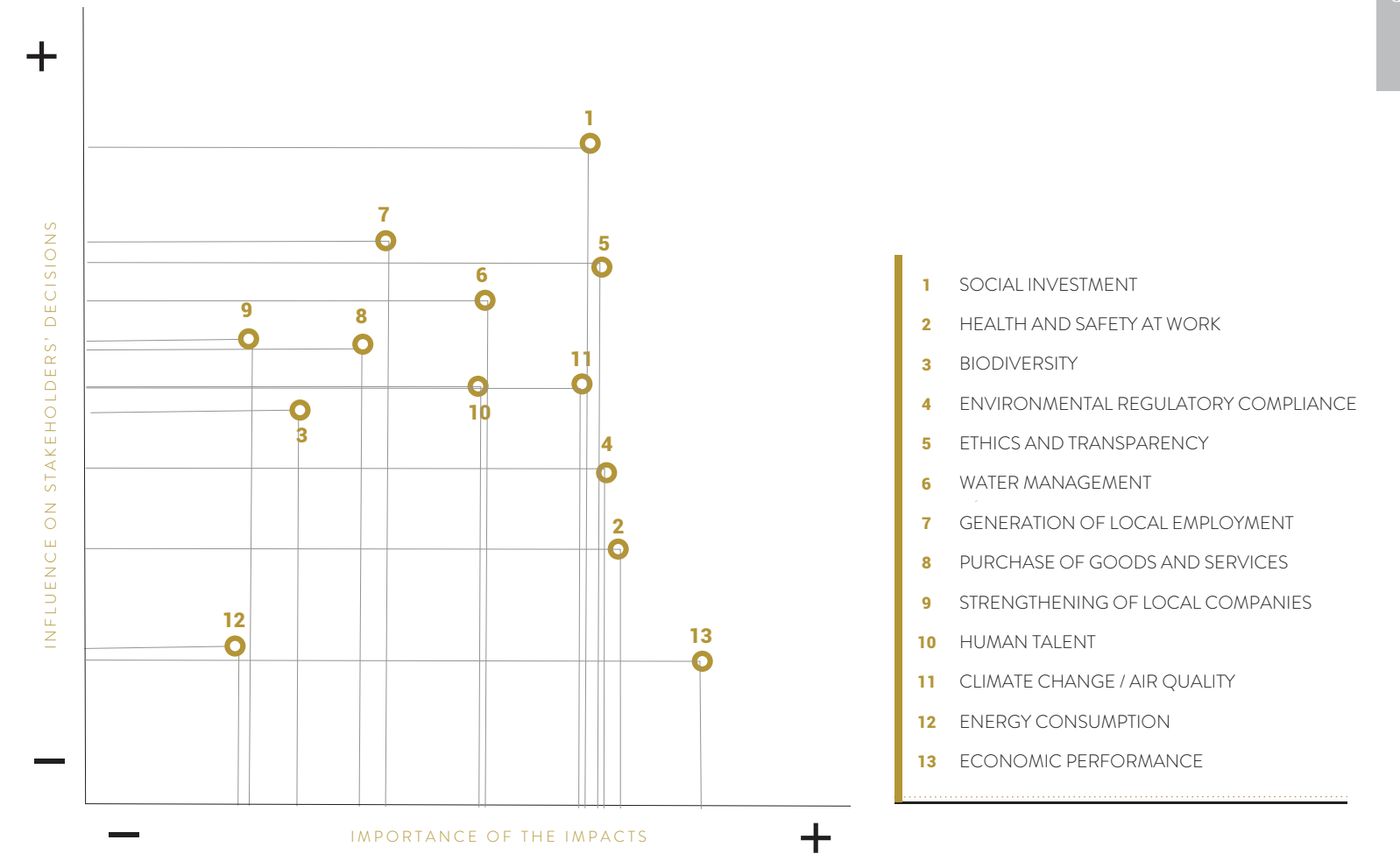
Materiality Matrix



The following materiality matrix was prepared; it is a key tool for guiding Parex Resources' sustainability management, including its engagement strategy.

SUSTAINABILITY MANAGEMENT

ENGAGEMENT STRATEGY



In the 2018 materiality exercise, new material topics became priorities, such as: Biodiversity, Ethics and Transparency, Strengthening Local Businesses, Human Talent, Energy Consumption and Financial Performance. Prioritized materials from 2017 that remained were: Social Investment, Workplace Health and Safety, Generation of Local Employment, Purchase of Local Goods and Services, Water Management, Environmental Regulation Compliance, and Climate Change.

MATERIAL TOPICS

INTERNAL AND EXTERNAL COVERAGE

In this sustainability report, Parex Resources gives an account of the management of the identified material topics. Questions with respect to this report may be sent to info@parexresources.com and the report would be available to the public at www.parexresources.com

MATERIAL TOPIC	INTERNAL COVERAGE	EXTERNAL COVERAGE
SOCIAL INVESTMENT	CSR AND SUSTAINABILITY COMMUNICATIONS	COMMUNITY, AUTHORITIES, PARTNERS, CIVIL SOCIETY
WORKPLACE HEALTH AND SAFETY	HEALTH AND SAFETY IN THE WORKPLACE, AND IN GENERAL ALL AREAS OF THE COMPANY	EMPLOYEES, CONTRACTORS AND SUPPLIERS, COMMUNITY, PARTNERS
BIODIVERSITY	SUSTAINABILITY AND ENVIRONMENT	COMMUNITY, CONTRACTORS AND SUPPLIERS, AUTHORITIES, INVESTORS, CIVIL SOCIETY
ENVIRONMENTAL REGULATORY COMPLIANCE	LEGAL, SUSTAINABILITY AND ENVIRONMENT, OPERATIONS	COMMUNITY, AUTHORITIES, INVESTORS, CIVIL SOCIETY
ETHICS AND TRANSPARENCY	CORPORATE AFFAIRS, LEGAL	AUTHORITIES, INVESTORS, EMPLOYEES, COMMUNITY, CONTRACTORS AND SUPPLIERS, CLIENTS, CIVIL SOCIETY
WATER MANAGEMENT	ENVIRONMENT, SUSTAINABILITY, OPERATIONS	AUTHORITIES, COMMUNITY, CONTRACTORS AND SUPPLIERS, INVESTORS, PARTNERS, CIVIL SOCIETY
GENERATING LOCAL EMPLOYMENT	CSR AND SUSTAINABILITY	COMMUNITY, CONTRACTORS AND SUPPLIERS, AUTHORITIES
PURCHASING GOODS AND SERVICES	CSR AND SUSTAINABILITY, PURCHASING AND CONTRACTS	COMMUNITY, CONTRACTORS AND SUPPLIERS, AUTHORITIES
STRENGTHENING LOCAL BUSINESSES	CSR AND SUSTAINABILITY, PURCHASING AND CONTRACTS	COMMUNITY, CONTRACTORS AND SUPPLIERS, AUTHORITIES
HUMAN TALENT	HUMAN RESOURCES, CORPORATE AFFAIRS	EMPLOYEES, AUTHORITIES
CLIMATE CHANGE/ AIR QUALITY	ENVIRONMENT, OPERATIONS, AND IN GENERAL ALL AREAS OF THE ORGANIZATION	COMMUNITIES, AUTHORITIES, INVESTORS, CONTRACTORS AND SUPPLIERS, PARTNERS, CLIENTS, CIVIL SOCIETY
ENERGY CONSUMPTION	ENVIRONMENT, OPERATIONS, AND IN GENERAL ALL AREAS OF THE ORGANIZATION	AUTHORITIES, INVESTORS, PARTNERS, CLIENTS, CIVIL SOCIETY
FINANCIAL PERFORMANCE	FINANCIAL, AND IN GENERAL ALL AREAS OF THE ORGANIZATION	INVESTORS, PARTNERS, CONTRACTORS AND SUPPLIERS, COMMUNITY

OUR STAKEHOLDERS

In 2018, Parex Resources revised and redefined the list of stakeholders, taking into account criteria such as responsibility, proximity, tension, dependence, influence and representation.

- COMMUNITY
- AUTHORITIES
- EMPLOYEES
- CONTRACTORS/SUPPLIERS
- CIVIL SOCIETY
- MEDIA
- INVESTORS
- CLIENTS
- PARTNERS

Relationships with internal and external stakeholders are vital to Parex Resources: its strategy is based on establishing direct, on-going communication with each of them, prioritizing stakeholder-oriented meetings. In the case of communities, especially, the Company does not spare its engagement efforts, since it understands the concerns and expectations generated around its projects in the territories. As well, it believes that trust is gained through open, sincere dialogue.

The Company is always ready to respond to concerns and to receive petitions, complaints and claims through its PCCs mechanism.



FINANCIAL AND OPERATIONAL PERFORMANCE



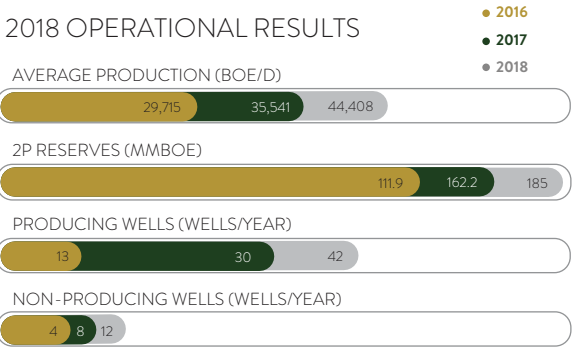
CARMENTEA FIELD
TAURAMENA CASANARE

While Parex Resources’ operations are consolidated in the .department of Casanare, its business model includes the search for new opportunities in different territories of the country. The Organization is open to multiple options, including acquisitions and divestments of assets.

54 WELLS
DRILLED

IN 2018
WITH A SUCCESS
RATE OF 86%

Its average oil and gas production in 2018 increased by 25% compared to the previous year, reaching 44,408 barrels of oil equivalent. This result was accompanied by an increase of 14% in 2P proved plus probable reserves, resulting in 185 million barrels of oil equivalent. This performance was possible thanks to an exploratory program in which the Company drilled 54 gross wells in the year with a success rate of 86%.

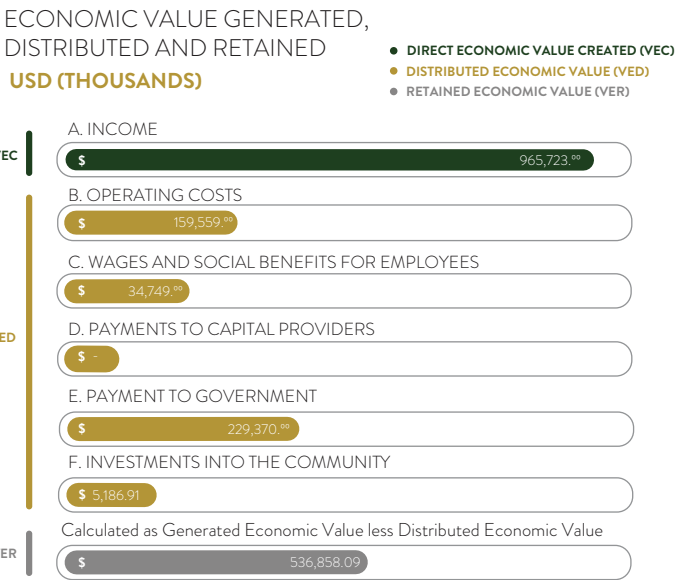


In 2018, finding, development and acquisition costs (FD&A) for 2P reserves were USD \$7.29 including future development capital.

Parex Resources’ revenue in 2018 was USD \$965,723 in thousands, corresponding to net oil and gas sales. Funds flow funds from operations was USD \$382,941 in thousands in 2018, compared to USD \$279,528 in thousands in 2017, representing an increase of 37%. As of December 31, 2018, net working capital reached USD \$218,526 in thousands – no bank debt or long-term loans – compared with USD \$163,401 in thousands in 2017.

Operating costs in 2018 totalled USD \$159,559 in thousands, including the costs of transportation services and acquisition of raw materials, among others. Direct employee salaries and benefits totalled USD \$34,749 in thousands in 2018, compared to USD \$30,027 in thousands in 2017, an increase of 15.7%. Total payments to government totalled USD 229,370 in thousands.

On the other hand, the total amount of social investment for 2018 reached COP \$15,742,997,989 (USD 5,187 in thousands), a 51% increase compared from 2017 when the Company invested COP \$10,184,175,487 (USD \$3,429 in thousands).



* Compared to 2017, the 2018 wages and benefits figure include benefits for Calgary employees.

Financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”), established by the International Accounting Standard Board (IASB).

Parex Resources’ audited financial statements for 2018 include the companies and subsidiaries that were 100% owned by Parex Resources on December 31, 2018, that is: Parex Resources (Colombia) Ltd. and Verano Energy (Barbados) Limited. The audited financial statements are available at : <https://parexresources.com/wp-content/uploads/2019/03/PXT.12-31-2018.FSMDA-FINAL-COMBINED-r495.pdf>

HUMAN TALENT FOR GROWTH



Human talent is Parex Resources' most valuable resource; the experience of its management team and administrative, technical and professional support from all of its employees is fundamental to ensuring the Company's financial and operational success, as well as its contribution to society. For this reason, its talent strategy is based on attracting qualified and committed personnel and relying on appropriate incentives to retain them.

As an example of the above, Parex Resources maintains a stable personnel base which has only slightly grown in Colombia by two (2) staff members from 2017 to 2018. As of December 31, 2018, the total number of employees in Bogota was 277 and in

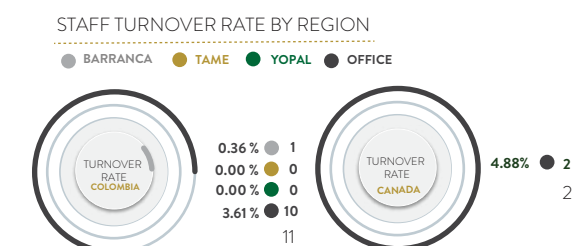
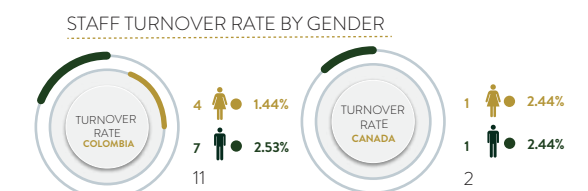
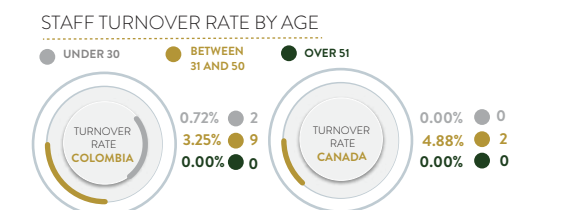
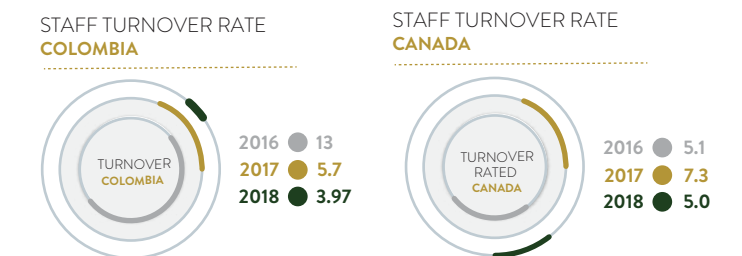
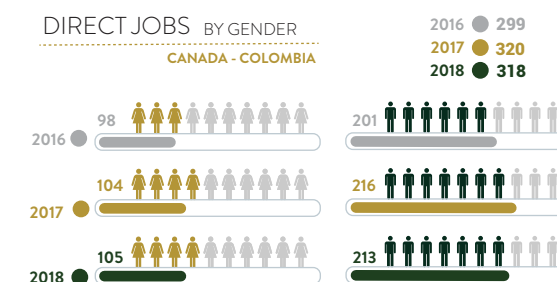
ZERO (0) CASES
OF WORKPLACE
DISCRIMINATION IN
2018

the corporate offices in Calgary (Canada) there were 41 employees. These employees are on direct permanent term contracts.

Parex Resources' contracting policies are carried out with respect for diversity. In 2018, there were no reported cases of workplace discrimination in the Company. The number of women on staff in Colombia compared to 2017 remained at 88. This level of women participation is within the average range for oil companies in Colombia.

In this sustainability report, Human Talent indicators are presented based on age, gender and region for: direct employment, new contracts, personnel representing government entities by labour category, and temporary personnel. Compilation of the information was done based on the Company payroll (for Colombia and Calgary) as of December 31, 2018.

The staff turnover rate decreased in 2018 compared to the previous year. This indicates that the retention strategy implemented by the Company, based on creating a good workplace environment and offering career development opportunities, continues to produce good results.

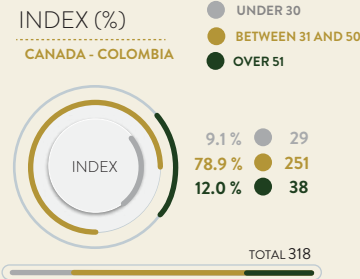
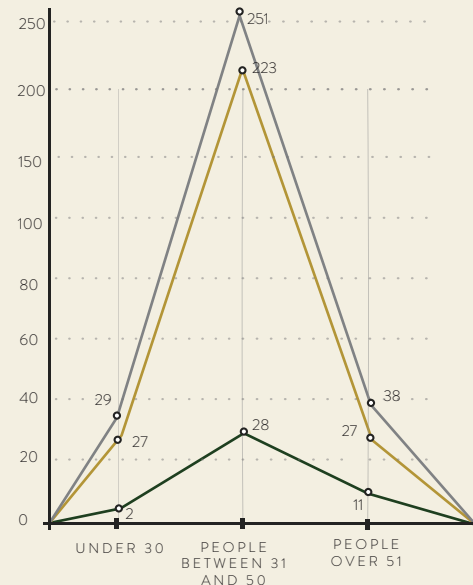


IN 2018

NINE (9)
NEW RECRUITMENTS WERE
SECURED

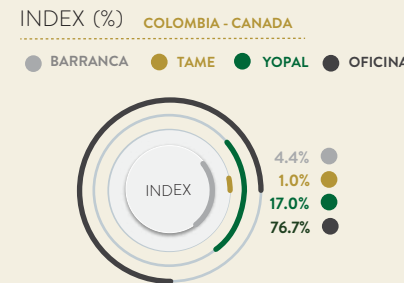
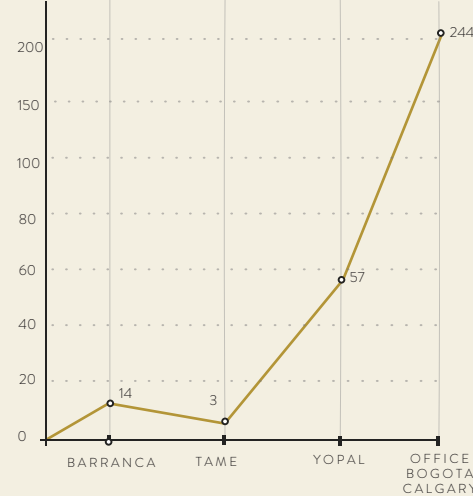
THE MAJORITY OF PAREX RESOURCES'
EMPLOYEES ARE BETWEEN 31 AND 50
YEARS OF AGE.

