CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets (unaudited)

As at (thousands of United States dollars)	NOTE	**June 30, 2026**	December 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents	**23**	**$ 163,286**	$ 58,328
Restricted cash and cash equivalents	**23**	**6,120**	5,424
Accounts receivable	**5**	**151,485**	78,329
Prepaids and other current assets		**35,506**	13,357
Marketable securities	**6**	**55,375**	45,090
Derivative financial instruments	**25**	**3,874**	776
Current income tax receivable		**145,149**	68,363
Short-term inventory	**7**	**41,452**	4,327
		602,247	273,994
Exploration and evaluation	**10**	**260,751**	161,125
Property, plant and equipment	**11**	**2,595,243**	1,500,213
Long-term inventory	**12**	**167,366**	175,426
Other long-term assets	**23**	**50,432**	14,629
Deferred tax asset		**486,039**	142,253
Goodwill		**73,452**	73,452
		$ 4,235,530	$ 2,341,092
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 608,873**	235,809
Current portion of customer prepayments	**13**	**$ 48,889**	—
Current portion of decommissioning and environmental liabilities	**16**	**27,707**	10,158
		685,469	245,967
Customer prepayments	**13**	**31,111**	—
Debt	**14**	**792,265**	33,000
Lease obligations	**15**	**17,728**	7,814
Decommissioning and environmental liabilities	**16**	**313,856**	79,007
Cash settled share-based compensation liabilities	**17**	**11,471**	15,228
Other long-term liabilities		**31,906**	7,143
		1,883,806	388,159
Shareholders' equity			
Share capital	**18**	**624,657**	621,062
Contributed surplus		**20,469**	20,738
Retained earnings		**1,706,598**	1,311,133
		2,351,724	1,952,933
		$ 4,235,530	$ 2,341,092

Commitments and Contingencies (note 27)
Subsequent Events (note 28)
See accompanying Notes to the Condensed Interim Consolidated Financial Statements

Approved by the Board:

"signed"	"signed"
Sigmund Cornelius	Bob MacDougall
Director	Director

Consolidated Statements of Net Income and Comprehensive Income (unaudited)

(thousands of United States dollars, except per share amounts)	NOTE	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Oil and natural gas sales	**19**	**$ 466,016**	$ 239,070	**$ 737,393**	$ 504,705
Royalties		**(72,961)**	(30,913)	**(109,749)**	(67,318)
Net revenue		**393,055**	208,157	**627,644**	437,387
Other revenue	**19**	**2,909**	2,319	**4,664**	4,831
Commodity risk management contracts gain (loss)	**25**	**(76)**	1,530	**(31,897)**	967
Revenue		**395,888**	212,006	**600,411**	443,185
Expenses					
Production		**90,766**	49,492	**148,082**	106,350
Transportation		**34,019**	17,421	**54,276**	34,239
Purchased crude oil		**36,709**	(30)	**36,756**	162
General and administrative		**23,412**	16,684	**45,839**	34,455
Unrealized (gain) loss on marketable securities	**6**	**2,433**	—	**(10,285)**	—
Transaction costs	**8**	**28,390**	—	**29,000**	—
Gain on acquisition	**8**	**(302,483)**	—	**(302,483)**	—
Depletion, depreciation and amortization	**11**	**62,382**	47,949	**113,671**	98,368
Cash settled share-based compensation (recovery) expense	**17**	**(606)**	6,294	**17,887**	8,206
Equity settled share-based compensation expense	**18**	**265**	182	**439**	362
Other expense	**20**	**8,970**	12,453	**26,327**	13,600
Foreign exchange gain		**(4,568)**	(2,037)	**(2,481)**	(3,621)
		(20,311)	148,408	**157,028**	292,121
Finance (income)	**21**	**(2,740)**	(612)	**(6,144)**	(1,909)
Finance expense	**21**	**17,219**	5,474	**23,984**	10,530
Net finance expense		**14,479**	4,862	**17,840**	8,621
Income before income taxes		**401,720**	58,736	**425,543**	142,443
Income tax expense					
Current tax expense		**16,889**	9,245	**17,960**	21,132
Deferred tax (recovery) expense		**(59,465)**	378	**(41,302)**	(8,431)
		(42,576)	9,623	**(23,342)**	12,701
Net income and comprehensive income for the period		**$ 444,296**	$ 49,113	**$ 448,885**	$ 129,742
Basic net income per common share	**22**	**$ 4.62**	$ 0.50	**$ 4.67**	$ 1.33
Diluted net income per common share	**22**	**$ 4.61**	$ 0.50	**$ 4.66**	$ 1.33

See accompanying Notes to the Condensed Interim Consolidated Financial Statements

Consolidated Statements of Changes in Equity (unaudited)

For the six months ended June 30, (thousands of United States dollars)		**2026**		2025
Share capital				
Balance, beginning of period	**$**	**621,062**	$	632,899
Issuance of common shares under equity-settled plans		**3,595**		—
Repurchase of shares		**—**		(5,733)
Balance, end of period	**$**	**624,657**	$	627,166
Contributed surplus				
Balance, beginning of period	**$**	**20,738**	$	20,024
Share-based compensation		**439**		362
Options exercised		**(708)**		—
Balance, end of period	**$**	**20,469**	$	20,386
Retained earnings				
Balance, beginning of period	**$**	**1,311,133**	$	1,178,398
Net income for the period		**448,885**		129,742
Repurchase of shares		**—**		(5,531)
Dividends		**(53,420)**		(53,926)
Balance, end of period	**$**	**1,706,598**	$	1,248,683
	$	**2,351,724**	$	1,896,235

See accompanying Notes to the Condensed Interim Consolidated Financial Statements

Consolidated Statements of Cash Flows (unaudited)