EMPLOYMENT BY AGE
2018 COLOMBIA • 277
2018 CANADA • 41
CANADA + COLOMBIA • 318



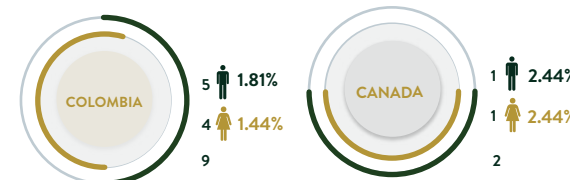
As can be seen, in 2018 the employee headcount remained stable in the various areas of the Company's operations in Colombia and Canada.

DIRECT EMPLOYMENT BY REGION
2018 •
COLOMBIA - CANADA

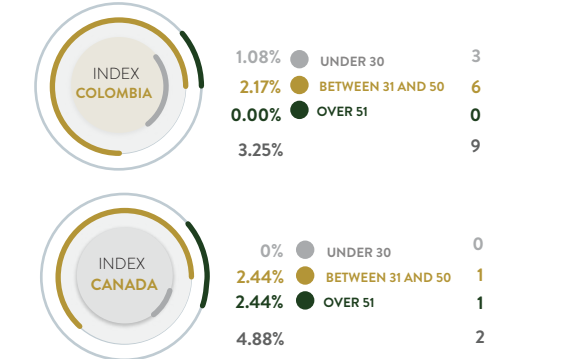


To meet Parex Resources' corporate challenges, in 2018 nine (9) additional staff were secured in Colombia and two (2) in Canada, mainly. A similar number of men and women were hired, the ages of the new employees being consistent with the overall staffing structure.

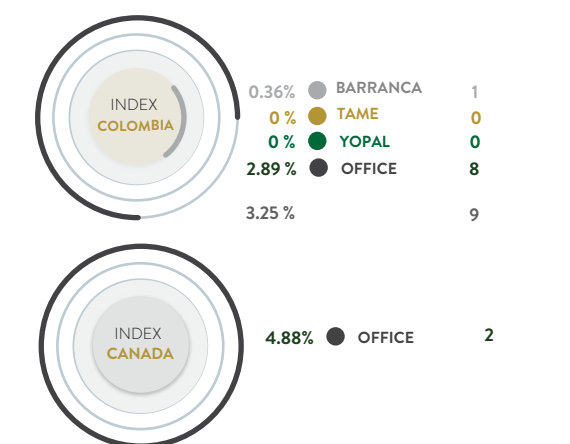
NEW HIRES BY GENDER



NEW HIRES BY AGE

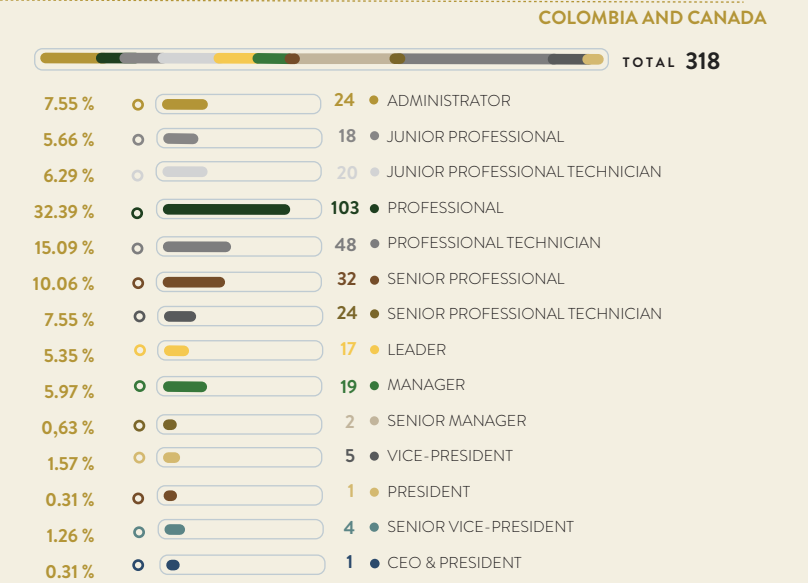


NEW HIRES BY REGION



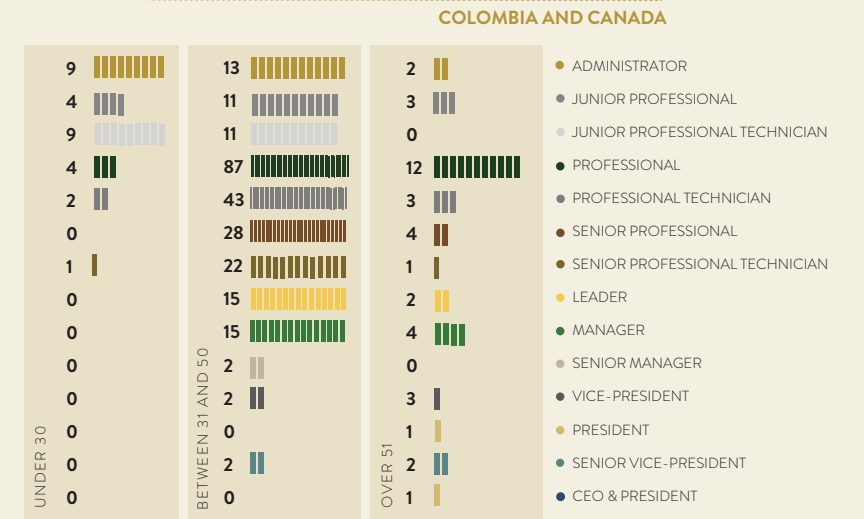
Most of the staff pertains to the business and technical professional categories.

STAFF FROM GOVERNMENT ORGANS BY WORK CATEGORY



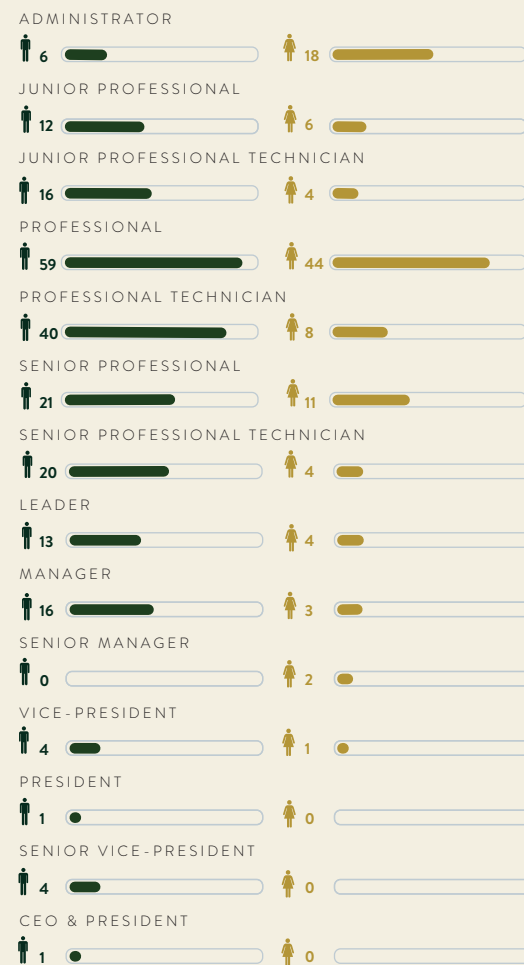
Staff under 30 are concentrated in the professional and technical professional categories. It is within that category where that staff have the opportunity to begin their career within the organization.

STAFF BY CATEGORY AND AGE



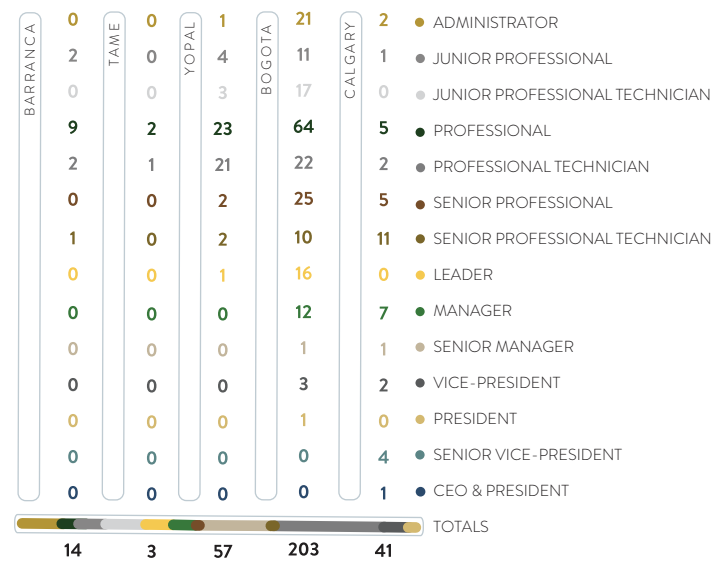
STAFF BY JOB CATEGORY AND GENDER

COLOMBIA AND CANADA



STAFF BY JOB CATEGORY AND REGION

COLOMBIA AND CANADA

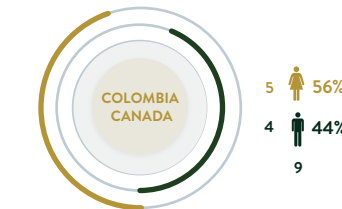


Female staff participate in various job categories and areas of the Company.



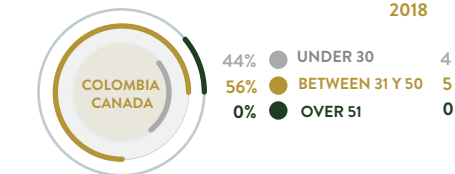
TEMPORARY STAFF BY GENDER

2018



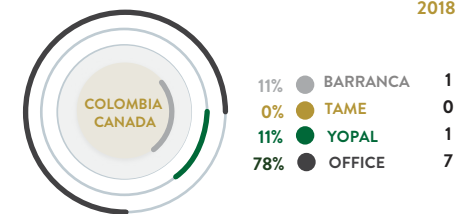
TEMPORARY STAFF BY AGE

2018



TEMPORARY STAFF BY REGION

2018



In some cases, Parex Resources requires personnel to support specific tasks for a specific time period. To this end, it hires temporary staff. During the year covered by this report, nine (9) temporary employees were hired in Colombia, including four women and five men of an age ratio similar to the staff's ratio. They were specifically hired to support the activities of the Bogotá and Barrancabermeja offices.

On the other hand, in compliance with the current regulation (Law 789 from 2002), according to which:

"private companies with no less than 15 workers must employ apprentices for trades or occupations that require methodical and complete academic or professional training in the economic activity they carry out", in 2018 Parex Resources hired 25 young people under the SENA (National Apprenticeship Service) apprenticeship contract modality in different areas of the Company.

The Company also offers students the opportunity to do the internship required by their higher education academic institutions. In 2018, three (3) university students worked as interns at Parex Resources.

Parex Resources does not have unions or unionized personnel. However, it expresses its respect for freedom of association and for the provisions of national and international regulations. The company has not identified any operation or supplier where freedom of association may be at risk. In order to guarantee this statement, the Code of Conduct and Ethics and the policies on reporting, anti-bribery, anti-corruption, disclosure, confidentiality, and privileged information, among other aspects, are reviewed, updated and shared on an annual basis.

Parex Resources did not identify risks of child or forced labor in its operations or with its contractors.

Employee incentives AND BENEFITS

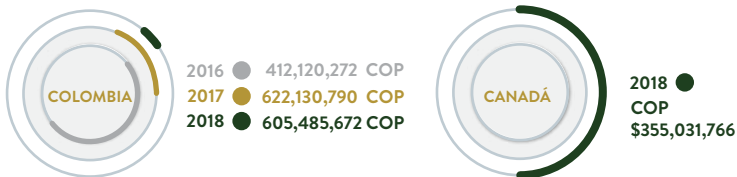
Parex Resources focuses on the growth of its employees, stimulates balance between work and personal aspects and encourages teamwork as a key aspect for the achievement of business goals. The company wants to share success with its employees and offers benefits and opportunities that stimulate not only the sense of belonging to the Company, but also encourages them to acquire greater skills and knowledge that will help them to develop a career within the organizational structure.

A reduction in the total hours of training per employee in 2018 compared to 2017 was noticed. However, the Company maintained a similar investment with respect to that of the previous year. Technical and professional skills were strengthened, and English and Spanish language training continued.

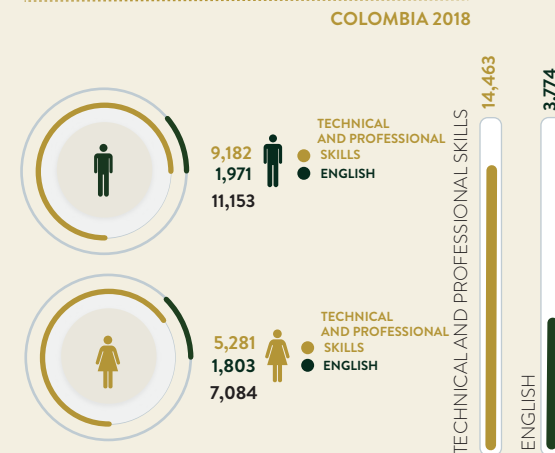
TRAINING HOURS BY EMPLOYER



TRAINING INVESTMENT

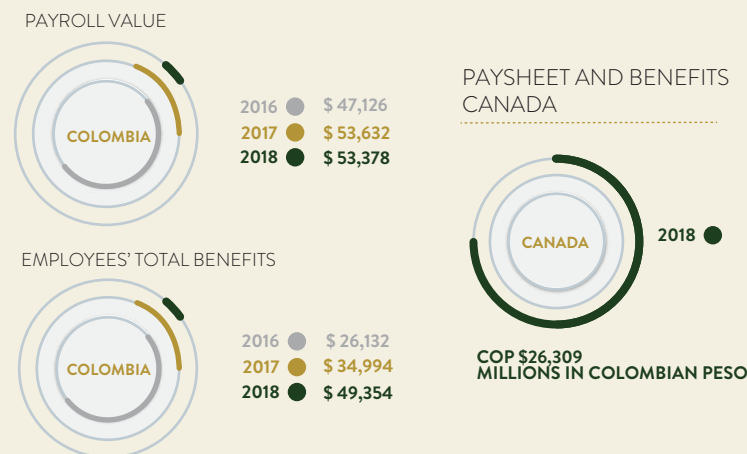


TRAINING HOURS BY GENDER



Investment in payroll remained very similar in 2018 compared to 2017.

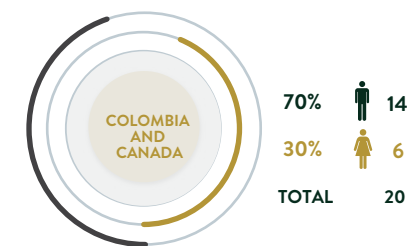
PAYSHEET AND BENEFITS (MILLIONS IN COLOMBIAN PESO)



Parex Resources has developed a portfolio of benefits for its direct employees, who can choose how to distribute them according to their needs. Some benefits relate to good performance in meeting individual and business goals, such as the Annual Performance Bonus and the Long-Term Incentive Program. The performance of all Parex Resources employees was evaluated in 2018.

One of the statutory rights enjoyed by Parex Resources employees is parental leave for both men and women. In the year covered by this report, 100% of employees who took parental leave returned to work in the period.

MATERNITY AND PARENTITY LEAVE BY GENDER



In the wellness area, Parex Resources has focused its efforts on promoting and improving the quality of life of its employees and their families through the design and implementation of activities that foster spaces for recreation, culture and sports. Keeping in mind the benefits for physical and mental health and the practice of sports as a means to promote gender equity, events such as the Sixth Bowling Tournament were held, in which more than 150 employees participated, and the 5 Women's and Men's Soccer Tournament, with the participation of 10 teams.

Cultural and artistic activities have been a key role in building and strengthening teamwork and in the development of creativity in the Company. For this reason, the "Innovation Halloween Party" event was held in 2018, namely a leisure and recreation space, where teams from the various areas designed costumes and made presentations.

On the other hand, Parex Resources sanctioned a family day and held special parties and social and recreational events to integrate the family as a key element for the well-being of employees. In 2018, the Company held its New Year's Eve celebration in the cities of Yopal, Barranca and Bogotá.

Internships for the children OF EMPLOYEES IN COLOMBIA



In 2017, Parex Resources issued a policy whereby the children of direct employees have the opportunity to complete their internships at the Company. Such practicums can be associated with technical, technological and/or undergraduate programs.

From temporary employee to direct employee

Camilo Andrés Gómez Serrato, 24, has a degree in Business Administration from the Chamber of Commerce. He is the son of Parex Resources' Administrative Coordinator, Francisco Gómez, who has already served six years at the Company, who encouraged the young man to participate in the call.

Camilo applied to Parex Resources, passed the selection process tests and began his job replacing the Legal Assistant while she was on maternity leave. In that position, he provided operational, administrative, documentary and logistical support.