(thousands of United States dollars)	NOTE	For the three months ended June 30, 2026	2025	For the six months ended June 30, 2026	2025
Operating activities					
Net income		**$ 444,296**	$ 49,113	**$ 448,885**	$ 129,742
Add (deduct) non-cash items					
Unrealized (gain) loss on marketable securities	**6**	**2,433**	—	**(10,285)**	—
Gain on acquisition	**8**	**(302,483)**	—	**(302,483)**	—
Non-cash inventory fair value adjustment	**8**	**9,365**	–	**9,365**	–
Depletion, depreciation and amortization	**11**	**62,382**	47,949	**113,671**	98,368
Cash settled share-based compensation expense (recovery)	**17**	**(606)**	6,294	**17,887**	8,206
Equity settled share-based compensation expense	**18**	**265**	182	**439**	362
Non-cash other expense	**20**	**4,955**	374	**5,254**	580
Non-cash finance expense	**21**	**3,764**	3,262	**6,882**	6,386
Deferred tax (recovery) expense		**(59,465)**	378	**(41,302)**	(8,431)
Unrealized foreign exchange gain		**(2,217)**	(2,369)	**(1,507)**	(7,288)
Unrealized gain on commodity risk management contracts	**25**	**(30,635)**	(362)	**(1,050)**	(1,160)
Net change in assets and liabilities	**23**	**67,181**	37,821	**(22,435)**	3,255
Cash provided by operating activities		**199,235**	142,642	**223,321**	230,020
Investing activities					
Exploration and evaluation expenditures	**10**	**(64,562)**	(39,623)	**(107,323)**	(51,726)
Property, plant and equipment expenditures	**11**	**(69,131)**	(49,067)	**(117,413)**	(94,018)
Long-term inventory expenditures, net of transfers and sales	**12**	**1,243**	3,667	**8,060**	8,315
Business acquisition, net of cash acquired	**8**	**(232,179)**	—	**(307,179)**	—
Property acquisition	**9**	**—**	—	**—**	(15,968)
Net change in non-cash working capital	**23**	**9,976**	25,885	**14,545**	31,244
Cash (used in) investing activities		**(354,653)**	(59,138)	**(509,310)**	(122,153)
Financing activities					
Issuance of unsecured notes, proceeds	**14**	**500,000**	—	**500,000**	—
Issuance costs of unsecured notes	**14**	**(15,380)**	—	**(15,380)**	—
Bank debt repayment	**14**	**(175,200)**	(32,000)	**(33,000)**	(42,000)
Payments on lease obligations	**15**	**(1,699)**	(172)	**(2,314)**	(218)
Dividends	**18**	**(26,483)**	(27,561)	**(53,420)**	(53,926)
Common shares repurchased	**18**	**—**	(6,025)	**—**	(11,264)
Issuance of common shares under equity-settled plans	**18**	**916**	—	**2,887**	—
Net change in non-cash working capital	**23**	**—**	(1,331)	**—**	(1,228)
Cash provided by (used in) financing activities		**282,154**	(67,089)	**398,773**	(108,636)
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents for the period		**126,736**	16,415	**112,784**	(769)
Impact of foreign exchange on foreign currency-denominated cash balances		**4,944**	928	**5,525**	2,482
Cash and cash equivalents and restricted cash and cash equivalents, beginning of period	**23**	**50,572**	86,157	**63,943**	101,787
Cash and cash equivalents and restricted cash and cash equivalents, end of period	**23**	**$ 182,252**	$ 103,500	**$ 182,252**	$ 103,500

Supplemental Disclosure of Cash Flow Information (note 23)

See accompanying Notes to the Condensed Interim Consolidated Financial Statements

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2026
(Tabular amounts in thousands of United States dollars, unless otherwise stated. Amounts in text are in United States dollars, unless otherwise stated.)

1. Corporate Information

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

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

The condensed interim consolidated financial statements were approved by the Board of Directors on July 30, 2026.

2. Basis of Presentation and Material Accounting Policies

a) Statement of compliance

The condensed interim consolidated financial statements for the three and six months ended June 30, 2026 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2025, which have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The policies applied in these condensed interim consolidated financial statements are based on IFRS Accounting Standards issued and outstanding as of July 30, 2026, the date the Board of Directors approved the condensed interim consolidated financial statements.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared under the historical cost convention, except for those items which are measured at fair value as discussed in note 4 - Determination of Fair Values.

c) Use of management estimates, judgments and measurement uncertainty

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

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2025.

3. Summary of Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year as described in note 3 of the Company's consolidated financial statements for the year ended December 31, 2025 with the addition of the below Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures.*

On January 1, 2026, the Company adopted the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in the interim period ending March 31, 2026. The amendments for disclosures relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. There was not a material effect to the Company's condensed interim consolidated financial statements. The Company has applied the election to deem financial liabilities settled in cash using an electronic payment system to be discharged before the settlement date. The amendments have been applied retrospectively with no restatement of comparative information, in accordance with transition requirements on initial application of IFRS 9. There is no adjustment to the opening balance of cash and cash equivalents in the consolidated statements of cash flows.

In addition, due to the acquisition of Frontera Petroleum International Holdings B.V. (see Note 8 - Business Combination), the following additional accounting policies have been updated:

Subsidiaries:

Frontera Energy Colombia AG has been identified as an additional principal operating subsidiary. Frontera Energy AG is incorporated in Switzerland and its principle business activity is oil and natural gas exploration and development in Colombia. Parex has 100% ownership of this subsidiary.

Customer prepayments:

The Company recognizes each contract in the statement of financial position as either a contract asset or a contract liability, based on the relationship between the Company's performance under the contract and the consideration received from the customer. Additionally, when a customer pays consideration, or when the Company has an unconditional right to consideration (i.e., a receivable) before transferring goods or services, the entity shall present the amount as a contract liability or customer prepayment in the statement of financial position (see Note 13 - Customer Prepayments). This classification applies at the earlier of the payment date or the date the payment becomes due. Financing components embedded in customer prepayment arrangements are recognized using the effective interest method over the term of the agreement when significant financing components exist.

In addition, due to the recognition of Equity tax in the current period, the following additional accounting policy has been updated:

Equity tax:

Equity tax represents a tax imposed by the Colombian Government on entities whose net equity exceeds a prescribed threshold as of a specified measurement date. The tax is recognized as an expense when the obligating event occurs and the amount can be reliably estimated. The related liability is measured based on the applicable tax rate applied to taxable net equity, considering enacted or substantively enacted tax legislation at the reporting date. Equity tax is recognized in profit or loss and is not included in income tax expense unless required by applicable tax legislation (see Note 20 - Other Expense).

Standards Issued but not yet Effective

i) IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which will replace IAS 1 and includes requirements for all entities applying IFRS for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures ("MPMs") and additional requirements regarding the aggregation and disaggregation of certain information. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted, and it must be adopted on a retrospective basis.

Parex is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements. Throughout 2026, Parex will assess system changes, draft and finalize financial statements to quantify the impact of changes, MPMs and related disclosures ahead of the 2027 effective date.

4. Determination of Fair Values

The methods used in the determination of fair value, for financial and non-financial assets and liabilities have not changed from the previous financial year. Refer to note 4 of the December 31, 2025 consolidated financial statements for details concerning determination of fair values.

5. Accounts Receivable

		June 30, 2026		December 31, 2025
Trade receivables	**$**	**105,162**	$	72,317
Receivables from partners		**30,323**		—
Value added taxes (VAT)		**16,000**		6,012
	$	**151,485**	$	78,329

Trade receivables consist primarily of oil sale receivables related to the Company's oil sales. Receivables from partners primarily relate to amounts recoverable from joint venture partners for their share of costs incurred under joint operations. VAT receivable consists of value-added taxes paid on Colombian oil and gas operating, capital, and administrative expenditures that are recoverable from the Colombian tax authorities. All accounts receivable are expected to be received within twelve months and are thus recognized as current assets.

6. Marketable Securities

		June 30, 2026		December 31, 2025
Marketable securities	**$**	**55,375**	$	45,090

In 2025, the Company acquired 6,084,986 common shares of GeoPark Ltd (NYSE: GPRK) for aggregate consideration of $40.5 million ($6.65 per share). The fair value of these shares at June 30, 2026 was $55.4 million, resulting in an unrealized gain of $10.3 million, which is recorded in the consolidated statements of net income and comprehensive income.

7. Short-term Inventory

		June 30, 2026		December 31, 2025
Crude oil inventory	**$**	**26,220**	$	4,327
Materials inventory		**15,232**		—
Total	**$**	**41,452**	$	4,327

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

Materials inventory consists of materials used in operations and is valued at the lower of cost and net realizable value.

8. Business Combination

Frontera Transaction

On June 1, 2026, the Company closed its previously announced acquisition of all the Colombian exploration and production assets of Frontera Energy Corporation, pursuant to which the Company, through a wholly-owned subsidiary, acquired 100% of the issued and outstanding shares of Frontera Petroleum International Holdings B.V., which holds all of Frontera's exploration and production assets in Colombia, for cash consideration of $500 million, plus the assumption of debt, in addition to a contingent payment of $25 million (the "Frontera Transaction"). The Frontera Transaction was funded with the proceeds from the Company's issuance of senior unsecured notes, see Note 14 - Debt for details.

The contingent consideration is payable to Frontera if, within 12 months following the closing of the Frontera Transaction, the Company obtains a contractual amendment or other binding agreement extending the term of the Quifa Association Contract. At the acquisition date, the contingent consideration was recognized at its estimated fair value of $12.5 million, reflecting management's probability-weighted assessment of the payment condition being satisfied. As any payment, if triggered, is expected within 12 months of the acquisition date, the effect of discounting was not material.

The fair value measurement of the contingent consideration is classified within Level 3 of the fair value hierarchy because it uses significant unobservable inputs, principally the probability of obtaining the required contractual extension. The contingent consideration was remeasured at June 30, 2026, with no change in its fair value recognized during the period.

IFRS 3 requires the amounts to record for the underlying assets and liabilities acquired to be determined at the closing date (the "acquisition date") whereas the consideration for the business was negotiated earlier and voted on by the Frontera shareholders April 30, 2026. Furthermore, deferred tax assets are recorded at undiscounted amounts based on temporary differences existing at the acquisition date and are therefore not recorded at fair value under IFRS. The tax basis of the underlying assets acquired is in Colombian pesos which differs from the functional currency of the company and due to volatility in currencies this also significantly increased the US dollar equivalent value of the tax pools at the acquisition date relative to the time when the purchase was negotiated. As a result, the Company has estimated that the deferred tax assets contributed to the recognition of a bargain purchase gain approximating the deferred tax assets recognized.

The consolidated statements of net income and comprehensive income include results of operations of the Frontera Transaction since the closing date of June 1, 2026. The Company incurred transaction costs in connection with the Frontera Transaction of $28.4 million and $29.0 million for the three and six months ended June 30, 2026 respectively, which are expensed as incurred and presented in the consolidated statements of net income and comprehensive income.

The below amounts are estimates which were made by management at the time of the preparation of these condensed interim consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized for a period of up to one year. The pro forma information disclosed below is presented for informational purposes only and is not necessarily indicative of the results that would have been achieved had the Frontera Transaction occurred on January 1, 2026, nor is it indicative of future results.

The key assumptions used in the business combination to calculate the purchase price allocation include reserve estimates of proved plus probable reserves acquired that are based on production forecasts, future commodity prices, future development costs and future production costs.

As a result of the acquisition, the Company recognized a bargain purchase gain of $302.5 million, representing the excess of the fair value of the identifiable net assets acquired over the consideration transferred. The bargain purchase gain was recognized in the consolidated statements of net income and comprehensive income.

Before recognizing the bargain purchase gain, the Company assessed the completeness and accuracy of the assets acquired, liabilities assumed and consideration transferred, including the valuation methodologies and key assumptions applied in determining acquisition-date fair values, in accordance with IFRS 3.

The following table summarizes the recognizable assets acquired, liabilities assumed and consideration paid pursuant to the Frontera Transaction:

Assets acquired and liabilities assumed		
Assets		
Cash and cash equivalents	$	165,859
Restricted cash and cash equivalents		10,657
Accounts receivables		84,094
Prepaids and other current assets		11,181
Short-term inventory		67,569
Current income tax receivable		61,927
Exploration and evaluation assets		11,089
Property, plant and equipment		986,557
Right-of-use-asset		16,003
Other long-term assets		18,198
Deferred tax asset		302,483
Liabilities		
Accounts payable and accrued liabilities		(344,031)
Derivative financial instruments		(1,282)
Long-term debt - unsecured notes		(307,311)
Customer prepayments		(80,300)
Lease obligations		(16,003)
Decommissioning and environmental liabilities		(179,999)
Other long-term liabilities		(8,013)
Net assets acquired	**$**	**798,678**
Consideration transferred		(496,195)
Bargain purchase gain	**$**	**302,483**

Consideration for the acquisition		
Base purchase price	$	500,000
Purchase price adjustments		(16,305)
Cash consideration paid at closing		483,695
Fair value of contingent consideration		12,500
Total consideration	**$**	**496,195**
Cash paid	$	483,695
Less: Cash and cash equivalents acquired		(176,516)
Net cash outflow on acquisition	**$**	**307,179**

The pro forma results for the six month period ended June 30, 2026 are shown below, as if the Frontera Transaction had occurred on January 1, 2026. Pro forma results are not indicative of actual results or future performance.