Once the assignment was over, he continued to support other tasks for a few additional months and was hired later as a Junior Corporate Professional in the Legal Department of the Vice Presidency of Corporate Affairs. There, he has participated in labor audits and contract management with law firms, among others. Currently, he is in charge of the coordination of the Petitions, Complaints and Claims mechanism.

For Camilo, this experience has been enriching and valuable, both for his personal and professional life. The fact that he is the son of a long-time employee of Parex Resources does not affect his work performance. On the contrary, he considers that working at the same location with his father is very positive, because they now spend more time together and their sense of belonging to the organization is very high.

He feels happy and at ease with his colleagues: "In the team I joined everyone is good at what he or she does. They have taught me a lot of things. Now in August I'm going to start studying law. According to Camilo, "Human Talent is the organization. Without people, the Company would not exist. Each talent supports the achievement of corporate objectives, from the person who opens the door, who serves coffee or works as an engineer, to the manager, every individual's achievement is important for the organization's goals."

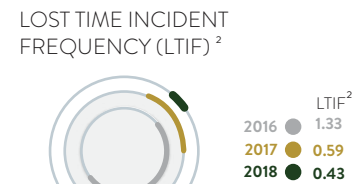


CAMILO ANDRÉS GÓMEZ
EMPLOYER PAREX RESOURCES

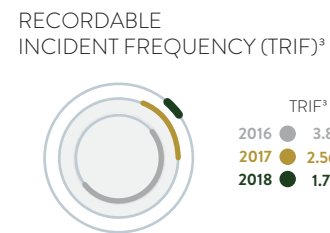
OCCUPATIONAL HEALTH AND SAFETY



DRILLING RIG
PLATO - MAGDALENA



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



$$\text{Total Recordable Incident Frequency (TRIF)} = \frac{\# \text{ total recordable incidents} * 10^6}{\text{Man-hours worked}}$$

² LTI (Lost Time Incident Frequency) refers to an accident or illness resulting from an occupational-related situation or exposure at the work environment that results in the loss of working days. FAT (Fatality) means death as a result of an accident or occupational disease.

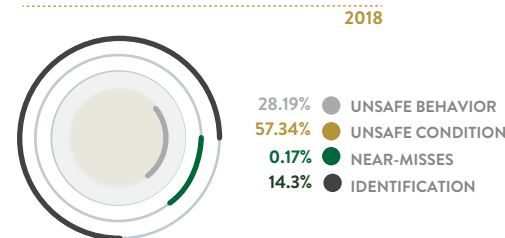
³ TRIF (Total Recordable Incident Frequency) refers to total recordable accidents, including fatalities, loss time incidents, cases of restricted work or medical treatment.

Health and Safety in the workplace remain a priority for Parex Resources. The company's senior management is responsible for reviewing internal control standards, health and safety strategies and policies, as well as the contingency response plan. Parex Resources reports to the Board of Directors through the Health, Safety & Environment and Reserves Committee on a quarterly basis not only to ensure compliance with the applicable laws and policies, but also to

identify nonconformities and contribute to decision-making on corrective actions necessary to avoid incidents or near incidents that may occur at work.

Parex Resources continued to improve its field inspection programs with the leadership of the managers of each area of the Company, as well as with the Mentor Plan, which seeks to prevent accidents of people of the community who work at the locations through coaching by the Company's employees, responsible for promoting the adoption of safe practices.

SOS CARD BY REPORT TYPE



The proposed target of reducing the lost time frequency rate, estimated at 0.54 per million hours worked was greatly exceeded by reaching 0.43. Similarly, the frequency of recordable incidents fell from 2.56 to 1.73 in 2018, which means a significant contribution to achieving safe operations.

This positive result is also explained by the satisfactory positioning and application of SOS cards among the Company's direct personnel and their extension to contractors. It is good to remember that during the last three years, Parex Resources has carried out preventive industrial safety campaigns within the framework of the Globally Harmonized System and Behavior-based Safety, SOS Cards. This model is based on the premise that "the

more observation reports there are, the greater the opportunities for improvement in establishing controls over identified risks, resulting in safer and healthier workplaces.

In 2018, 38,485 SOS cards were filled out with 93% effective closing, of which 34,875 cards, 90.62% of the total, were filled out by contractors.

It should be stressed that 85% of such reports were closed within 5 days of the date of the report, as set forth in the program. However, there is significant room for improvement insofar as 10% of contractor reports take more than 26 days to close.

ZERO (0) FATALITIES

IN PAREX RESOURCES OPERATIONS IN 2018

Based on Resolution 1111 from 2017, Parex Resources calculated absenteeism rates at 1.18%, the incidence of occupational disease at zero (0) and the prevalence of occupational disease at 0 (zero). The company has a very positive reading of these results, as they show effectiveness in the management of the health and safety of employees.

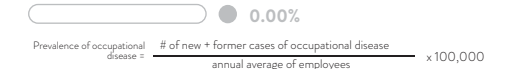
WORK ABSENTEEISM



INCIDENCE



PREVALENCE





RUMBA BLOCK
AGUAZUL- CASANARE

On the other hand, Parex Resources has sought to reduce road accidents involving transporters who provide services to the Company. Through the Mejorando Ando program (I am improving), the Company designed and implemented mechanisms to identify inappropriate driving habits and other risk factors, such as vehicle readiness and maintenance.

In 2018, the road accident reduction target that had been proposed at 0.92 was surpassed by reaching an MVA of 0.53. This result is remarkable, not only because of the substantial reduction in the number of events, but also because gas transport trucks and passenger vehicles were included in the monitoring and control program.

MOTOR VEHICLE ACCIDENT FREQUENCY

(MVA)

2017 1.02 MVA

2018 0.53 MVA

$$MVA = \frac{\text{\# of total recordable motor vehicle accidents}}{\text{\# of total of kilometers driven}} \times 1,000,000$$



CAMPO KITARO
ALEJANDRA RODRIGUEZ

COPASST

In compliance with the Colombian law, Parex Resources heads a Joint Occupational Safety and Health Committee, COPASST, which represents all of its employees by appointing four principal members and their respective alternates, who are elected every two years by the Company's direct employees and management.

As an organization that promotes and monitors occupational health rules and regulations, the Committee met every month during 2018 in order to follow up on the activities scheduled by the HS area in terms of OSH programs, audits, and training in occupational safety and health.

The committee is aimed at promoting the self-care culture and the adoption of healthy habits for all employees. That is why its annual program includes the implementation of activities, such as active and psycho-emotional breaks and healthy eating talks, among others.

In 2018, a campaign was launched to send out monthly bulletins on issues that employees and their families should take into account during holidays such as Halloween, New Year's Eve, vacations, review of first-aid kits and fire extinguishers at home, among other aspects.

In 2019, the company will continue to work through its self-care campaigns by supporting the "Parex Sustainable" project, which aims at contributing to the commitment to caring for the environment, health and safety.

LEGAL COMPLIANCE AND GOOD ENVIRONMENTAL PRACTICES



PAREX RESOURCES

regulations is a critical part of Parex Resources' business strategy

Compliance with current environmental regulations is a critical part of Parex Resources' business strategy. The company conducts environmental impact studies in accordance with the Terms of Reference established by the national government to obtain environmental licenses and has management plans to prevent, mitigate and/or compensate potential impacts of its operations.

The Company also strives to demonstrate its commitment to the environment through the application of good practices that harmonize with global expectations for the conservation of the planet.

Parex Resources carries out internal and external audits to assess the level of compliance with current environmental regulations as well as to define corrective measures and future goals.

During the year covered by this report, Parex Resources did not receive any environmental sanctions or penalties.

Within the framework of its risk management and to prevent or avoid damage to the environment, Parex Resources adopts the Precautionary Principle.

ZERO (0) ENVIRONMENTAL

SANCTIONS OR PENALTIES IN 2018

CLIMATE CHANGE



Parex Resources recognizes the possible operational, financial, reputational and, generally speaking, business development risks that may arise from climate change and the absence of appropriate mitigation measures.

The Company understands the importance that its stakeholders give to climate change and the expectation they have in the implementation of strong corporate policies and practices that reduce their footprint on the environment. For these reasons, with the firm purpose of aligning with the highest international standards, a corporate decision was made to prioritize the first inventory of greenhouse gases generated from corporate operations. The 2017 inventory was prepared with the support of qualified third-party consultants and was considered as a baseline for the following years. During 2018, the Company strengthened its commitment.

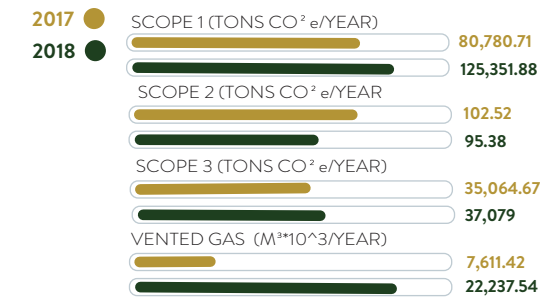
Governments around the world have been focusing their efforts on regulating greenhouse gas (GHG) emissions and monitoring GHG emissions. Colombia has also legislated in this regard. Law

1931, dated the 27th of July 2018, established the guidelines aimed at ruling the management of climate change for the public and private sectors.

Likewise, the Colombian Low Carbon Development Strategy and the National Strategy for the Reduction of Greenhouse Gas Emissions from Deforestation and Forest Degradation (REDD) promote the adoption of short, medium and long-term plans and sectoral measures for energy mitigation and efficiency, including the oil and gas sectors, which are aimed at achieving the goals set forth by the Mining and Energy Planning Unit (UPME) of the Ministry of Mines and Energy.

The Parex Resources' senior management is responsible for reviewing the internal control standards, as well as for managing policies and strategies related to the care of the environment. The management must report to the Board of Directors on a quarterly basis through the Health, Safety &

GREENHOUSE GASES



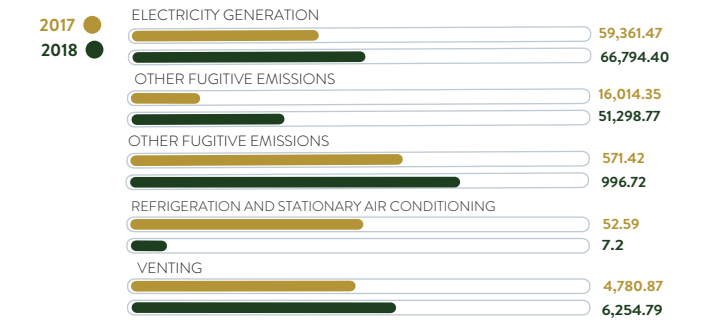
Environment and the Reserves Committee on legal, regulatory and policy compliance, and emerging trends related to these issues and those of interest to regulatory agencies, consultants and auditors. Such committee contributes to the Company's ability to correct actions that are not in compliance with the law and standards.

During 2018, the Company hired the same consulting firm to complete the GHG or Carbon Footprint inventory of its operations, in accordance with the Colombian Technical Standard ISO 14064-1. The emission forecast was prepared according to the methodology of the Intergovernmental Panel of Experts on Climate Change (IPCC). The focus of the consolidation of emissions was operational control. The inventory was developed through the operational analysis of the fields that are directly operated by Parex Resources.

The gases measured were: CO₂, CH₄, N₂O and HFC. To calculate their emission levels, the data on the extent to which human activity takes place (AD activity data) was combined with the coefficients that quantify the emissions or absorptions per unit activity (EF Emission Factors). The FE was then reported by the Colombian Fuel Emission Factors, FECOC, and the IPCC according to the arithmetic average for FE with asymmetric uncertainty. The global warming potential of each of the GHGs included in the report was taken from the IPCC's fourth assessment report (2007), according to the radioactive capacity of each gas in the atmosphere for a period of 100 years.

The variation in Scope 1 emissions, with respect to the data provided in 2017, is mainly due to the increase in the emissions factor caused by higher gas flaring in the Capachos field operations, in the department of Arauca, and Aguas Blancas, in the department of Santander, which reflect the expansion of the business during 2018.

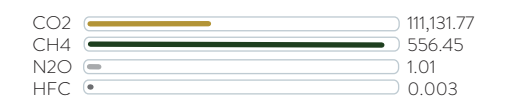
DIRECT GHG EMISSIONS (TON CO₂e)



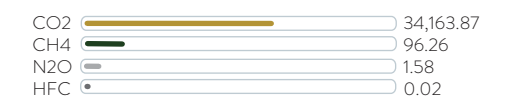
In 2019, Parex Resources will build one (1) gas plant in each of those fields to use the gas. This will substantially reduce the burning of fuel and the release of CO₂ into the atmosphere.

In 2018, the Company could not consolidate all the information necessary to estimate the Biogenic CO₂ levels, but the indicator is expected to be reported again by 2019.

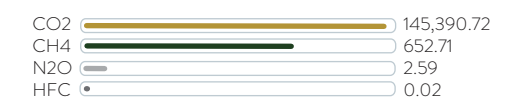
DIRECT EMISSION 2018 (TON)



INDIRECT EMISSIONS 2018 (TON)



TOTAL EMISSIONS 2018 (TON)



PARTNERSHIPS FOR CLIMATE

RISK MANAGEMENT



WEATHER RADAR
CARIMAGUA - META

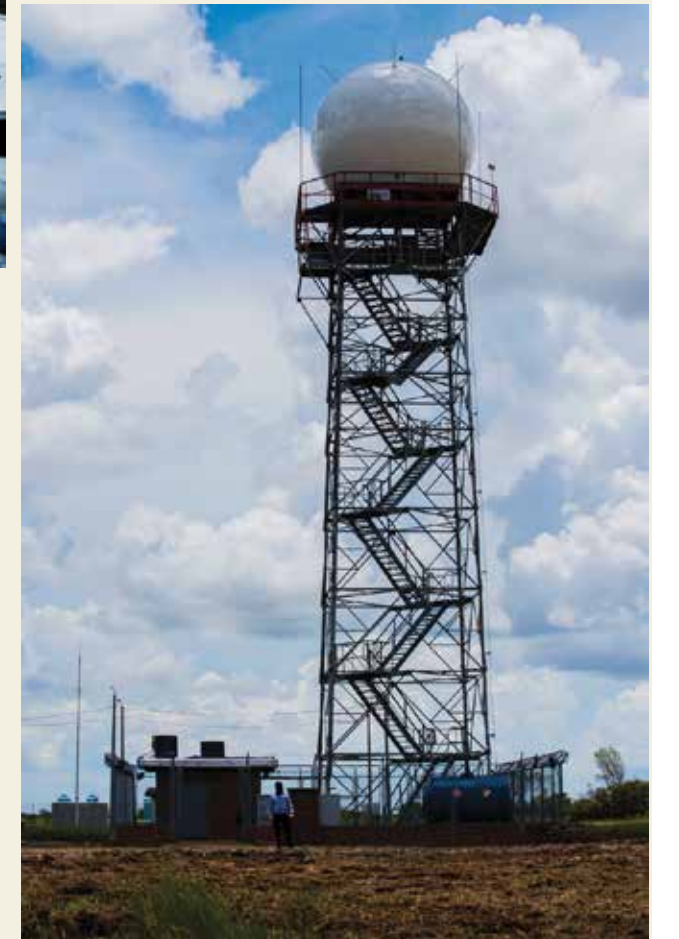
Weather radar

Parex Resources and the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) reached an agreement for the construction, installation and operation of a weather radar in the village of Carimagua, located between the departments of Meta and Vichada. The Ministry of Environment and Sustainable Development and the National Environmental Licensing Authority, ANLA, supported the agreement as a strategic partner.

The project will facilitate the collection and processing of hydrometeorological data in real time, which will make it possible to observe weather conditions, such as temperature, cloud cover, wind speed, relative humidity and atmospheric pressure, among other things, to more efficiently predict rainfall, drought periods, dangerous phenomena, and risk management.

SDG 13 CLIMATE CHANGE

"Taking urgent action to combat climate change and its effects"



Parex Resources' investment amounts to COP \$7.5 billion and its activities are meant to comply with the 1% environmental obligations associated with the environmental licenses for exploration and exploitation of hydrocarbons granted by the National Environmental Licensing Authority (ANLA). Thanks to the agreement, several departments of the country will benefit, such as Casanare, Boyacá, Cundinamarca, Arauca, Meta and Vichada.

"Colombia is a country that is heavily impacted by natural phenomena, such as landslides, overflows, torrential floods and heavy rains. Monitoring with advanced technology provided by Parex Resources allows us to provide timely alerts to exposed communities and better manage risk". Meri Fernandez, Head of IDEAM's Office of Forecasting and Warning.

Community Environmental PROMOTERS



Thanks to this program, Parex Resources promoted the environmental training of leaders and inhabitants of 9 municipalities in the department of Casanare. It promoted and qualified the participation and oversight of the community by providing tools and knowledge on topics, such as water management, biodiversity, reforestation, waste management and recycling, among others, so that graduates can ensure the protection and preservation of natural resources in their territories.

SDG 13 CLIMATE CHANGE

"Improving education, awareness and human and institutional capacity for climate change mitigation, its adaptation, reducing its effects and early warning".

This initiative, which began in 2017 and ended in 2018, is part of a 1% environmental investment obligation. ADSAMBIENTE supported the process, which was made possible thanks to the partnership between Parex Resources and the National Learning Service (SENA). Among the last graduates of the program is Gloria Moncada Ruiz, environmental leader of the village of Santa Helena de Upía, located in the municipality of Villanueva, department of Casanare, who says: "With Parex, we had the opportunity to develop a project that allowed 20 people to be trained as Environmental Promoters through SENA. We carried out a cleaning and recovery project on the lagoon. A lot of garbage had been thrown there and people did not consider saying: "you should not do that". They didn't handle concrete information about the damage being done to the environment."

As Gloria explained, the whole community participated in the improvement of the lagoon. A community mandate was made, and three days were devoted to garbage collection, repairs and water body reclamation. As a result of the educational talks given by the promoters to the families of the village and at local schools, there is now more awareness and commitment to keeping the lagoon, rivers, streams and, generally, the natural surrounding environment clean.

In 2019, the communities and their Environmental Promoters will lead education and management process to be applied to environmental projects aimed at improving the environmental conditions. In turn, Parex Resources will support two reforestation projects that have been identified, formulated and led by the Environmental Promoters.