Oil and natural gas sales	$	1,205,557
Net revenue less direct costs	$	569,531

The pro forma net income and pro forma net income per share, basic and diluted, are considered impracticable to calculate and therefore not included. The consolidated statement of net income and comprehensive income for the six months ended June 30, 2026 includes $129.5 million of oil and natural gas sales attributable to the assets acquired since the Frontera Transaction. Revenue less direct costs for the six months ended June 30, 2026 attributable to the assets acquired since the Frontera Transaction is $39.7 million.

9. Property Acquisition

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

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

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

Assets acquired and liabilities assumed		
PP&E	$	16,788
Decommissioning liabilities		(820)
	$	15,968

Consideration for the acquisition		
Purchase price	$	19,000
Purchase price adjustments		(3,032)
Net consideration	$	15,968
Cash paid	$	14,970
Working capital adjustments		998
Total consideration paid	**$**	**15,968**

No working capital was included in the assets acquired.

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

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

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

10. Exploration and Evaluation Assets

Cost		
Balance at December 31, 2024	**$**	**116,928**
Additions and transfers from long-term inventory		109,730
Transfers to PP&E		(60,020)
Changes in decommissioning liability		5,627
Exploration and evaluation impairment		(11,140)
Balance at December 31, 2025	**$**	**161,125**
Additions and transfers from long-term inventory		107,323
Acquired on close of business combination - Note 8		11,089
Transfers to PP&E		(28,961)
Changes in decommissioning liability		10,175
Balance at June 30, 2026	**$**	**260,751**

Exploration and Evaluation ("E&E") assets consist of the Company's exploration projects which are pending either the determination of proved or probable reserves or impairment. Additions and transfers of $107.3 million for the six months ended June 30, 2026 represent the Company's share of costs incurred on E&E assets during the period. During the six months ended June 30, 2026, $29.0 million of E&E assets were transferred to PP&E related to Block LLA-111.

For the six months ended June 30, 2026 $1.1 million of general and administrative costs (six months ended June 30, 2025 - $1.2 million) have been capitalized in respect of exploration and evaluation activities during the current period.

At June 30, 2026 and December 31, 2025 the Company did not have any E&E assets in Canada.

At June 30, 2026 there were no indicators of impairment noted.

11. Property, Plant and Equipment

	Canada	Colombia	Total
Cost			
Balance at December 31, 2024	**$ 21,432**	**$ 3,756,897**	**$ 3,778,329**
Additions and transfers from long-term inventory	1,340	199,255	200,595
Right-of-use-asset addition (non-cash)	—	4,338	4,338
Transfers from E&E assets	—	60,020	60,020
Additions related to property acquisition - Note 9	—	16,788	16,788
Changes in decommissioning and environmental liability	—	372	372
Balance at December 31, 2025	**$ 22,772**	**$ 4,037,670**	**$ 4,060,442**
Additions and transfers from long-term inventory	411	117,002	117,413
Right-of-use-asset addition (non-cash) - Note 8	—	16,003	16,003
Transfers from E&E assets	—	28,961	28,961
Acquired on close of business combination - Note 8	—	986,557	986,557
Changes in decommissioning and environmental liability	—	59,584	59,584
Balance at June 30, 2026	**$ 23,183**	**$ 5,245,777**	**$ 5,268,960**
Accumulated Depreciation, Depletion and Amortization			
Balance at December 31, 2024	**$ 12,513**	**$ 2,346,515**	**$ 2,359,028**
Depletion and depreciation for the year	2,312	196,701	199,013
Depreciation - Right-of-use-asset	740	652	1,392
DD&A included in crude oil inventory costing	—	796	796
Balance at December 31, 2025	**$ 15,565**	**$ 2,544,664**	**$ 2,560,229**
Depletion and depreciation for the period	1,158	111,231	112,389
Depreciation - Right-of-use-asset	377	905	1,282
DD&A included in crude oil inventory costing	—	(183)	(183)
Balance at June 30, 2026	**$ 17,100**	**$ 2,656,617**	**$ 2,673,717**
Net book value:			
As at December 31, 2024	$ 8,919	$ 1,410,382	$ 1,419,301
As at December 31, 2025	$ 7,207	$ 1,493,006	$ 1,500,213
As at June 30, 2026	**$ 6,083**	**$ 2,589,160**	**$ 2,595,243**

In the six months ended June 30, 2026 property, plant and equipment ("PPE") additions of $117.4 million mainly relate to drilling and facility costs in Colombia. During the six months ended June 30, 2026, $29.0 million of E&E assets were transferred to PP&E related to Block LLA-111.

For the six months ended June 30, 2026 future development costs of $836.0 million (six months ended June 30, 2025 - $378.0 million) were included in the depletion calculation for development and production assets. For the six months ended June 30, 2026 $3.7 million of general and administrative costs (six months ended June 30, 2025 - $3.6 million) have been capitalized in respect of development and production activities during the current period.

At June 30, 2026 there were no indicators of impairment noted, or indicators requiring a reversal of previously recorded impairments.

12. Long-term Inventory

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

Cost		
Balance at December 31, 2024	**$**	**199,474**
Additions		10,441
Transfers to E&E and PP&E assets		(25,045)
Transfer to production costs		(1,787)
Sale of inventory		(1,187)
Impairment		(6,470)
Balance at December 31, 2025	**$**	**175,426**
Additions		7,224
Transfers to E&E and PP&E assets		(14,558)
Sale of inventory		(726)
Balance at June 30, 2026	**$**	**167,366**

For the six months ended June 30, 2026, long-term inventory additions were $7.2 million, $14.6 million of long-term inventory was incorporated into the costs of E&E and PP&E projects and $0.7 million of inventory was sold. At June 30, 2026 there were no indicators of impairment noted.

13. Customer prepayments

		June 30, 2026		December 31, 2025
Current portion of customer prepayments	**$**	**48,889**	$	—
Non-current portion of customer prepayments		**31,111**		—
Total customer prepayments	**$**	**80,000**	$	—

In conjunction with the Frontera Transaction, the Company assumed all of Frontera's obligations under its customer prepayments. In December 2025, Frontera entered into a 24-month agreement with Chevron Products Company ("Chevron") to supply 500,000 barrels of crude oil per month. An advance payment of $80 million was received and recorded as a customer prepayment, to be recognized as revenue upon monthly deliveries. The sales price will be based on the Brent reference price, adjusted for applicable differentials and discounts, and repayment of the prepayment amount will begin after a six-month grace period. The Company may request an additional $40 million advance for up to six months on a fully committed basis. Under the agreement, the prepayment amounts will be subject to a financial discount calculated at SOFR plus 4.25% per annum.

As at June 30, 2026, customer prepayments are principally attributable to the advance payment received under the crude oil supply agreement described above. As at June 30, 2026, the carrying value for customer prepayments was $80.0 million, which includes short-term prepayments of $48.9 million.

14. Debt

		June 30, 2026		December 31, 2025
2031 Unsecured notes	$	**484,953**	$	—
2028 Unsecured notes		**307,312**		—
Total Unsecured notes		**792,265**		—
Credit facility		**—**		33,000
Total debt	$	**792,265**	$	33,000

Unsecured Notes

2031 Unsecured Notes

On May 11, 2026, in conjunction with the Frontera Transaction, the Company completed a $500.0 million private placement offering of senior unsecured notes due 2031 ("2031 Unsecured Notes") to fund the acquisition and for general corporate purposes. The notes were priced at par, bear interest at a rate of 8.50% per annum and mature on May 11, 2031, unless earlier redeemed or repurchased. The interest is payable semi-annually in arrears on November 11 and May 11 of each year, beginning on November 11, 2026. The carrying value for the 2031 Unsecured Notes as at June 30, 2026 was $485.0 million compared to the fair value of $508.0 million (Level 2 input).
Net proceeds from the sale of the Notes were $484.6 million, after deducting the initial offering expenses payable by the Company of $15.4 million.

Key covenants include a fixed charge test of not less than 2.25:1 and net debt to adjusted EBITDA test of 3.50:1 and other standard business operating covenants for each reporting period. The Company was in compliance with all key covenants at June 30, 2026.

2028 Unsecured Notes

In conjunction with the Frontera Transaction, the Company assumed all of Frontera's obligations under its $310.0 million aggregate principal amount of 7.875% senior unsecured notes due 2028 ("2028 Unsecured Notes") issued on June 21, 2021. The interest is payable semi-annually in arrears on June 21 and December 21 of each year, beginning on December 21, 2021. The 2028 Unsecured Notes will mature June 21, 2028, unless earlier redeemed or repurchased. The carrying value for the 2028 Unsecured Notes as at June 30, 2026 was $307.3 million compared to the fair value of $308.8 million (Level 2 input).

Key covenants include a fixed charge test of not less than 2.25:1 and net debt to adjusted EBITDA test of 3.25:1 and other standard business operating covenants for each reporting period. The Company was in compliance with all key covenants at June 30, 2026.

The 2028 and 2031 unsecured notes are subordinated to secured debt to the extent of the value of the assets securing such indebtedness.

Credit Facility

The Company has a senior secured credit facility with a syndicate of banks which at June 30, 2026 had a borrowing base of $240.0 million (December 31, 2025 - $240.0 million). The credit facility is intended to serve as means to increase liquidity and fund cash or letter of credit needs as they arise. At June 30, 2026, there was no draw on the credit facility (at December 31, 2025 - $33.0 million was drawn). The undrawn capacity on the credit facility at June 30, 2026 was $240.0 million (December 31, 2025 - $207.0 million).

The credit facility bears interest and fees based in the following manner:
(i) advances on the revolving facility bear interest at rates per annum equal to U.S. Base Rate or SOFR plus applicable margins;
(ii) advances on the operating line bear interest at rates per annum equal to Canadian Prime Rate plus applicable margins; and
(iii) undrawn amounts bear a commitment fee.

The credit facility is secured by the Company's Colombian assets and has final maturity date of May 31, 2028. The next annual review is scheduled to occur in May 2027.

Key covenants include a rolling four quarters total funded debt to adjusted EBITDA test of 3.50:1, senior secured debt to adjusted EBITDA test of 3.00:1, and other standard business operating covenants for each reporting period. The Company was in compliance with all key covenants at June 30, 2026.

Refer to note 27 – Commitments and Contingencies for details regarding performance guarantees in place with the Colombian National Hydrocarbon Agency ("ANH") and Empresa Colombiana de Petróleos S.A. ("Ecopetrol") in respect of exploration work commitments on the Company's Colombian concessions. These guarantees have been provided in the form of unsecured letters of credit issued by select Latin American banks with varying terms and are reduced from time to time to reflect work performed on the various blocks.

15. Lease Obligations

	Canada	Colombia	Total
Balance at December 31, 2024	**$ 4,071**	**$ 1,132**	**$ 5,203**
Additions	—	4,338	4,338
Interest expense	34	331	365
Lease payments	(586)	(531)	(1,117)
Foreign exchange loss	159	197	356
Balance at December 31, 2025	**$ 3,678**	**$ 5,467**	**$ 9,145**
Acquired on close of business combination - Note 8	—	16,003	16,003
Interest expense	16	431	447
Lease payments	(362)	(2,399)	(2,761)
Foreign exchange loss (gain)	(134)	216	82
Balance at June 30, 2026	**$ 3,198**	**$ 19,718**	**$ 22,916**
Current obligation	(739)	(4,449)	(5,188)
Long-term obligation	**$ 2,459**	**$ 15,269**	**$ 17,728**

In connection with the Frontera Transaction, the Company assumed Frontera's obligations under its existing lease arrangements. The leases relate to various properties, vehicles, power generation supply, including the arrangements associated to the CPE-6 Solar Plant and CPE-6 Battery Energy Storage System, and other assets.