USE OF ENERGY



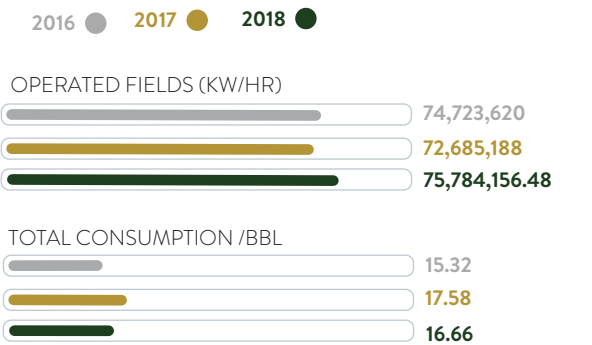
CARMENTEA BLOCK
TAURAMENA - CASANARE

Parex Resources understands that energy conservation not only strengthens economic performance, but also reduces one of the factors that contribute to climate change. For this reason, the Company tracks down energy loads in all its operated fields on a daily basis. The efforts are deployed to optimize the use of diesel, crude oil and gas in the processes required by the operations. Using the information collected from each field, the Company compiles its power generation records in terms of kilowatts/hour (Kw/hr). The total electric power generation in 2018 reached 75,784,156.48 Kw/hr.

In 2018 the total consumption of energy from non-renewable sources plus the consumption of electricity in the Kona field and the offices of Parex Resources was 1,074 terajoules. On the other hand, the total electricity consumption of the organization was 2.7 terajoules⁴, equivalent to 763,454 Kw/hr.

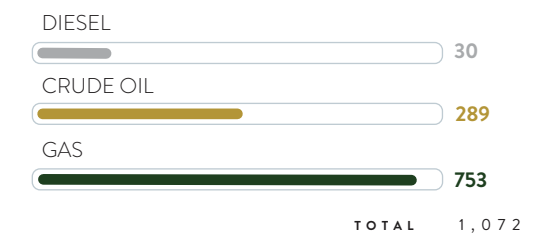
The 2018 information on energy consumption will serve as a baseline for the coming years.

AVERAGE OF FIELD GENERATED ENERGY ¹



¹ In its sustainability report from 2017, Parex Resources reported indexes associated to Electric Energy Consumption, however, this concerns the amount of available energy for operations and not the consumption made by the Company. In the current report from 2018, these indexes are presented in the table named Average of field generated energy.

TOTAL CONSUMPTION OF NON-RENEWABLE ENERGY SOURCES (TERAJOULES)



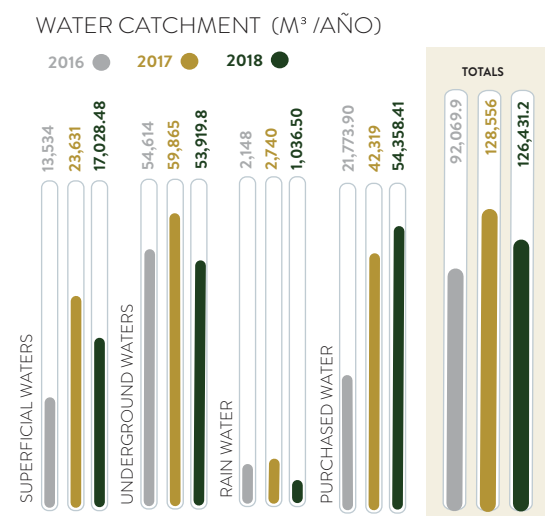
⁴ The following formula was used to calculate the consumption of energy in joules: 1 Kw/hr = 3,600,000 joules

WATER MANAGEMENT



Parex Resources is committed to the efficient use of water resources through the protection of water sources and good practices. If carried out within the framework of its operation, collection of surface water and groundwater is authorized by Environmental Licenses and monitored by the competent Colombian authorities. Parex Resources' priority is not only to prevent impact on water, but also to contribute to the conservation of strategic water sources for the communities.

In order to guarantee water management, the Company performs permanent monitoring of water sources.



It should be stressed that in 2017, Parex reported that it acquired water from municipal supply or other water companies. Therefore, in 2018 the report core is focused on purchased water, which is not comparable to the previous one.

The recorded water collection values are obtained from readings duly calibrated, certified flow meters. Such measurements are obtained both at the collection points and from the consumption records of every operational activity carried out by the Company.

In 2018 there was an increase in total water consumption compared to 2017 due to the drilling activities carried out in the Capachos, Cabrestero and Aguas Blancas blocks. Surface water was collected from the Capachos and Cabrestero blocks. The decrease in groundwater collection is due to the temporary suspension of the water supply in the Llanos 40 block.

Purchased water levels show an increase in 2018, as the number of drilling campaigns in the Aguas Blancas field increased. This also happened as a result of the temporary suspension of groundwater collection in Llanos 40.

Water Reuse

To reduce the demand for water for operations at authorized collection points, Parex Resources conducts water reuse processes. Production water is re-injected to maintain reservoir pressure, to prepare drilling muds and ensure well maintenance.

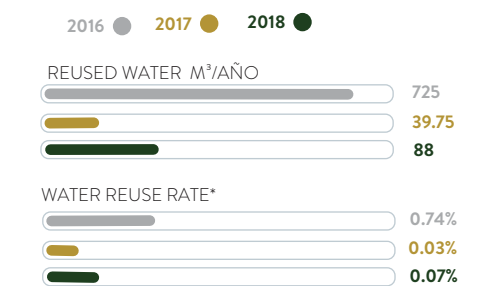
In 2018, water reuse volumes exceeded 200% compared to the previous year, thereby reaching 88 m³ in the current reporting period.

AIR QUALITY

Parex Resources continued to work with the GR Prodycon laboratory to monitor air quality and ensure compliance with standards. Likewise, noise measurement equipment was also available in all fields to maintain the permissible limits.



VOLUMES AND RATES OF WATER REUSE



$$\text{Water reuse rate} = \frac{\text{Volume of reused water} * 100}{\text{Volume of total caught water}}$$

WATER PROTECTION PROJECTS



The Tinije lagoon

The Tinije lagoon is a natural reserve rich in biodiversity, located in the villages of Graciela, Agualinda and Mararabe, in the municipalities of Aguazul and Maní, department of Casanare, area of influence of the Rumba field of Parex Resources. "Tinije" comes from the indigenous word titiriji, which means moriche, a palm species that borders the lagoon.

The Tinije lagoon is a protected area of regional category, declared a Regional District of Integrated Management (DRMI) by Corporinoquia.

In 2018, in compliance with its environmental obligations, Parex Resources conducted a study to delimit and establish the environmental value of the district's areas, ensured water quality monitoring and formulated an Environmental Management Plan (EMP).

Through this study, we identified areas that are far from the project, which should be the subject of the restoration of the land impacted by human activities. Parex Resources proposed the establishment of ecological corridors that guarantee their protection and preservation. On the other hand, the monitoring and analysis processes have proved that the Company's operations do not alter the quality of the water, although the water bodies are affected by multiple human activities that are carried out in the area.

In collaboration with Corporinoquia, Parex Resources has held twenty-two (22) meetings with the participation of local authorities and communities from six (6) villages in the municipality of Aguazul (San Rafael, Agua Linda, Guadalupe, Altamira, Bellavista, Palo Solo) and two (2) other villages in the municipality of Maní (El Viso and Mararabe). In those areas, the findings of the water quality monitoring processes have been released to the public and the population is now aware of the importance of taking care of natural resources. The report on the district's current status and the proposal to improve and maintain the natural resources in the DRMI regional category was submitted as well. Monitoring will resume in 2019.



POMCA and the Cusiana River Basin

Thanks to an agreement reached with the Government of Casanare and the Regional Autonomous Corporation of the Orinoquia - Corporinoquia, Parex Resources has been supporting the process of formulating and updating the Plan for the Management of the Cusiana River Basin. That is an important source of water for Casanare, which originates in the department of Boyacá and, along the way, flows near the Rumba field of Parex Resources.

The POMCA Cusiana project will establish and regulate the activities that can be carried out along the course of the river, which will therefore define other management strategies for the basin. Parex Resources invested COP \$2.2 billion/USD \$744,140 (voluntary resources). Corporinoquia is heading the process and the aforementioned studies are underway.

On the other hand, between Laguna del Tinije and the Cusiana River, the Bocachico Reserve Regional Integrated Management District can be found, which is a protected area for conservation and sustainable use. In that region Parex Resources has also shown its environmental commitment by conducting water monitoring and fauna and flora studies on a voluntary basis to raise the baseline, which is key for the definition of the District's Management Strategy.

Other activities

In order to contribute to the protection of Laguna La Graciela and Río Cusiana, Parex Resources selected 20 hectares of native forest species, such as oak, carob tree, moriche, moro maroño, among others, in the area of influence of the Rumba field. The Company will ensure the sowing process for three years, i.e. until 2020.

DISPOSAL OF WASTE



GAS PLANT
TAURAMENA - CASANARE

According to Colombian legislation (Decree 1076 of 2015), waste or residues involve material objects, substances, elements or products, regardless of their solid, liquid or gaseous state, which are discarded or rejected by those who generate them, because they cannot be reused. Parex Resources classifies such waste as recyclable, polluted, common and organic and it disposes of it through the mechanisms authorized for each type of waste.

The Company has an Integrated Solid Waste and Materials Management Plan. According to the latter, it disposes of hazardous waste and chemical product packaging through specialized third parties. The oily waste generated at the production stations enters the system by means of a recirculation process, either through the addition of chemical substances or by other means.

CUTS AND DRILLING

MUDS

Cuts and sludges represent significant volumes of waste generated during the exploratory drilling phase, a process in which the Company prohibits the use of benzene and sulfur. The correct disposal of said waste is carried out with a view to preventing the contamination of soils and water bodies. Parex Resources carries out the analysis and control of solid waste to guarantee its final disposal through specialized third parties, in accordance with the regulations in force in the country and international standards.

In 2018, 232,246 barrels of drilling cuts were generated without sludge, which represents an increase compared to the previous year due to an increase in drilling activity.

Other auxiliary materials from non-renewable sources used in the operations, such as drag material and quarry for improving roads, lubricants, fuels and chemical products, are also delivered to authorized third parties for treatment and final disposal.

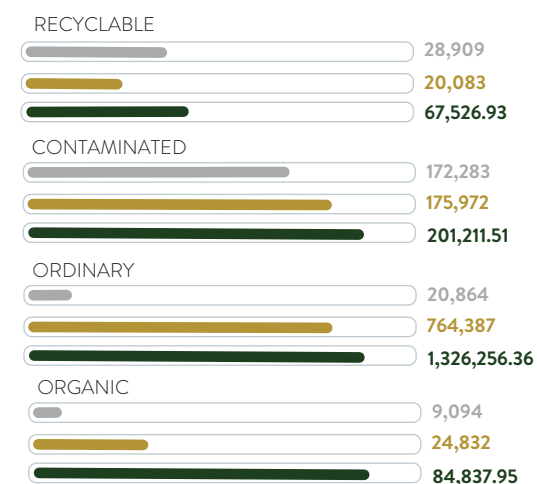
A significant increase in organic and ordinary waste has been noticed as a result of the drilling campaigns carried out during the period covered by this report.

On the other hand, the drag-out and quarry material represented 99,901 m³ in 2018, which was deposited by third parties in authorized dump sites.

Parex Resources partially used recyclable materials in projects of social interest, such as plastic pipe caps to create playgrounds and manufacture baskets for women. Other waste, such as metal and plastic buckets, was reused in the operation.

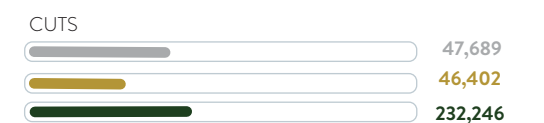
WASTE DISPOSAL (KGS)

2016 2017 2018



CUTS AND DRILLING MUDS (BBLS/YEAR) (BBLS/AÑO)

2016 2017 2018



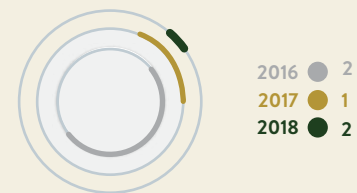
SPILLS

In order to prevent and mitigate environmental damage that may occur from oil spills, the Company is working hard to design facilities that can be operated safely. It also promotes operational integrity management programs, conducts training activities for employees and contractors, promotes the improvement of equipment and facilities, and implements monitoring and inspection programs. All of the above is done in conjunction with national and regional authorities.

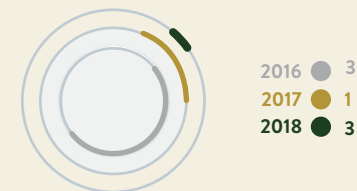
One of the risks associated with hydrocarbon operations is crude oil spills and their potential impact on the environment. For this reason, environmental authorities require companies to have adequate contingency plans that will allow them to respond in a timely and efficient manner if an incident of this type occurs, thereby preventing possible environmental damage.

In 2018, an oil spill occurred in the Casona field of Parex Resources and, thanks to the implementation of the Company's Contingency Plan, immediate attention and intervention was provided in the affected areas. Appropriate clean-up was carried out and the Oil Spill Eater II - OSE II technology was implemented, thereby achieving the decontamination of these areas and obtaining positive results in the percentage of total petroleum hydrocarbons (TPH). The measurement parameters used were those established by the Louisiana Standard 29B. Finally, it was found that the measures taken by the Company to address the contingency and soil stabilization at that point were correct.

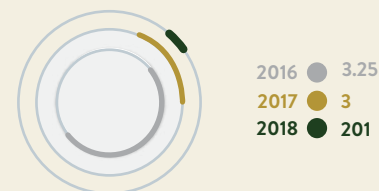
NUMBER OF SPILLS DURING OPERATION



NUMBER OF SPILLS DURING TRANSPORTATION



VOLUME OF SPILLS DURING OPERATIONS



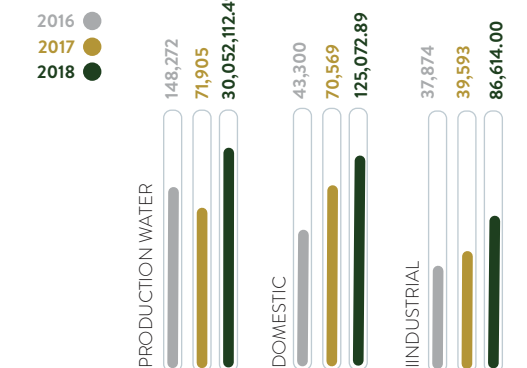
VOLUME OF SPILLS DURING TRANSPORTATION



DISCHARGES

Parex Resources does not discharge water bodies or soils into the environment. Domestic, industrial and production wastewater is either re-injected after receiving the treatment required by law or delivered to authorized third parties who are responsible for their proper disposal.

DISCHARGES (BBLs)



The increase in Parex Resources' exploration activities in 2018 generated a significant increase in production waters that were re-injected or reused in drilling processes or delivered to third parties, as indicated above.

PROTECTING BIODIVERSITY



CABRESTERO BLOCK
VÍA SANTA HELENA DE UPÍA,
MUNICIPALITY OF VILLANUEVA

SDG 15
LIFE OF EARTH
ECOSYSTEMS

“Deforestation control and
sustainable forest
management”

Parex Resources supports initiatives to increase knowledge of the fauna and flora of the regions where it operates. Environmental management plans and strategies are also implemented to respect and protect biodiversity. In its licensing and authorization processes to use natural resources, it has identified populations of species that are on red lists and national and international endangered species to establish environmental measures to mitigate impacts and promote non-impact during the execution of its operations.

The Company recognizes the vulnerability of Colombia's fauna megabiodiversity and the accelerated rate of loss and fragility of ecosystems. For this reason, with the support of the UNITROPICO Foundation, conservation studies were conducted on two endangered species listed on the Red List: the *Podocnemis expansa* and *Podocnemis unifilis* turtles that live in the Orinoquia. It should be stressed that in all the Company's operating areas, campaigns are carried out to prevent fauna violation, including signposting of strategic sites for the passage of fauna, as well as workshops to raise awareness on the preservation and care of the territory's biodiversity.

On the other hand, aware of the impact of forest exploitation on the fauna of wild vertebrates and the habitats they occupy within the operating areas, in order to meet the requirements of the competent environmental authorities, Parex Resources proposed a contingency plan aimed at minimizing the impact on biodiversity.

To this end, the "Wildlife Management Work and Operational Plan" was created, which was filed and approved by the Santander Regional Autonomous Corporation (CAS). This organization established the activities that are necessary to ensure the repelling, rescue, attention, valuation, translocation and release of wildlife specimens associated with the areas where forests are exploited, as well as the preliminary fauna characterization of the areas proposed as potential sites for the release of wildlife from the Aguas Blancas field.

Endangered Species

MIDDLE MAGDALENA

LIST OF AMPHIBIANS WITH A CERTAIN DEGREE OF ENDANGERMENT IN MIDDLE MAGDALENA				
ORDER	FAMILY	SPECIES	THREAT CATEGORY UICN	RES 1912
Caudata	Plethodontidae	<i>Bolitoglossa lozanoi</i>	DD	VU
Conventions: Critical Risk (CR), Endangered (EN), Vulnerable (VU), Near Threatened (NT), Least Concern (LC), Deficient Data (DD), CITES Appendices: I; II and III.				

LIST OF REPTILES WITH A CERTAIN DEGREE OF ENDANGERMENT IN MIDDLE MAGDALENA				
ORDER	FAMILY	SPECIES	THREAT CATEGORY UICN	RES 1912
	Kinosternidae	<i>Kinostemon scorpioides</i>	–	VU
Testudinata	Podocnemididae	<i>Podocnemis lewyana</i>	CR	EN
	Testudinidae	<i>Chelonoidis carbonarius</i>	–	CR
Conventions: Critical Risk (CR), Endangered (EN), Vulnerable (VU), Near Threatened (NT), Least Concern (LC), Deficient Data (DD), CITES Appendices: I; II and III.				

LIST OF BIRDS WITH A CERTAIN DEGREE OF ENDANGERMENT IN MIDDLE MAGDALENA				
ORDER	FAMILY	SPECIES	THREAT CATEGORY RES. 1912	UICN
Anseriformes	Anhimidae	<i>Chauna chavaria</i>	VU	NT
		<i>Pauxi pauxi</i>	EN	EN
Galliformes	Cracidae	<i>Crax albertii</i>	CR	CR
		<i>Pyrrhila pyrrhila</i>	VU	NT
Psittaciformes	Psittacidae	<i>Ara militaris</i>	VU	VU
Conventions: Critical Risk (CR), Endangered (EN), Vulnerable (VU), Near Threatened (NT), Least Concern (LC), Deficient Data (DD), CITES Appendices: I; II and III.				

LIST OF MAMMALS WITH A CERTAIN DEGREE OF ENDANGERMENT IN MIDDLE MAGDALENA				
ORDER	FAMILY	SPECIES	THREAT CATEGORY IUCN	RES 1912
Carnivore		<i>Leopardus pardalis</i>	LC	NT
	Felidae	<i>Leopardus wiedii</i>	NT	NT
		<i>Panthera onca</i>	NT	VU
	Mustelidae	<i>Lontra longicaudis</i>	DD	VU
Primates	Atelidae	<i>Ateles hybridus</i>	CR	CR
	Aotidae	<i>Aotus griseimembra</i>	VU	VU
Artiodactyla	Tayassuidae	<i>Tayassu pecari</i>	VU	-
Conventions: Critical Risk (CR), Endangered (EN), Vulnerable (VU), Near Threatened (NT), Least Concern (LC), Deficient Data (DD), CITES Appendices: I; II and III.				

Endangered Species

ORINOQUIA

CLASS	ORDER	FAMILY	SPECIES	THREAT CATEGORY	
				Resolution 1912 from 2017	UICN
Amphibia	Anura	Centrolenidae	Hyalinobatrachium esmeralda		EN
Reptiles	Testudines	Podocnemididae	Podocnemis expansa	CR	
		Testudinidae	Podocnemis unifilis	EN	VU
			Chelonoidis carbonarius	VU	
Birds	Anseriformes	Anatidae	Oressochen jubatus	VU	NT
	Galliformes	Cracidae	Crax alector		VU
		Odontophoridae	Odontophorus strophium	EN	CR
	Columbiformes	Columbidae	Patagioenas subvinacea		VU
	Psittaciformes	Psittacidae	Ara militaris	VU	VU
			Pyrrhura calliptera	VU	VU
	Passeriformes	Parulidae	Dendroica cerulea		VU
Mammals	Cingulata	Dasypodidae	Priodontes maximus	EN	VU
			Myrmecophaga tridactyla	VU	NT
	Pilosa	Aotidae	Aotus lemurinus	VU	LC
			Alouatta seniculus	CR	CR
			Ateles belzebuth	VU	VU
	Primates	Atelidae	Lagothrix lugens		VU
			Saguinus inustus		VU
			Lontra longicaudis	VU	DD
			Pteronura brasiliensis	EN	EN
	Carnivore	Felidae	Panthera onca	VU	NT
			Leopardus tigrinus	VU	VU
			Herpailurus yagouaroundi	LC	
			Lycalopex culpaeus	LC	VU
	Perissodactyla	Tapiridae	Tapirus terrestris	VU	VU
CONVENTIONS Deficient Data (DD), Least concern (LC), Vulnerable (VU), Endangered (EN), Critically endangered (CR)					

BIODIVERSITY INITIATIVES

Behind the Galápaga footprint



The Galápaga Sabanero is a long-necked turtle, namely one of 28 continental turtles that live in Colombia and it is found in the flooded savannas of the Orinoco, between Colombia and Venezuela. Around 200 years ago, the scientist Alexander von Humboldt was already alarmed about the risk of harm to that species called Podocnemis vogli.



Nowadays, its existence is still at stake, and that is why Parex Resources, in partnership with the UNITRÓPICO University, launched a project to study the diversity of blood parasites in this species for its protection and conservation. Throughout the execution of the project (2015-2018), a research process and field work were performed, which resonated with the technical and observation studies developed at the Natural Reserve of the Civil Society of Hato La Esperanza, in the floodable savannah of Paz de Ariporo - Casanare.

In 2018, the research phase was completed, and the results were recorded and will be published and delivered in mid-2019. It is the first printed document on the said species and will be of great value to the region.

Likewise, as it has been done in recent years in the context of the project, in 2018 actions were carried out to protect, monitor and release 800 turtles. According to Jorge Rondón, a researcher at UNITRÓPICO, "it is about protecting the hatchlings from their spawning so that they are born healthy. We wait until their armour or shell is sufficiently rigid to release them safely, without the risk of being attacked by predators".

The release of the Galápagos was carried out with the participation of children from the village of Caño Chiquito, municipality of Paz de Ariporo, who contribute to the care process and are part of the environmental awareness and harmony program that is being developed in their territory, called Huella Galápaga.

In addition, with the support of students from the Unitrópico Environmental Biology program, researchers from the National University of Colombia, and the Parex Resources environmental professionals, awareness and education-oriented activities were conducted for the academic community of the La Esperanza school in Caño Chiquito.

This project ratifies the Company's commitment to preserving the species and natural habitats of the regions where it operates.

Protecting other VULNERABLE SPECIES



The spider monkey (*Ateles hybridus*), the blue-billed curassow (*Crax alberti*) and the morrocoy turtle (*Chelonoidis carbonaria*) inhabit the Serranías de las Quinchas Regional Natural Park. The three species were identified and prioritized as endangered, critically endangered and endangered, by studies conducted in the wildlife area of the Corporación Autónoma Regional de Boyacá (Corpoboyacá).

Considering the vulnerable situation of those animals and complying with the management plans submitted in the Environmental Impact Study, in 2018 Parex Resources agreed on a joint action with Corpoboyacá and the Pedagogical and Technological University of Colombia UPTC, to anticipate the characterization of population aspects and habitat use in relation to the existing ecosystems of those species.

By relying on specialized baseline technical information, the design of conservation and monitoring plans will be possible for the focal species of the Serranía de Las Quinchas Regional Park. This includes the status of the biotic wealth that contributes to the sustainability of the main ecological structure and the maintenance of strategic ecosystems, such as the paramo, the Andean forest, dry forests, tropical humid forests and wetlands, which are all key to biodiversity conservation.

The project will be implemented in nine (9) months, and during 2019 most of the research process will be carried out. Community involvement and the participation of local researchers will be promoted. In addition, a publication will be released containing all the scientific knowledge obtained.

Complementary investment action of 1% and environmental compensation

Within the framework of the obligations of the VMM-11 block, in 2019 Parex Resources will install 25 kilometers of fence to protect the areas in the Serranías de las Quinchas Regional Park. This is aimed at preventing cattle activity by the communities that still live in the park, which might impact the protected areas.

In addition, the purchase of the Brussels property is scheduled as part of the strategy of property sanitation and conservation.



Caring for threatened flora

In its commitment to protect and preserve natural resources, Parex Resources joined a cedar - *Cedrela odorata* - care initiative, led by Corporación Autónoma de Santander - CAS and carried out at schools, in the municipality of Simacota, department of Santander.

Through an environmental education and entrepreneurship strategy, students and teachers have been involved in safeguarding the plant, which falls on the endangered category. In addition to providing training, the construction of small cedar nurseries is currently being promoted to secure the necessary plants for reforestation.

In 2018, Parex Resources delivered 1,100 seedlings to start the nurseries. In 2019, reforestation campaigns will be developed by the student community, which will be led by CAS in conservation sensitive areas. Through this reclamation process and direct bond with nature, the Company seeks to create awareness on care and environmental co-accountability-related actions among students and their families.

REFORESTATION



SDG 15
LIFE OF
EARTH
ECOSYSTEMS.

"Deforestation control and sustainable forest management"

Agroforestry systems as a reclamation strategy

Within the framework of forest compensation associated with its operations, Parex Resources is developing an ecological recovery process of environmentally degraded areas through the establishment of 400 hectares of agroforestry systems with cocoa in the municipalities of Aguazul, Maní, Nunchía, Paz de Ariporo, Pore, Trinidad, San Luis de Palenque, Yopal, Tauramena and Villanueva in the department of Casanare.

400 HECTARES

OF AGROFORESTRY
SYSTEMS WITH COCOA



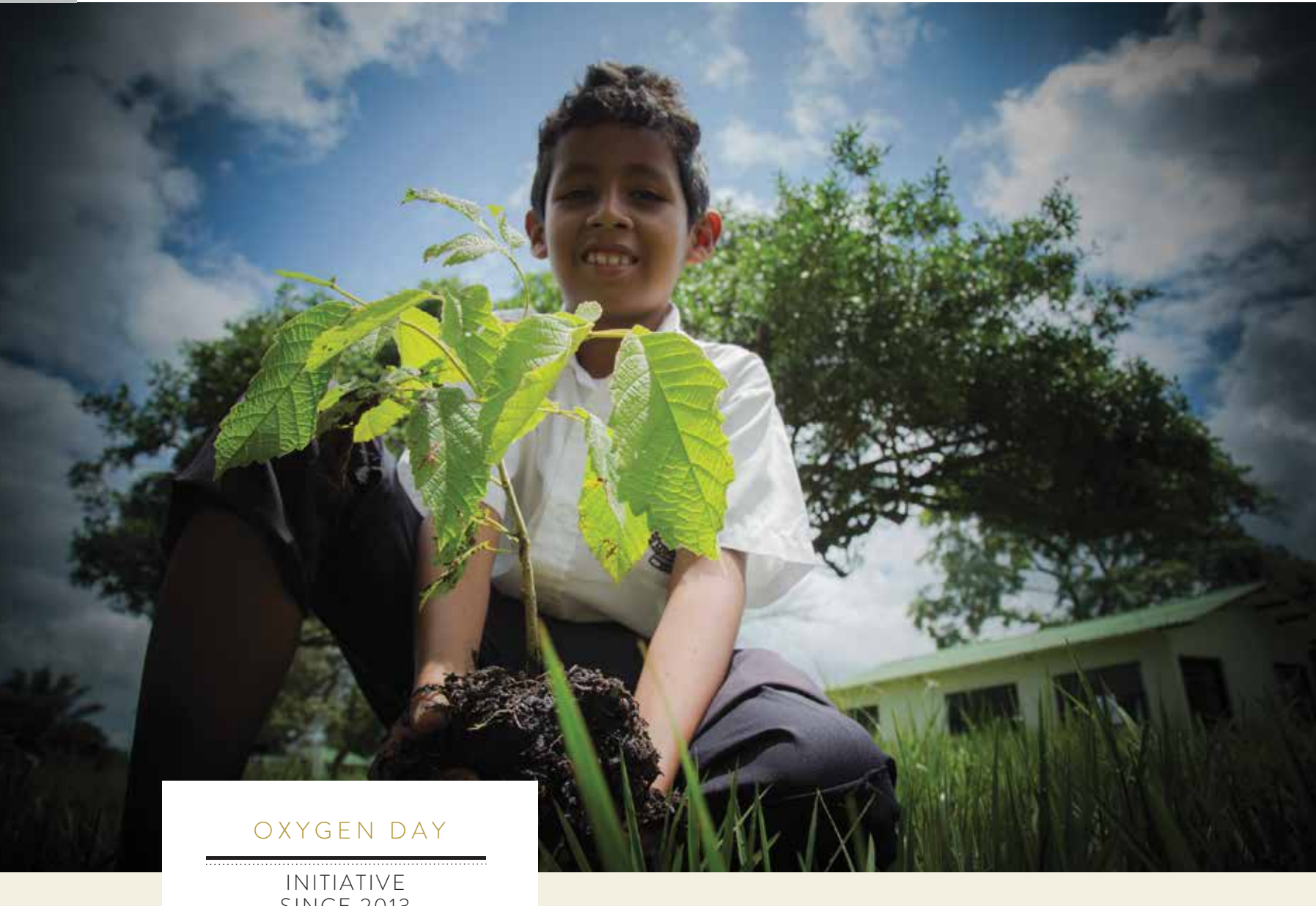
Why agroforestry with cocoa?

On one hand, because it encourages and diversifies one business line of the local economy with a low agricultural impact crop that requires low levels of agrochemicals and pesticides. On the other hand, because it has two major environmental benefits: the generation of habitat for biodiversity, which allows the functions of a forest, and the generation of biomass, which allows the capture of carbon.

In 2018, calls and agreements with producers and environmental authorities (ANLA) took place. 1,250 hectares were evaluated, and 200 beneficiaries were selected who, on average, will plant 2 hectares of cocoa each. Farm plans were also defined and technical assistance to support the workshops was provided.

According to Sigifredo Acevedo, teacher, environmental specialist and farmer, cocoa cultivation has been very beneficial for Casanare. He thanks Parex Resources for the technical support he has received over the last eight months. His expectation is that the people of Casanare will envision cocoa as a good economic alternative to livestock.

In 2019, the crop installation and expansion works will begin. For this purpose, Parex Resources and its strategic partner, Fedecacao, will provide technical and economic support and will follow up the process for three years.



OXYGEN DAY

INITIATIVE
SINCE 2013

SDG 15 LIFE OF EARTH ECOSYSTEMS

"Deforestation control and
sustainable forest
management"

With the aim of deepening knowledge and sensitizing communities to the need to counteract climate change and mitigate its effects, Parex Resources supports the "Oxygen Day" initiative since 2013. This initiative features the broad participation of the inhabitants of the area of influence of the Company's operations and the support of firefighters, the Civil Defense, public service bodies, mayor's offices, environmental associations, educational institutions and the police.

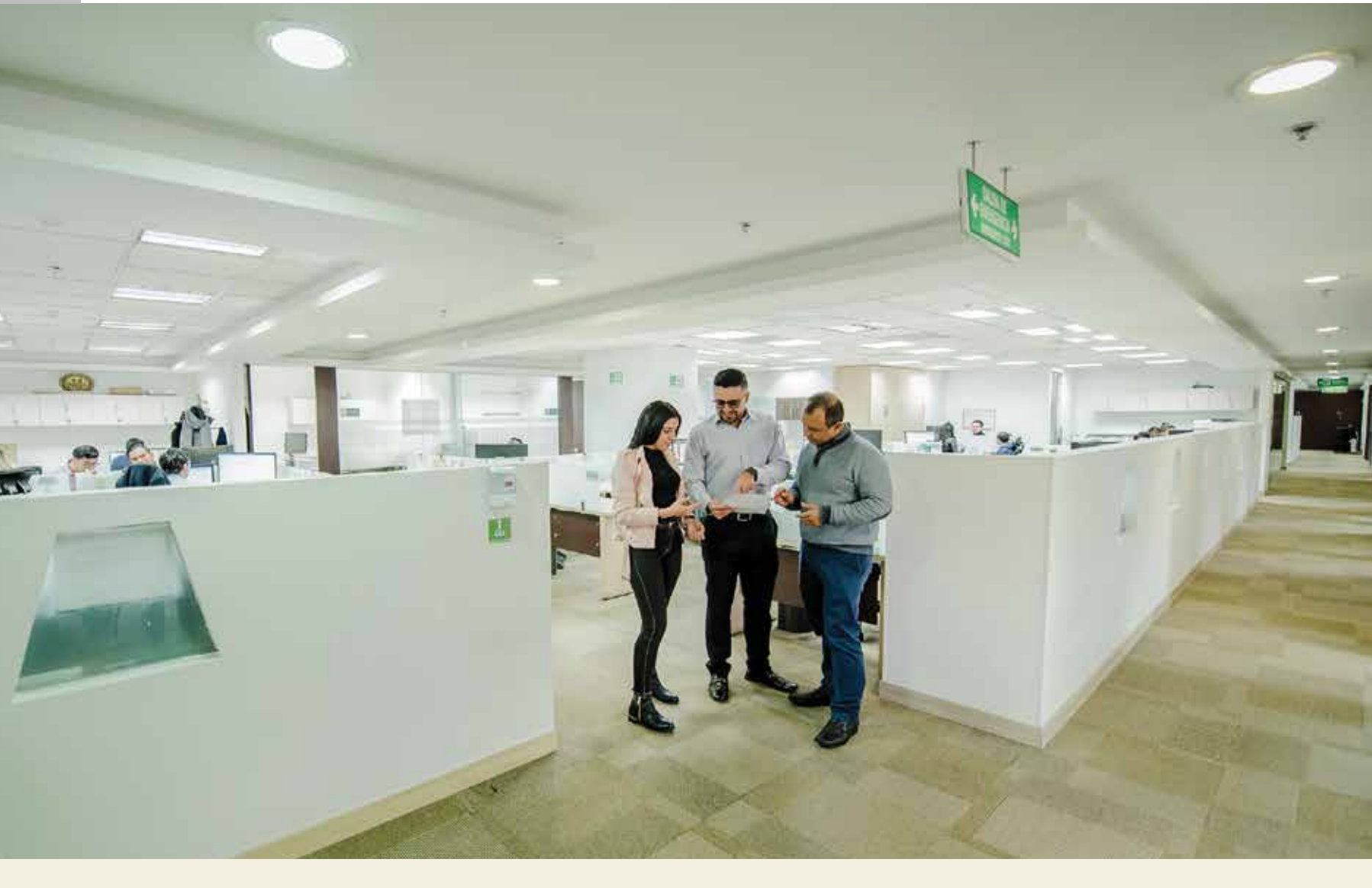
Seedlings, ornamental plants and native trees are planted during the days for the beautification of common spaces, prevention, protection and care of the environment and to counteract the carbon footprint generated by most human activities.

During the "Oxygen Day", held in the municipalities of Aguazul and Villanueva (Casanare) in 2018, 6,869 species (Ixora seedlings, Yellow Flower trees and Bloody trees, Oitis and Roasted Corn) were planted, which were left in the care of the inhabitants.

During the event, the mayor of Villanueva, Ruth Yaneth Bohórquez Peña, stressed: "We are going to leave behind the belief that where there are hydrocarbons, there is misery and conflict. That is how we have developed communication spaces (...), we can produce while preserving and preserve while producing."