16. Decommissioning and Environmental Liabilities

	Decommissioning	Environmental	Total
Balance, December 31, 2024	$ 68,469	$ 9,206	$ 77,675
Additions	6,407	3,275	9,682
Property acquisitions - Note 9	702	118	820
Settlements of obligations during the year	(5,877)	(3,635)	(9,512)
Loss (gain) on settlement of obligations	596	(449)	147
Accretion expense	8,160	962	9,122
Change in estimate - inflation and discount rates	(6,197)	(1,192)	(7,389)
Change in estimate - costs and timing of settlements	2,216	1,490	3,706
Foreign exchange loss	3,087	1,827	4,914
Balance, December 31, 2025	$ 77,563	$ 11,602	$ 89,165
Additions	10,772	2,723	13,495
Acquired on close of business combination - Note 8	156,249	23,750	179,999
Discount rate adjustment on obligations acquired	32,355	5,894	38,249
Settlements of obligations during the period	(8,614)	(2,450)	(11,064)
Gain on settlement of obligations	(1,046)	(175)	(1,221)
Accretion expense	5,442	826	6,268
Change in estimate - inflation and discount rates	17,830	4,264	22,094
Change in estimate - costs and timing of settlements	(5,014)	935	(4,079)
Foreign exchange loss	5,537	3,120	8,657
Balance, June 30, 2026	**$ 291,074**	**$ 50,489**	**$ 341,563**
Current obligation	(18,572)	(9,135)	(27,707)
Long-term obligation	**$ 272,502**	**$ 41,354**	**$ 313,856**

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

The total decommissioning and environmental liability is estimated based on the Company's net ownership in wells drilled as at June 30, 2026, the estimated costs to abandon and reclaim the wells and well sites and the estimated timing of the costs to be paid in future periods. The total undiscounted amount of cash flows required to settle the Company's decommissioning liability is approximately $641.6 million as at June 30, 2026 (December 31, 2025 – $244.5 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 11.4% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2025 – 12.5% risk-free discount rate and a 4.0% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the decommissioning liability is $18.6 million (December 31, 2025 – $7.3 million) that is classified as a current obligation.

The total undiscounted amount of cash flows required to settle the Company's environmental liability is approximately $100.4 million as at June 30, 2026 (December 31, 2025 – $29.7 million) with the majority of these costs anticipated to occur in 2033 or later in Colombia. A risk-free discount rate of 11.4% and an inflation rate of 4.0% were used in the valuation of the liabilities (December 31, 2025 – 12.5% risk-free discount rate and a 4.0% inflation rate). The risk-free discount rate and the inflation rate used are based on forecast Colombia rates.

Included in the environmental liability is $9.1 million (December 31, 2025 – $2.8 million) that is classified as a current obligation.

17. Cash Settled Incentive Plans

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

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

CosRSU:	Number of CosRSUs	Weighted average exercise price Cdn$/ CosRSU
Balance, December 31, 2024	1,162,252	—
Granted[1]	1,037,144	—
Exercised	(569,595)	—
Forfeited	(133,366)	—
Balance, December 31, 2025	1,496,435	—
Granted[1]	495,727	—
Exercised	(624,659)	—
Forfeited	(113,660)	—
Balance, June 30, 2026	**1,253,843**	**—**

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

CosPSU:	Number of CosPSUs	Weighted average exercise price Cdn$/ CosPSU
Balance, December 31, 2024	682,587	—
Granted[1]	156,917	—
Granted by performance factor	40,596	—
Exercised	(303,208)	—
Forfeited	(28,793)	—
Balance, December 31, 2025	548,099	—
Granted[1]	68,808	—
Granted by performance factor	235,720	—
Exercised	(532,633)	—
Forfeited	(68,555)	—
Balance, June 30, 2026	**251,439**	**—**

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

As at June 30, 2026 and 2025, no CosRSUs and CosPSUs were vested.

The weighted average fair value at the grant date for the six months ended June 30, 2026 was Cdn$26.26 per CosRSU and CosPSU (six months ended June 30, 2025 - Cdn$12.71 per CosRSU and CosPSU). The weighted average share price on the exercise date for CosRSUs and CosPSUs exercised during the six months ended June 30, 2026 was Cdn$21.95 (six months ended June 30, 2025 – Cdn$13.67).

Pursuant to the cash or share settled restricted share unit and performance share unit plan, the Company has granted cash or share settled performance share units to certain employees. The CosPSUs vest three years after the grant date. CosPSUs may be granted with certain performance measures, specified at the grant date as determined by the Company's Board of Directors. Based upon the achievement of the performance measures, a pre-determined adjustment factor of between 0-2x is applied to CosPSUs eligible to vest at the end of the performance period. In March 2026 the board of directors approved a multiplier of 1.67X be applied to the 2023 CosPSU grant resulting in 235,720 CosPSUs issued. In March 2025 the board of directors approved a multiplier of 1.15X be applied to the 2022 CosPSU grant resulting in 40,596 CosPSUs issued.

Obligations for payments of cash under the CosRSUs and CosPSUs plans are accrued as compensation expense over the vesting period based on the fair value of CosRSUs and CosPSUs. The fair value of CosRSUs and CosPSUs is calculated using the Black-Scholes pricing model based on the market price of the Company's common shares at the valuation date. As at June 30, 2026, the total CosRSUs and CosPSUs liability accrued is $8.3 million (December 31, 2025 - $18.8 million) of which $2.8 million (December 31, 2025 - $4.5 million) is classified as long-term in accordance with the three-year vesting period.

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

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

LDRSU:	Number of LDRSUs	Weighted average exercise price Cdn$/ LDRSU
Balance, December 31, 2024	102,495	—
Granted[1]	208,953	—
Balance, December 31, 2025	311,448	—
Granted[1]	104,705	—
Exercised	(14,500)	—
Balance, June 30, 2026	**401,653**	**—**

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

LDPSU:	Number of LDPSUs	Weighted average exercise price Cdn$/ LDPSU
Balance, December 31, 2024	208,577	—
Granted[1]	414,321	—
Balance, December 31, 2025	622,898	—
Granted[1]	210,255	—
Balance, June 30, 2026	**833,153**	**—**

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

As at June 30, 2026 129,578 LDRSUs and no LDPSUs were vested. As at June 30, 2025 36,779 LDRSUs and no LDPSUs were vested.