Oxygen day





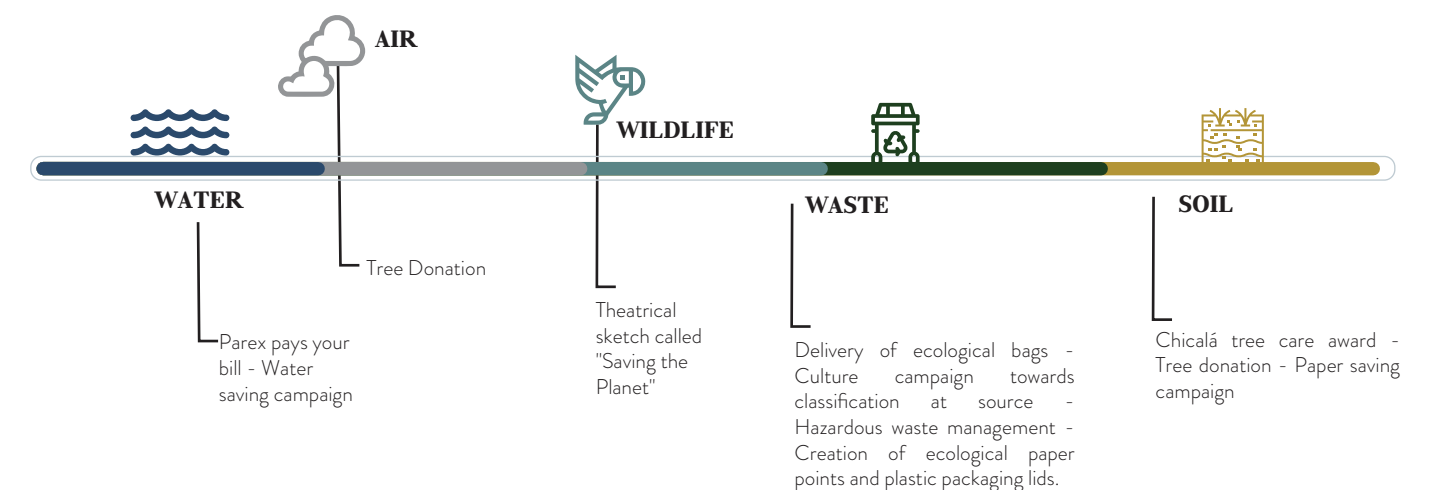
SUSTAINABLE PAREX

In 2017, when Parex Resources began the process of implementing the ISO 14001 environmental standard, it created and implemented a strategy of good corporate environmental practices. This was done in order to encourage the participation and involvement of employees, contractors and contractors' employees in the care, good use and protection of natural resources.

The strategy, which is developed around five fundamental pillars: soil, air, water, wildlife and waste, contains an online education and awareness plan, where "Environmental Tips" are promoted to foster a culture of accountability to the environment.

In 2019 the strategy will continue, always seeking the commitment of the company's various areas and that of all partners who contribute to the business development.

ISO 14001
ENVIRONMENTAL STANDARD
BEST
ENVIRONMENTAL
CORPORATE
PRACTICES



PRIORITIZING DIALOGUE WITH COMMUNITIES

The Parex Resources community relations strategy is designed to go beyond the requirements established by Colombian regulations. This is a fundamental pillar for the business, so the Company seeks to take a step forward and create spaces that allow potential sources of concern for the neighboring population, for its operations and/or social conflict to be identified in advance.

RELATIONSHIP WITH COMMUNITIES

A FUNDAMENTAL
PILLAR FOR PAREX
RESOURCES



Prior to the materialization of its projects among the communities, as required by law, the Parex Resources' team visits the communities to understand the dynamics of the area and begins to build trust. The Company then invests the necessary time and implants citizen participation mechanisms to create a favorable environment before accessing the lands.

Once the operations are deemed feasible, the Company concentrates its efforts on the fulfillment of the established agreements and in strengthening bonds with the communities. Periodic follow-up meetings are held. Some are aimed at discussing issues associated with Parex Resources' activities and others at petitions, complaints and grievances. The social professionals in the field are always available and willing to serve the population concerned.

In 2018, the Company created the informal meeting scheme 'Venga le digo' (Please, come over) in Magdalena Medio. It is intended to provide a forum for dialogue with community members on issues related to operations. It is about a strategy that allows to identify early warnings, manage potential problems in a timely manner and thus prevent blockages or actions that may impact Parex Resources' activities.

According to Gerardo Aranda Albarracín, a resident of the village of El Diviso, located in the municipality of Simacota (Santander), the relationship schemes promoted by Parex Resources help to provide clear information and foster leadership. They "modify inequalities in participation that are the cause of misunderstandings. We are now managing committees to propose alternatives to Parex, not have difficult positions as it used to be".

SOCIAL INVESTMENT



EL DIVISO SCHOOL
JUAN DAVID VEZCA ALTAMAR
PRIMARY SCHOOL STUDENT

IN 2018
PAREX RESOURCES
MADE A SOCIAL INVESTMENT OF
COP \$15,742,997,989
(USD \$5,186,910)

Parex Resources is fully committed to generating wellness in the communities in the area where it operates. It understands that the success of the hydrocarbon-related business must be shared with the population that opens the doors of its territory. The community is a stakeholder group to which the Company gives the greatest importance and, therefore, the Company always involves it to define its actions, prevent potential adverse impacts and enhance the benefits associated with the business.

Through the social investment made by the Company on a voluntary basis, and the investment related to the contractual commitments with the National Hydrocarbons Agency of (Programs in Benefit of the PBC Communities), the Company wishes to improve the life of communities and to that end, it provides the global goals that are set forth to ensure sustainable development.

Based on its Social Accountability Policy, Parex Resources defined its lines of investment: Economic Development, Community Strengthening, Culture, Recreation and Sports, Support to the Development Plan, Institutional Strengthening and Transversal Projects.

Social investment projects are duly agreed upon with the communities and pertain to any of the aforementioned lines. The Company provides training for the communities in order to strengthen them as speakers to carry out the processes of identification, prioritization of needs and consensus and to acquire the necessary project management-related know-how and skills.

Parex Resources carries out permanent monitoring until the viability of the projects is assured or until the final delivery of the works or the execution of the agreed upon activities, as the case may be. Audits are carried out, as well as documentation and photographic recording to guarantee the tracking of the processes. Dialogue with the communities is fundamental to assess and assure the fulfillment of the foreseen goals. The petitions, claims and complaints mechanism is also a key tool for the evaluation of results.

Health and well-being
FOR THE COMMUNITY



SDG 3
HEALTH AND
WELLBEING
“Ensuring healthy lives
and promoting wellness
for all ages”

With the objective of contributing to the improvement of the health and well-being of communities, Parex Resources facilitates and promotes access to basic and specialized services through its "Health for All" project, which includes the improvement of hospital infrastructure.

A total of 1,059 specialized medical consultations, including 157 surgical interventions, were carried out throughout the Medical Surgical Day held in the municipality of Tame (Arauca) in 2018 with the support of the Colombian Civil Air Patrol (PAC). Beneficiaries were selected through a previous screening, the patients from the rural area being treated as a priority.

Similarly, Parex Resources invested resources to adapt and equip the health centers in the municipalities of Villanueva and Aguazul (Casanare) and Tame (Arauca), taking into account the requests and requirements of the Ministry of Social Protection. Thanks to the Company's social investment in health for the department of Casanare, 1,320 people benefited in 2018.

HEALTH CONTRIBUTION				
MUNICIPALITY	PLACE	ADAPTATIONS AND/OR ENDOWMENT	BENEFICIARIES	PARTNERSHIP
VILLANUEVA	Villanueva Hospital	Radiology specialized equipment to start the X-ray Room	5,500 people aprox.	Cooperation agreement with Red Salud y Alcaldía de Villanueva
TAME	San Antonio de Tame Hospital	Three (3) Air conditioners		PAC – Municipality of Tame and City hospital , and the departmental health unit of Arauca
AGUAZUL	Aguazul Hospital	Hospital computer equipment (10)	Indeterminate	Cooperation agreement with Hospital
	Governor of Casanare	Standard, 5 electric, and 5 mechanic for children and with cognitive disability or cerebral palsy	50 people	Cooperation agreement with Governor of Casanare
TAME	San Antonio de Tame Hospital	Three (3) Air conditioners	Indeterminate	PAC – Municipality of Tame and city Hospital, and the departmental health unit of Arauca

Adequate housing

FOR THE COMMUNITIES



The Housing Improvement program is one of the most relevant for Parex Resources' social investment. Having adequate housing is one of the needs that is prioritized by the communities in the area of influence of the Company's operations and by the Development Plans of the departmental and municipal order. Thanks to this program, in 2018 the Company could benefit 851 families in the municipalities of Aguazul, Turamena, San Luis de Palenque, Paz de Ariporo, Pore, Tame, Plato, Tenerife, Puerto Boyacá, Cimitarra and Bolivar, departments of Casanare, Arauca, Magdalena, Boyacá, Santander and Bolívar.

This is an initiative in which, in most cases, the communities actively participate with the workforce, thereby ensuring the proper use of materials and subsequent maintenance of the houses. In turn, the Company provides materials for the improvement of roofs and roofing, floors and sanitary facilities, as well as the construction of walls and windows and door replacement, among others.

"I believe that the quality of life of the beneficiaries has improved by 90%. Their houses were made of wood, canvas and worn out zinc tiles. They didn't have properly finished flooring, but dirt. Their houses were in precarious conditions"... "In the paths of Llano Lindo and La Graciela, you get an impressive visual impact. You can see very nice houses that are already equipped with steel structure reinforced with masonry, in block, and quality eternit tiles".

"I think that, as long as you improve the quality of the place where you live, sleep and rest, your quality of life will improve."

Fernanda Páez López. Social & Environmental Auditor of DUVAL LTDA company in Aguazul - Casanare

A new house thanks to local

SUPPORT AND SELF-HELP



This is how Edwin Armando Rivera and Graciela Molano began to build their dream of having a home.

Edwin says that it was in the first farm where he arrived where he met the woman who is now his partner. Soon after, they bought a land in the Cerrito hamlet and lived there for 4 years until they bargained the land for their current 7-hectare surface farm, located in the village of Palo Solo in the municipality of Aguazul (Casanare).

Everything began to change for this family three years ago, when Parex Resources came to the area and the local people benefited from the Housing Improvement Program. For two years, they received resources with which they finished their houses and repaired their farms. Edwin was in charge of the design of the house and participated as a construction assistant.

With the first investment, they made mooring beams, ordered blocks and cement and hired a master builder. Subsequently, with the resources delivered in 2018, the veneer of house's kitchen, bathrooms and floors came into being. In order to finish the house, they asked for a loan and today they have their comfortable and colorful home.

Mrs. Graciela feels happy and calm to see her children of 4 years and 12 years old grow up happily and comfortably. "I am very grateful to Parex, because thanks to them I was able to start my home with our added effort and resources. Today I own an adequate home for my children and my family".

Plan Padrino



NARDA NIÑO
PLAN PADRINO BENEFICIARY

PLAN PADRINO

A VOLUNTARY INITIATIVE OF
PAREX RESOURCES'
EMPLOYEES AND
CONTRACTORS

Plan Padrino is a voluntary initiative that was established in 2012 thanks to the solidarity of Parex Resources employees. Subsequently, contractors joined and today it makes up one of the Company's most consolidated programs. Each year, with the financial contribution from internal and external contributors, a family from the area of influence of the operations receives a new, fully equipped house.

A new life for the Zuleta-Niño family



The identification of the beneficiary households is carried out in accordance with the communities and the social management offices of the municipal governments. For the selection process, the socioeconomic conditions of the families are examined and the ownership of the land for the construction of the house is verified.

In 2018, Plan Padrino reached the Zuleta-Niño Araucanian family, formed by spouses Diego Fernando and Narda Lucía, their four small children and their maternal grandfather. This family core in the Brisas de Satena neighborhood, located in the urban area of the municipality of Tame, close to Bloque Capachos.

When the Parex Resources social team visited the Zuleta-Niño family during the beneficiary selection process, they discovered that the seven people lived in precarious conditions, in a rudimentary house made out of wood roofed with rough canvas. They slept, ate and cooked in the same room. Additionally, Diego Fernando, the family's provider, was unemployed.

Thanks to the generosity of the Company's employees and contractors, in 2018 the life of this family was transformed. Today it has a dignified, safe and completely finished home. The rooms, living-dining room, kitchen and bathroom are in independent, harmonious, ventilated spaces, equipped with furniture and electrical appliances for their use and enjoyment.

Narda is happy, because her children no longer walk on mud: "It's beautiful, it's something beautiful, it's something you never even think about in your dreams. This is greatness, dreaming and waking up in the same place as always. I thank Parex, because the truth is that having an adequate roof for your children is very difficult to build.

With this message and shedding tears, this Araucanian mother expresses her happiness, who is about to give birth to her fifth child, who has already been given the name of Milagros.

Promoting productive projects



LUIS ARTURO BOHÓRQUEZ AND
SANDRA PATRICIA RODRÍGUEZ
BENEFICIARIES

Making the countryside more productive and competitive continues to be a challenge for Colombia, and strengthening the rural economy is one of the main needs identified and prioritized by the communities in the Parex Resources area of influence.

In 2018, the Company supported productive projects, previously agreed upon, with the communities. The main, productive vocation of the land, as well as the traditional and cultural activities, protection of the environment and opportunities for commercialization were always taken into account.

The agricultural activities of 2,311 producers in the regions where Parex Resources operates were strengthened. Cattle ranching and pig farming were improved, as well as pineapple and banana crops, among others. Tools, equipment and inputs were also provided for project development and prairie improvement.

SDG 8. DECENT WORK AND ECONOMIC GROWTH

Formalization and growth of micro, small and medium-sized companies.

Thinking about the future

Nivelson Lozano Lozano, inhabitant of the village of Puerto Miriam, located in the municipality of Villanueva (Casanare), is one of the beneficiaries of the productive projects promoted by Parex Resources. For him, what really matters is how he can capitalize on his projects and prosper, even when the Company is no longer be around: "As a farm owner, you aspire that something remains, such as the improvement of pastures, some fences or cattle repopulation".

Thanks to the support of Parex Resources, Nivelson has been able to improve the pastures and fences on his farm. In addition, in 2018 he planted bananas. In the future he expects to install an irrigation management system and begin to grow organic crops.

In order to unite its efforts to make the field and the local economy more dynamic, the Company maintains partnerships with its stakeholders. For example, it got the support of the municipality of Villanueva (Casanare) to promote the pineapple production.

Spouses Luis Arturo Bohórquez and Sandra Patricia Rodríguez, are a couple of peasants and entrepreneurs from Casanare, who live in the village of La Urama in the municipality of Tauramena (Casanare). Luis Arturo is a "dicharachero" and "frentero", he says that he is bad tempered and that's why he doesn't like to "manage people". He prefers to be taking care of his pigs and cleaning the sheds. He is characterized by his sarcastic humor. He mocks the complaints of his neighbors and even the stones he finds in his way.

A year ago, Luis started his project with two cuarticos (small rooms) or 2x2 meter sheds, in order to handle two breeding sows. However, at that time he could not buy them for lack of resources. However, he managed to raise piglets for fattening. Subsequently, after selling them, he got the first breeding sow and began to dream of two more sheds to continue growing. At that moment came the investment of Parex Resources.

"I have always liked the idea of a farm and I've always found it motivating. I was focused and clear on what I wanted to

do. So, with the help of the Company, I was able to sustain myself a little longer and expand my project," explains Luis. So, with the resources from social investment, he bought two more breeding sows and built sheds with the proper floors to ensure the appropriate washing. In a short period of time, with dedication and perseverance, he was able to establish and strengthen his double ham Pietran pig breeding and today he owns 3 breeding sows and 20 breeding pigs. His market is very local, and he has a reputation in the neighbourhood for producing lean and tasty meat. For the Levante, he gives Purina to his animals, which he supplements with rice flour, corn flour and yucca. Those foods give a touch of exquisiteness and quality to the meat, which allows him to sell the kilo at COP \$11,000 (USD \$3.72).

Pig production has a great advantage, which makes the cash flow and allows him to support the pigs and the household-related expenses. "This is better than cattle ranching. A sow gives 10 piglets per farrowing and can theoretically get pregnant three times a year. For this business is very important to achieve a high number of piglets per litter and in the shortest time possible", adds the entrepreneur.

In order to have a sustainable pig culture over time, Luis Arturo would like to be trained in insemination and nutritional management, as he has done empirically. He wants to be trained to know the food's exact weight and composition he must prepare to feed them and implement a processing system to take advantage of the solid waste (manure) generated.

This Farmer already sees the fruits of his labor and, as he says, "he is just getting started".

Luis' wife, Sandra Patricia also plays a very important role in the family economy. With the support of Parex Resources, she started her own laundry business, which now serves oil companies in the area. When she is not washing, she is assuming her role as a community leader. Sandra is a brave, determined woman who, like her husband, always hopes that the community will be supportive to grow together.

Education: safe and appropriate SPACES FOR LEARNING



SDG 4. QUALITY EDUCATION

“Ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all”.

Education is a fundamental right that allows the integral human development of people, endowing him/her with knowledge, skills and abilities that favor access to opportunities for personal growth, work, participation, among others. However, education remains a global concern and is one of the greatest challenges of the Sustainable Development Goals.

Colombia is no excluded from this situation, as achieving the goals of coverage and quality requires extensive investment. Although the State is primarily responsible for its fulfillment, Parex Resources, as a private Company, has joined this cause. For this reason, education is a key focus of investment in its strategic line Institutional strengthening.

During 2018, the Company contributed to the goal of the National Infrastructure Plan to reduce the country's educational infrastructure deficit by 60% by building and upgrading eight (8) rural educational centers in Arauca, Magdalena and Santander. The investment amounted to COP \$1,688,685,480 (USD \$571,190), benefiting 4,949 students.

Parex Resources' commitment to education has had the support of municipal mayors, community leaders, communities, parents and teachers, thanks to which it has achieved effectiveness in the execution of the works.

EDUCATION WITH QUALITY 2018

TOTAL INVESTMENT
COP \$ 1,688,685,480
(USD \$571,190)

VEREDA/ MUNICIPALITY/DEPARTMENT	IMPROVEMENTS	BENEFICIARIES	PARTNER ENTITIES
SOCIAL INVESTMENT \$ 667,685,480 (USD \$225,841) Tenerife and Plato - Magdalena 2 Schools	INFRASTRUCUTRE IMPROVEMENT AND SCHOLAR ENDOWMENT La Imagen and Pasacorriendo - 60 units of furniture - Teaching material kits - 1 School façade cover - 7 adequate and painted classrooms - 1 access porch - 1 set of bathrooms and sinks - 2 children parks and soccer fields - Sidewalks - 2 schools - 2 fences - improvement of the septic tank and water management system - 1 land purchased	321 PEOPLE COMMUNITY 50 STUDENTS	MUNICIPALITY of Plato y Tenerife
TAX DEDUCTION WORKS \$ 1,021,000,000 (USD \$ 345.348) Tame – Arauca 6 Educational centers	INFRASTRUCUTRE IMPROVEMENT AND SCHOLAR ENDOWMENT - 6 computer rooms - 310 computers - 48 video projectors - 32 preschool, primary and secondary classrooms - 1 library - Ecological spot - 1 Kitchen and lunchroom	4,949 students	Presidency of the Republic (Ministry of Post-Conflict), Ministry of Education, DIAN, Arauca Government, Mayor of Tame, Secretary of Departmental Education.

8 EDUCATIONAL CENTERS

4,949 students
321 people from the community

"WORKS FOR TAXES"

FOR MUNICIPALITIES THAT WERE MOST HIT BY THE ARMED CONFLICT



"WORKS FOR TAXES"

VEREDA COROCITO
TAME - ARAUCA

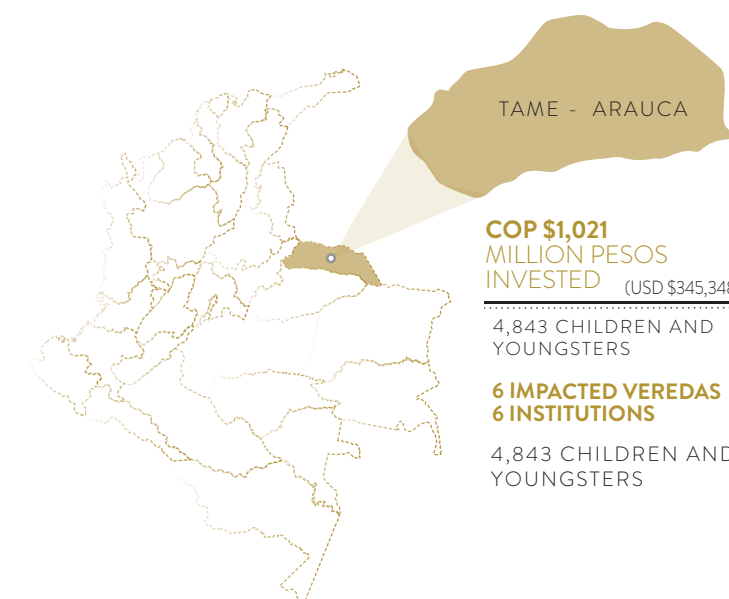
Parex Resources is a pioneer in the execution of "Works for taxes" programs in Colombia. It is a concept created by the National Government so that private companies can pay up to 50% of their income taxes, through strategic initiatives to improve the quality of life in the municipalities classified as ZOMAC (areas most affected by armed conflicts).

In 2018, the Company delivered the first Works for Taxes project in the country, which was aimed at delivering the endowment (furniture and equipment) to six (6) educational institutions in the municipality of Tame (Arauca), according to the highest standards established by the Ministry of Education. The investment was COP \$1,021,000,000 (USD \$345,348).

**COP \$1,021
MILLION INVESTED**

(USD \$345,348).

4,849 CHILD AND YOUTH
BENEFITED



The needs of the schools were identified with the support of the rectors and the municipal Education Secretariat. The IT rooms were equipped with 310 computers, 48 videobeam, furniture and facilities necessary for their proper functioning, access and use. Schools and colleges were also equipped with furniture and teaching and didactic material for 10 preschool classrooms, 10 primary school classrooms, 12 secondary school classrooms, library and ecological points. The dining room and kitchen areas were also equipped. A total of 4,849 children and young people benefited.

In the words of the CAF (Development Bank of Latin America): "It turns out that a good school infrastructure with new spaces makes it possible for children and youth who live in remote places to study, which also tends to improve the attendance and interest of students and teachers in learning. For this very reason, investments in school infrastructure play a fundamental role in solving the problem of students' access to the school system and in improving their performance".

This milestone is the result of the Company's joint work with entities such as the Post-Conflict Council of the Presidency of the Republic (now the Stabilization Council), the Ministry of Education, the Territorial Renewal Agency (ART), the National Planning Department (DNP), the DIAN, the Arauca Governorate, the Tame Mayor's Office and the Departmental Education Secretariat.

During the year covered by this report, Parex Resources managed three (3) projects under the "Works for Taxes" program for the department of Arauca, as follows: (i) construction of an urban Drinking Water Treatment Plant (PTAP) to benefit 35,000 people; (ii) construction of a rural aqueduct that will benefit close to 400 families; and (iii) school equipment for educational institutions in the municipalities of Tame, Saravena and Arauca for 16,000 beneficiaries.

WATER FOR ALL



EL DIVISO SCHOOL
JUAN DAVID VEZCA ALTAMAR

THE "WATER FOR ALL"
PROGRAM BENEFITED
3,944 PEOPLE IN 2018.

MORE COMMUNITIES WITH ACCESS TO CLEAN WATER

SDG 6 - CLEAN WATER AND SANITATION

"Ensuring the availability and sustainable management of water and sanitation for all" is one of the major challenges and commitments faced by the governments of 193 countries around the world, including Colombia, which are set out in the Global Development Agenda. By 2030, universal and equitable access to drinking water is expected to be achieved. The challenge for the Colombian State to achieve this goal with the 3.6 million people who still do not have clean and running water in their homes, especially in rural areas, is immense.

Keeping this in mind, Parex Resources created the "Water for all" Program, a strategic commitment to the development of water infrastructure, whereby it contributes to improving access, quality and coverage of drinking water in some regions where it operates. The said program encompasses three components: education, research and projects.

With regard to the education component, the Company works hand in hand with the Universidad Industrial de Santander, UIS, and the Universidad Nacional de Colombia. Along with higher education institutions, training and pedagogy courses are developed in the communities, thereby covering essential aspects, such as the importance and cycle of water, its proper use, conservation care practices and its relationship with the activities of the hydrocarbon industry.

Deepening the communities' knowledge of water has not only allowed the latter to generate a commitment to its protection, but to change their perception based upon scientific information, in light of the supposed impacts generated by the hydrocarbon industry upon water resources. The research line will be launched in 2019,

where the subjects to be studied will be defined and prioritized.

The water project-related aspect has been the area with the greatest growth, impact and investment in recent years. Parex Resources has promoted initiatives, such as the construction of infrastructure and equipment, such as water ponds, wells, mills, troughs, drinking water plants and path aqueducts, among others, to improve access to and consumption of cleaner and healthier water.

Parex Resources' "Water for all" initiative was awarded in 2018 by the Ministry of Mines and Energy and the National Agency of Hydrocarbons, ANH, for the implementation of good practices in the category of social investment, in virtue of the improvement of the Path Aqueduct System project in the Corocito village, located in the municipality of Tame, Arauca.

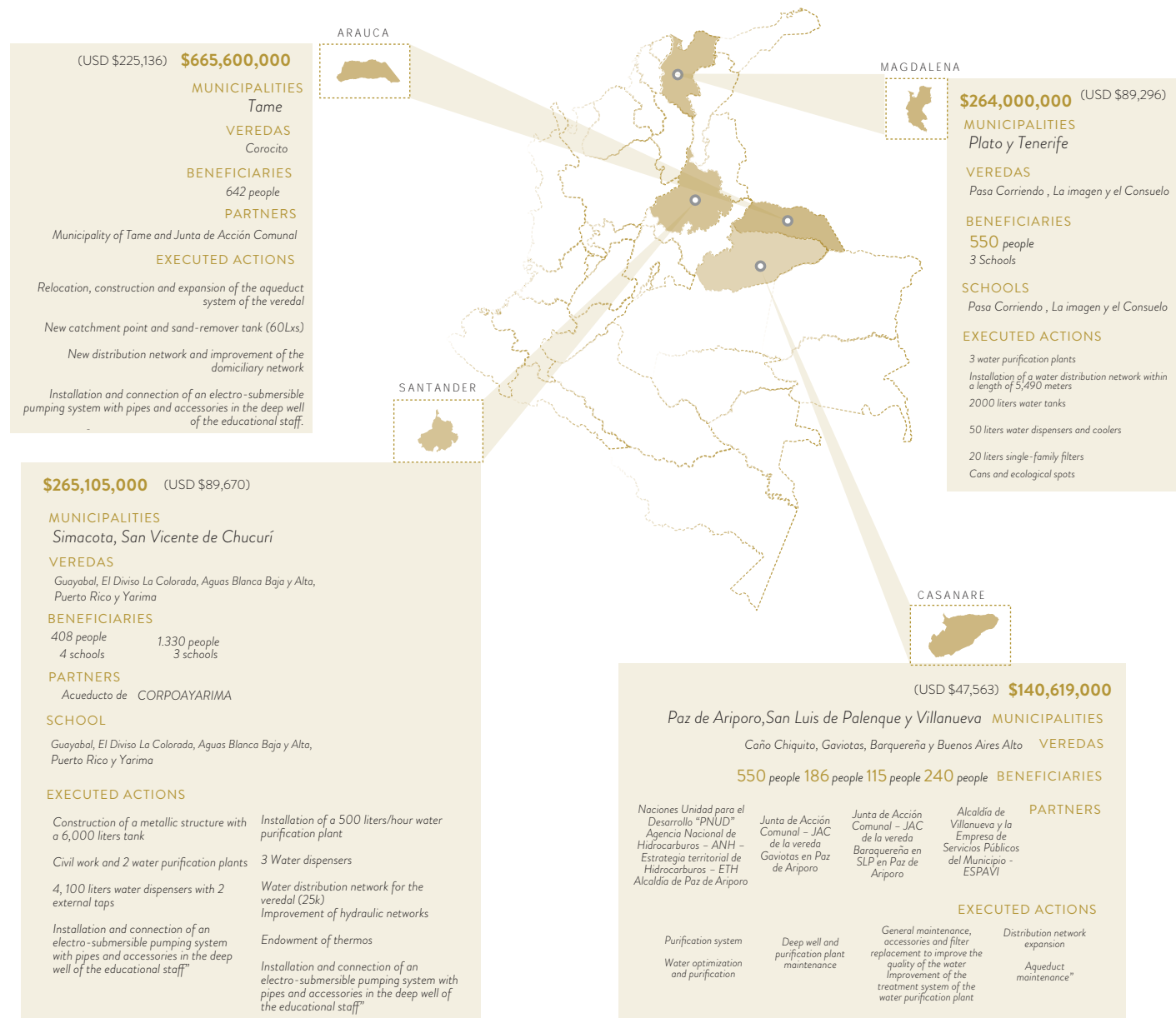
In 2018, efforts focused on the installation of drinking water plants and the improvement of aqueducts that had been built in previous years. In the Corocito path aqueduct, for example, improvement works were carried out, including the replacement of distribution and conduction networks. Thanks to this, the 809 inhabitants of the village now receive better water service that is adequate and clean. This project was made possible through an agreement which links the Community Action Board and the Parex Capachos Project.

In 2018, the "Water for all" program benefited 3,944 people, including not only the community, but also students and teachers from 10 schools in the area of influence of Parex Resources' operations.

WATER FOR ALL 2018

Investment of
COP \$1,335,324,000
(USD \$451,667)

Parex Resources' work has been enhanced by its strategic alliances, as is the case of the 2018 project called "Optimization and Purification of the Water Resources of the Village of Caño Chiquito Aqueduct", in the municipality of Paz de Ariporo (Casanare), which was developed within the framework of the "Demonstrative Actions" program, led by the National Hydrocarbons Agency, ANH, and its Territorial Hydrocarbons Strategy, ETH, managed by UNDP. The government contributed COP \$150,000,000 (USD \$50,736), that is, 50% of the total investment.



What's next to the "Water for all" project?

In 2019, Parex Resources will continue to pursue its goal of facilitating access to water and improving the quality of water resources in the area of its operations.

The Company presented, under the Tax Works modality, a village-linking aqueduct project for Tame - Arauca which, if approved, will benefit communities of three villages, including Corocito, which will be able to enhance and improve its current aqueduct system. On the other hand, Parex Resources will deliver 1,000-liter water tanks to families living in the village of El Diviso - La Colorada, located in the municipality of Simacota, department of Santander. The mayor's office will in turn be responsible for building an overhead community tank, which will allow connection to the water network already installed by Parex Resources in 2018. This will substantially improve the water supply.

Similarly, the aqueduct in the village of Buenos Aires Alto, in the municipality of Villanueva (Casanare), will continue

to be improved thanks to an agreement reached in 2018 between Parex Resources and the municipal government. The 64 families that have already benefited from the construction of the infrastructure will see their water supply improved in 2019, thanks to the pumping system that will pump water twice a week.

According to Gisela Rodríguez, a municipal administration professional in charge of the Veredales Aqueducts, this community has been organized and it constitutes an example of good management of water resources, since it uses the water from the aqueduct only for domestic use. For agricultural activities they use the water they obtain from deep wells they still keep on their lands.

One of the main challenges facing this aqueduct in 2019 is to guarantee its sustainability. To this end, both the community and the Villanueva Mayor's Office will define the tariff chart and install meters to charge users for the service. A grace period of one year to begin to pay will apply. The Municipal Mayor's Office will delegate the administration and management of the aqueduct to municipal public works company ESPAVI.

LOCAL EMPLOYMENT GENERATION



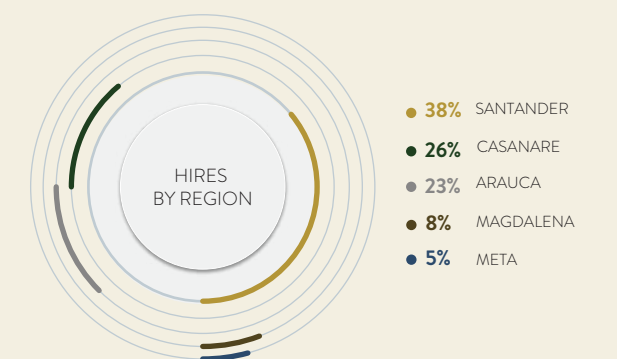
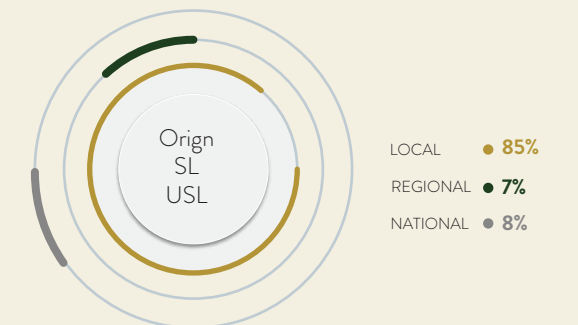
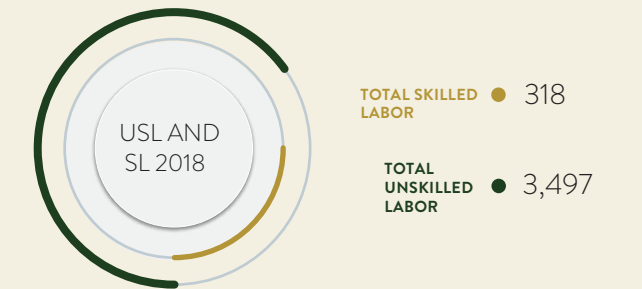
RUMBA BLOCK
AGUAZUL - CASANARE

PAREX HIRES INDIRECTLY
SKILLED & UNSKILLED
LABOR

Due to the nature of its activities, Parex Resources indirectly hires skilled and unskilled labor, thereby prioritizing the communities of the territories where it operates, as stipulated in the National Government's Public Employment Policy. In 2018, 3,815 job opportunities were generated in different regions of the country to develop the Parex Resources' hydrocarbon activity. This hiring is carried out through the Public Employment Service Platform and the various licensed providers to ensure the population's access to available vacancies.



AGUAS BLANCAS BLOCK
EL DIVISO - SANTANDER



* Local means hiring of labor in the municipalities of Parex' area of influence; regional hiring covers municipalities adjacent to the municipality of operating activities and national hiring covers regions near the Department of operating activities.



Assurance of labour practices

Parex Resources assists contractors in the engagement process of the staff they will assign to its operations while ensuring compliance with regulations and the adoption of good corporate practices. This relationship and joint work is done by respecting the technical and administrative freedom of local companies.

The company conducts social-labor audits to monitor and control legal compliance and agreed upon actions. If complaints or non-compliances occur during the execution of the service, a check audit is carried out immediately.

Through the Petitions, Complaints and Claims mechanism (PCC), contractors' staff can submit to the Company's attention their concerns, queries or situations that create uneasiness.

Dignified employment

Diomedes Díaz Amado was born in the municipality of San Vicente de Chucurí (Santander). He has a 9-year-old daughter, who was born when he was just 19. He worked various jobs in restaurants in the town centre when Parex Resources came to the region.

With the Company's income, Diomedes seized an opportunity to improve his living conditions. He began working as an employee in the drilling area for contractor Confipetrol, and decided to train as a Production Technician later on. He held the position of Training Assistant and, as a result of his discipline and commitment, ten months later he was promoted to his current position of Assistant 1.

"It has been a very positive change due to my personal and economic improvement. Before, I had to work 13 hours a day and here I work 8. One is closer to the family". Today Diomedes has a better income, which not only allowed him to build his own house, but also to help his mother financially".

His wife also benefits from the employment generated by Parex Resources' operations. She is an HSEQ assistant and has the opportunity to take turns when the drill arrives. His aspirations to keep growing within the Company remains one of Diomedes' dreams. For now, she knows she has to gain experience and keep showing professionalism day after day.