The weighted average fair value at the grant date for the six months ended June 30, 2026 was Cdn$26.32 per LDRSU and LDPSU (six months ended June 30, 2025 - Cdn$12.75 per LDRSU and LDPSU). The weighted average share price on the exercise date for LDRSUs exercised during the six months ended June 30, 2026 was Cdn$25.30.

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

Obligations for payments of cash under the LDRSUs and LDPSUs plans are accrued as compensation expense over the vesting period based on the fair value of LDRSUs and LDPSUs. The fair value of LDRSUs and LDPSUs is calculated using the Black-Scholes pricing model based on the market price of the Company's common shares at the valuation date. As at June 30, 2026, the total LDRSUs and LDPSUs liability accrued is $6.9 million (December 31, 2025 - $4.0 million) of which $1.8 million (December 31, 2025 - $2.8 million) is classified as long-term in accordance with the three-year vesting period.

c) Deferred share units ("DSUs")

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

	Number of DSU's	Weighted average exercise price Cdn$/ DSU
Balance, December 31, 2024	348,812	—
Granted(1)	128,621	—
Exercised on board retirement	(68,767)	—
Balance, December 31, 2025	408,666	—
Granted(1)	42,473	—
Exercised on board retirement	(119,060)	—
Balance, June 30, 2026	**332,079**	—

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

The weighted average fair value at the grant date for the six months ended June 30, 2026 was $21.39 per DSU (six months ended June 30, 2025 - Cdn$10.88 per DSU). The weighted average share price on the exercise date for DSUs exercised during the six months ended June 30, 2026 was Cdn $20.77. There were no DSUs exercised in the six months ended June 30, 2025.

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

As at June 30, 2026, the total DSUs liability accrued is $5.0 million (December 31, 2025 - $5.5 million) of which $4.7 million (December 31, 2025 - $4.5 million) is classified as long-term in accordance with the terms of the DSU plan.

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

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

	Number of CRSUs	Weighted average exercise price Cdn$/ CRSU
Balance, December 31, 2024	810,676	—
Granted(1)	1,008,076	—
Exercised	(371,742)	—
Forfeited	(88,248)	—
Balance, December 31, 2025	1,358,762	—
Granted(1)	489,027	—
Exercised	(550,302)	—
Forfeited	(84,687)	—
Balance, June 30, 2026	**1,212,800**	**—**

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

The weighted average fair value at the grant date for six months ended June 30, 2026 was Cdn$23.14 per CRSU (six months ended June 30, 2025 - Cdn$12.74 per CRSU). The weighted average share price on the exercise date for CRSUs exercised for the six months ended June 30, 2026 was Cdn$21.73 (six months ended June 30, 2025 – Cdn$13.90).

Obligations for payments of cash under the CRSUs plan are accrued as compensation expense over the vesting period based on the fair value of CRSUs. The fair value of CRSUs is calculated using the Black-Scholes pricing model based on the market price of the Company's common shares at the valuation date. As at June 30, 2026, the total CRSUs liability accrued is $7.0 million (December 31, 2025 - $9.3 million) of which $2.1 million (December 31, 2025 - $3.4 million) is classified as long-term in accordance with the three-year vesting period.

e) *Cash settled share-based compensation*

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
CosRSUs and CosPSUs expense	**$ 1,547**	$ 2,837	**$ 8,574**	$ 4,629
LDRSUs and LDPSUs expense (recovery)	**(626)**	592	**3,109**	831
DSUs expense (recovery)	**(781)**	1,322	**1,596**	1,143
CRSUs expense (recovery)	**(746)**	1,543	**4,608**	1,603
Total cash settled share-based compensation expense (recovery)	**$ (606)**	$ 6,294	**$ 17,887**	$ 8,206
Cash payments made upon exercise in the period	**$ 3,425**	$ 518	**$ 29,577**	$ 11,232

18. Share Capital

a) *Issued and outstanding common shares*

	Number of shares	Amount
Balance, December 31, 2024	98,339,036	$ 632,899
Repurchase of shares	(2,364,900)	(11,837)
Balance, December 31, 2025	95,974,136	$ 621,062
Issued for cash - exercise of options	206,118	2,887
Allocation of contributed surplus – exercise of options	—	708
Balance, June 30, 2026	**96,180,254**	**$ 624,657**

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

In the six months ended June 30, 2026, there were 206,118 options exercised for proceeds of $2.9 million (year ended December 31, 2025 - no options were exercised). For the six months ended June 30, 2026, the Company did not repurchase any common shares pursuant to its Normal Course Issuer Bid.

For the year ended December 31, 2025, the Company repurchased 2,364,900 common shares pursuant to its Normal Course Issuer Bid at a cost of $26.5 million (average cost per share of Cdn$15.37). The cost to repurchase common shares at a price in excess of their average book value has been charged to retained earnings.

Dividends paid in 2026 were $53.4 million or Cdn$0.77 per share (for the year ended December 31, 2025 - $107.7 million or Cdn$1.54 per share) to shareholders on record for each dividend payment.

b) *Stock options*

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

	Number of stock options	Weighted average exercise price Cdn$/option
Balance, December 31, 2024	899,429	22.78
Granted	533,022	12.74
Forfeited	(178,843)	21.52
Balance, December 31, 2025	1,253,608	18.69
Granted	341,386	25.72
Exercised	(206,118)	19.31
Forfeited	(168,583)	20.97
Balance, June 30, 2026	**1,220,293**	**20.24**

Stock options outstanding and the weighted average remaining life of the stock options at June 30, 2026 are as follows:

	Options outstanding			Options vested		
Exercise price Cdn$	Number of options	Weighted average remaining life (years)	Weighted average exercise price Cdn$/option	Number of options	Weighted average remaining life (years)	Weighted average exercise price Cdn$/option
$12.74 - $16.90	433,177	3.69	$ 12.74	96,894	3.69	$ 12.74
$16.91 - $21.92	194,028	2.68	$ 21.06	116,869	2.68	$ 21.06
$21.93 - $25.60	116,804	1.60	$ 22.81	116,804	1.60	$ 22.81
$25.61 - $26.37	341,386	4.70	$ 25.72	—	—	$ —
$26.38 - $27.02	134,898	0.61	$ 27.02	134,898	0.61	$ 27.02
	1,220,293	**3.27**	**$ 20.24**	**465,465**	**2.02**	**$ 21.50**