Everyone has an opportunity with Parex

Seating in an old chair at the entrance of the gate of his house, with his gaze lost on the horizon, a slow-paced Salvador states he "feels happy and calm at 68".

He had left his land because of a heartbreak that led to severe depression, according to his daughter-in-law, Irma María Sánchez. However, with the arrival of Parex Resources' Rumba Project in the village of Palo Bajo, located in the municipality of Aguazul (Casanare), his dreams were reborn.

Salvador Zeas Castro has essentially a farmer's soul. He is a widower, now single with 9 children and 13 grandchildren, he gave himself a second chance. He sought employment through the Public Employment Service platform, he got it

and has been known for being an excellent worker. His last job consisted of doing a little bit of everything: "I worked at yards, scythed, collected waste and basically did any job I was prompted to do, including cleaning and gutter clearing". Those jobs have restored his confidence and allowed him to show that age is not a barrier to being useful and feeling valued and appreciated.

In addition, Salvador has benefited from Parex Resources' home improvement project. "His house was rebuilt. He used to live in very precarious conditions. Everything was basic but thank God that the Company provided him with the improvements for his house and his farm," says his daughter-in-law.

Strengthening local businesses



SDG 8.
DECENT WORK AND
ECONOMIC GROWTH.

Formalizing and growing micro, small and medium-sized enterprises

One of the Parex Resources' key concerns as well as that of its stakeholders is the strengthening of local businesses. This is due to two basic reasons: (i) the Company requires the support of highly qualified, competitive and responsible contractors and (ii) promoting new sectors and product innovation generate local economic development and growth. The Company conducts surveys to determine the supply of local goods and services and the strengths and weaknesses of businesses. In this sense, it promotes training that is especially oriented to marketing, accounting and sales. This initiative seeks to enable local entrepreneurs to provide their services to an expanded market, not only to the hydrocarbon industry. In addition, there is a sponsorship program whereby Parex Resources' large contractors support the growth of local businesses.

Parex Resources permanently counts the number of local contractors and subcontractors associated with the

Strengthening program. It also assesses impact on municipal revenues. On the other hand, in order to ensure compliance with the law and standards and identify actions for improvement, it carries out socio-labour and financial audits on a regular basis.

The Company works in partnership with the various Chambers of Commerce, supporting the conduction of studies, strategies and academic, technical and commercial processes aimed at strengthening the region's business ecosystem.

Among the initiatives for 2018 are the Canvas project, which allowed a self-analysis to evaluate the export potential of the Casanareñas-based companies, the Country Brand strategy; the INVIMA workshops and the SINERGIA program, among others.

VICTOR CASTRO
MANAGER FERRETERÍA DUVAL

SINERGIA, the cradle of good BUSINESS FOUNDATIONS

The Casanare Business Incubation System (SINERGIA) is a platform that transforms business initiatives into companies with great potential for growth and diversification of the department's economy. Parex Resources bet on this regional initiative since 2017 and has been supporting companies that are awarded annually within the framework of SINERGIA's Entrepreneurship T Program.

In 2018, seventy-eight (78) entrepreneurs from the municipalities of Yopal, Aguazul, Tauramena, Monterrey, Villanueva, Paz de Ariporo, Trinidad and San Luis de Palenque registered. Thirty-four (34) were finalists and five of them, from the municipality of Yopal, were awarded as the best.

The latter showed their business vision and the fact that opportunities come when ideas are fueled by enthusiasm, professionalism and passion. Parex Resources awarded prizes worth COP \$ 20,000,0000. With this money, winners were able to speed up their business process by strengthening technical, financial and marketing skills, among others, as well as to equip their business with proper tools and equipment.

According to Juan Carlos Ortiz, Competitiveness Leader of the Casanare Chamber of Commerce, the Company's participation in this program has been significant. "SINERGIA is the cradle of good business bases. Maintaining a program like this is not easy. Although the contributions in kind, such as human and intellectual capital, infrastructure, logistics, among others, provided by the entities including the Chamber, are vital for the functioning of the Incubation System, the economic leverage provided by Parex Resources is paramount".

It is noteworthy that SINERGIA is the result of the articulated, joint work carried out by the private company and the public and academic sectors of Casanare over a period of 7 years. Thanks to this, today there is a joint vision of what the business fabric of the region has to offer.

The other strategic partners that support the process throughout this cycle are the Government of Casanare, the Mayor's Office of Yopal, Ecopetrol, Unitrópico, Unisangil, Corporación Unificada Nacional de Educación Superior - National unified corporation for higher education - (CUN), SENA and the Amanecer Foundation

Mobility: SYNONYMOUS WITH PROGRESS

Mobility between rural and urban areas is a key factor in closing poverty gaps and generating well-being in communities. With this in mind, Parex Resources and the Villanueva City Hall signed an agreement to purchase a bus with a capacity of 40 passengers. Thanks to the acquisition of this bus, the community will have greater opportunity to participate in the different social, cultural and training programs led by the local administration, aimed at the disabled population, women, the elderly, youth, early childhood and adolescence.

Parex Resources' investment in this initiative was COP \$188 million and was implemented within the framework of the Community Benefits Program associated with the Cabrestero Block. In turn, the Mayor's Office invested COP \$102 million.



106 Local businesses that thrive

Armando León Bareño is a businessman from Santander, partner of the family company ALB Ingeniería SAS, which provides civil, electrical, mechanical and environmental engineering services. According to León Bareño, he had received very good references from Parex Resources "on good treatment and timely payment compliance," so he expected to become their partner and contribute to the infrastructure projects led by the oil company through their social investment.

Three years ago, this goal became a reality and thanks to it his company has been able to improve its processes, adopt good practices and grow financially. This has been evidenced in the results of the audits carried out by Parex Resources, in which accountability and compliance with environmental, social security and HSEQ regulations are highlighted.

One of those practices is the hiring of local labor. "Parex has a very clear policy and is very demanding in this regard. That is why we hire at least 90% of the staff from the areas where projects will be carried out".

The improvement of other smaller companies, including works such as that of "Caseta Comunal" in the town of Yarima, located in the municipality of San Vicente de Chucurí, are the result of a partnership between businessman Giovany Galeano Mateos, owner of Construyarima a freshly created microbusiness, and ALB engineering.



107 A supplier on wheels



"Guillermo, you have to start a business. You are a responsible person and you have given us a lot of help. Think of something we can help you with". Guillermo Torres Chacón's idea to buy a trucktrailer to transport industrial water and form his company "Sertrona" was born from those conversations.

The story of this Aguazul Casanare-based entrepreneur began in 2015, when he began to work as a drinking water transportation provider for the Casona field and then for the Conan, Maracas, Akira and Rumi fields. His service and availability opened the doors for him. That is how an executive from the drilling company that provided services to Parex Resources encouraged him to become an entrepreneur.

The business grew in a very short time thanks to the opportunity he was given to stay with the Company and he

acquired more vehicles to improve the services. When he acquired his first tank car, he began to transport industrial and drinking water. Currently, he works for several companies with a presence in Casanare.

Today his company generates eight (8) direct jobs for people from Aguazul: three (3) qualified ones: accountant, tax auditor and accounting assistant, and five (5) unqualified positions for drivers. Personally, he is satisfied: "...well my son is finishing medicine at an important university in Bogotá, and I have my own vehicles and a farm".

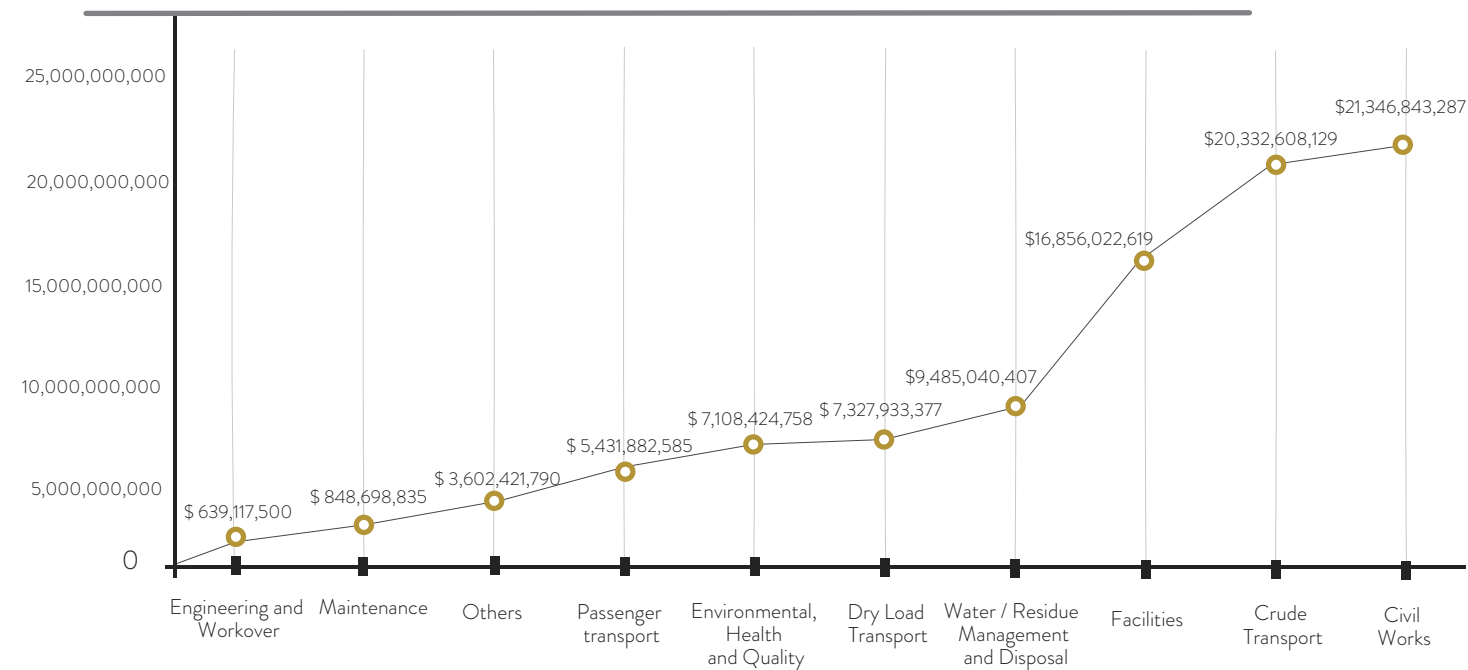
He thanks Parex for its unconditional support and hopes that the projects in the area will continue. "I know they will support me until the day they can stay in the region."

PURCHASE OF LOCAL GOODS AND SERVICES

Parex Resources supports companies in the area of influence of its operations and thus boosts the regional economies⁵. In 2018, a total of 125 regional companies participated in the Organization's supply chain. The acquisitions from the latter amounted to COP \$92,978,993,287 (USD \$31.45 million), which is more than double the COP \$48,483 million in 2017.

IN 2018
THE PURCHASE OF GOODS AND SERVICES
AMOUNTED TO
COP \$92,978,993,287
(USD \$31.45 million)

2018 EXECUTED VALUE – REGIONAL COMPANIES (COP)



⁵ The purchase of local goods and services refers to the acquisitions made by the Company in the regions where they operate.



RUMBA BLOCK
RODRIGO, JOSÉ AND MILLÁN

"At this point, Parex has done things that are replicable in the rest of the industry, because it is not only a company that hires existing local goods and services, but it also develops them, which is the most important. In the areas where there was no oil, it is clear that the community had no services for the oil industry. Communities just had very good intentions and expectations. But what Parex did is providing them with training to instruct them and lead them to be able at some point to provide them with services as high-impact suppliers. This for sure sets a totally different landmark." Jorge Janna, Commercial Manager, Transfigura.

For Parex Resources, the purchase of local goods and services makes it possible to develop a dynamic of responsible local consumption. Companies and municipalities are economically strengthened, time is saved, it is easier to trace products and check working conditions in the chain and other standards. In terms of environment, the most important benefit is energy saving and reduction of greenhouse gas emissions, because moving products between distant locations generate more emissions.



CONTRIBUTION TO SDGs

Listed below are Parex Resources’ 2018 contributions to addressing socio-environmental issues within the United Nations’ framework for Sustainable Development Goals.

1. No Poverty	9,923 Colombians improved their housing, education and health conditions, access to quality water and energy, and they reduced their multidimensional poverty
3. Health & Well-Being	Access to specialized and surgical healthcare: 1,216 and 116 children with a lower risk of sickness due to ARI/ADD ¹
4. Quality Education	4,949 children and teenagers enjoying 8 renovated educational facilities
6. Clean Water & Sanitation	3,944 people in rural areas benefitted with access to quality water. In 3 settlements, we improved the quality of water for human consumption, going from a high-risk level to a low-risk level ² .
7. Affordable and Clean Energy	179 new users with renewable energy
8. Decent Work & Economic Growth	Maintained 277 direct jobs and generated 4,761 indirect employment opportunities ^{3,4} – monthly average
11. Sustainable Communities	851 families improved their homes and other 321 enjoy inclusive and recreational community spaces.
12. Responsible Consumption & Production	51,786 liters of water reused and recirculated ⁵ . 100% of the waste generated by the operation is being managed ⁶ .
13. Climate Action	Greenhouse Gas (GHG) measurement ⁷ Scope 1 (tons/year): 125,351.88 Scope 2 (tons/year): 95.38 Scope 3 (tons/year): n.a. Vented Gas (m3*10^3/year): 22,237.54 \$9,500,000,000 in investments for planning, management and mitigation of climate risk
15. Life on Land	42.9 hectares of protected areas and under restoration processes Protection of 4 endangered species of fauna and 1 endangered species of flora ⁸
17. Partnerships for the Goals	11 public/private partnerships to develop projects for Sustainable Development



EDWIN MORENO
WELDER RUMBA BLOCK

¹ Acute Respiratory Infection - ARI
² Acute Diarrheal Disease - ADD
³ % water quality for human consumption IRCA, in department of Magdalena
Municipality of Plato: - Pasacorriendo Settlement: Risk level: a) Before the project = 65.1% (HIGH) b) After = 4% (LOW)
Municipality of Tenerife:
- La Imagen Settlement: Risk level: a) Before the project = 40.1% (HIGH) b) After = 4% (LOW)
- El Consuelo Settlement: Risk level: a) Before the project = 69.1% (HIGH) b) After = 4% (LOW)
⁴ Indirect Operational Jobs: are those generated by contractors who hire Skilled and Unskilled Labor for Parex's operation
⁵ Volume of water collected Capachos Sur, Cabestrero and Llanos ²²: 180,059,980 Lt.
% of reused water with respect to the volume of collected water ^{5, 28} %
⁶ See management of waste generated by the company on page ⁶⁴
⁷ The variation in scope 1 emissions, compared to those reported in ²⁰¹⁷, is specially due to the increase of the emissions factor due to increased gas burning in the operations of the Capachos (Arauca) and Aguas Blancas (Santander) fields.
⁸ Savanna Side-necked Turtle – Casanare (study about the diversity of blood parasites in this species – Released ¹⁰⁰ turtles)
Spider Monkey, Blue-billed Curassow, Red-footed tortoise – Serranía de Las Quinchas Regional Natural Park (Characterization of populational aspects and use of habitats with respect to the existing ecosystems of said species).



Report
ASSURANCE

Parex Resources Colombia Ltd Sucursal
Independent Limited Assurance Report
NAAE

July, 2019



Free translation from the original in Spanish



Independent limited assurance report on the assurance objects included in the 2018 sustainability report of Parex Resources

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

July 22, 2019

We have undertaken a limited assurance engagement on the matters listed below (hereinafter the 'limited assurance objects'), for the period between January 1st to December 31st of 2018 (hereinafter the 'Review Period'), and reported in the 2018 Sustainability Report (hereinafter the 'IS18', 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 IS18 (hereinafter 'the Company') issued by the Management both printed and in a PDF¹ file:
 - i. Indicator GRI 102-8 Information on employees and other workers.
 - ii. Indicator GRI 102-16 Values, principles, standards, and norms of behavior.
 - iii. Indicator GRI 201-1 Direct economic value generated and distributed.
 - iv. Indicator GRI 302-1 Energy consumption within the organization.
 - v. Indicator GRI 303-1: Water withdrawal by source.
 - vi. Indicator GRI 305-1 Direct (scope 1) GHG emissions.
 - vii. Indicator GRI 307-1 Non-compliance with environmental laws and regulations.
 - viii. Indicator GRI 401-1 New employee hires and employee turnover.
 - ix. Own indicator: local purchases
 - x. Own indicator: frequency of incidents with loss of time, recordable incidents, vehicle accidents, absenteeism and occupational illness.
 - xi. Own indicator: social investment
- b. The Company's statement, included in the IS18, regarding its agreement with the "Core" alternative of GRI Standards (2016) of the Global Reporting Initiative, included in the report.

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.

¹ The maintenance and integrity of the Parex Resources Inc. website (www.parexresources.com/es/), the objective repository of the pdf version of the 2018 Sustainability Report, is the responsibility of the Company's Management. The work carried out by PwC does not include the consideration of these activities and, accordingly, PwC accepts no responsibility for any difference between the information presented on said website and the objects of limited assurance in the Report issued by the Administration, of the Company on which said assurance was made and the conclusion was issued.

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

July 22, 2019

Criteria

The criteria used by the Company to prepare the limited assurance objects were established in accordance with GRI 2016 Standards (Global Reporting Initiative) 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 I.

Management's Responsibility for the limited assurance objects

The Company's Administration is responsible for the preparation and presentation of the limited assurance objects in accordance with the Criteria set forth in Appendix I. 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.



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

July 22, 2019

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.

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 Administration in their IS18 based on that established in the "Core" alternative of the GRI Standards of the Global Reporting Initiative (GRI), version 2016.

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.

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

July 22, 2019

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 IS18, 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.
- 2. The Company's statement, included in the IS18, regarding its agreement with the "Core" alternative of GRI Standards of the Global Reporting Initiative; 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 IS18, related to projections and future goals, or with financial information of the Company for the year under revision, unless otherwise stated in the attached Appendix 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 Appendix 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.

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

July 22, 2019

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 IS18. 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:)

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