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

For the six months ended June 30,	**2026**	2025
Risk-free interest rate (%)	**2.94**	2.66
Expected life (years)	**4**	4
Expected volatility (%)	**41**	41
Forfeiture rate (%)	**3**	3
Expected dividend yield (%)	**7.20**	11.07

The weighted average fair value at the grant date for the six months ended June 30, 2026 was Cdn$5.76 per option (six months ended June 30, 2025 - Cdn$1.68 per option). In the six months ended June 30, 2026, there were 206,118 options exercised. The weighted average share price on the exercise date for options exercised in the six months ended June 30, 2026 was $27.01.

c) Equity settled share-based compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Option expense	**$ 265**	$ 182	**$ 439**	$ 362
Total equity settled share-based compensation expense	**$ 265**	$ 182	**$ 439**	$ 362

19. Oil and Natural Gas Sales and Other Revenue

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Crude oil	**$ 455,076**	$ 232,465	**$ 717,530**	$ 492,342
Natural gas	**10,940**	6,605	**19,863**	12,363
Oil and natural gas sales	**$ 466,016**	$ 239,070	**$ 737,393**	$ 504,705

At June 30, 2026, receivables from contracts with customers, which are included in accounts receivable, were $105.2 million (December 31, 2025 - $72.3 million).

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Other revenue	**$ 2,909**	$ 2,319	**$ 4,664**	$ 4,831

20. Other Expense

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Other Colombian taxes	**$ 622**	$ 2,545	**$ 2,203**	3,326
Colombian tax credit purchased	**—**	8,097	**—**	8,097
Equity tax	**(712)**	—	**6,288**	—
Legal provisions	**1,343**	—	**1,519**	—
(Gain) loss on settlement of decommissioning liabilities	**(1,205)**	357	**(1,221)**	545
Loss on disposition of tangible assets	**4,232**	17	**4,371**	35
Site restoration costs	**4,234**	—	**10,803**	—
Other	**456**	1,437	**2,364**	1,597
Total other expense	**$ 8,970**	$ 12,453	**$ 26,327**	$ 13,600

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Non-cash other expense	**$ 4,955**	$ 374	**$ 5,254**	$ 580
Cash other expense	**4,015**	12,079	**21,073**	13,020
Total other expense	**$ 8,970**	$ 12,453	**$ 26,327**	$ 13,600

On February 24, 2026, through Executive Order 0173, the Colombian Government created a new equity tax applicable for fiscal year 2026. The tax applies to legal entities and de facto partnerships that are income tax filers in Colombia. The tax is assessed and becomes payable on equity as of March 1, 2026 equal to or exceeding 200,000 tax unit's value (UVT) (approximately COP$10.5 billion or US$2.7 million) at rates from 0.5% to 1.6%. This Executive Order will be challenged through the Constitutional Court and it may or may not be overturned by the Court. The equity tax payable was settled by June 30, 2026.

Legal provisions have been recognized in respect of estimated fines and penalties mainly arising from environmental regulatory disputes. Management has assessed the likelihood of settlement and determined the best estimate based on relevant legislation and the probability of enforcement outcomes. The timing of the outflows is expected within 10 years. Significant judgement was applied in estimating the range of possible outcomes given the uncertainty involved.

A provision has been recognized for the estimated costs required for site restoration in accordance with applicable regulations and contractual obligations. Management expects that a portion of these restoration costs will be recovered through insurance arrangements. Insurance recoveries are recognized only when recovery is virtually certain.

21. Net Finance Expense

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Bank charges and credit facility fees	**$ 1,008**	$ 1,402	**$ 2,226**	$ 2,191
Interest on bank debt	**3,052**	465	**4,826**	1,234
Interest on senior unsecured notes	**7,853**	—	**7,853**	—
Amortization of deferred note issuance costs	**333**	—	**333**	—
Accretion on decommissioning and environmental liabilities	**3,624**	3,316	**6,268**	6,538
Interest and other income	**(2,740)**	(612)	**(6,144)**	(1,909)
Lease obligation interest expense	**268**	46	**447**	93
Expected credit loss provision (recovery)	**139**	(50)	**613**	(149)
Other	**942**	295	**1,418**	623
Net finance expense	**$ 14,479**	$ 4,862	**$ 17,840**	$ 8,621

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Non-cash finance expense	**$ 3,764**	$ 3,262	**$ 6,882**	$ 6,386
Cash finance expense	**10,715**	1,600	**10,958**	2,235
Net finance expense	**$ 14,479**	$ 4,862	**$ 17,840**	$ 8,621

22. Net Income per Share

a) Basic net income per share

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Net income				
Net income for the purpose of basic net income per share	**$ 444,296**	$ 49,113	**$ 448,885**	$ 129,742
Weighted average number of shares for the purposes of basic net income per share (000s)	**96,179**	97,501	**96,086**	97,806
Basic net income per share	**$ 4.62**	$ 0.50	**$ 4.67**	$ 1.33

b) Diluted net income per share

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Net income				
Net income used to calculate diluted net income per share	**$ 444,296**	$ 49,113	**$ 448,885**	$ 129,742
Weighted average number of shares for the purposes of basic net income per share (000s)	**96,179**	97,501	**96,086**	97,806
Dilutive effect of stock options on potential common shares	**261**	—	**219**	—
Weighted average number of shares for the purposes of diluted net income per share (000s)	**96,440**	97,501	**96,305**	97,806
Diluted net income per share	**$ 4.61**	$ 0.50	**$ 4.66**	$ 1.33

For the three and six months ended June 30, 2026, 478,130 stock options (three and six months ended June 30, 2025 - 1,288,323 stock options) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

23. Supplemental Disclosure of Cash Flow Information

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

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

	As at June 30,		As at March 31,		As at December 31,	
	2026	2025	2026	2025	2025	2024
Cash and cash equivalents	**$ 163,286**	$ 98,825	$ 44,775	$ 81,025	$ 58,328	$ 98,022
Restricted cash and cash equivalents - current	**6,120**	597	5,504	619	5,424	581
Restricted cash and cash equivalents - long-term(1)	**12,846**	4,078	293	4,513	191	3,184
	$ 182,252	$ 103,500	$ 50,572	$ 86,157	$ 63,943	$ 101,787

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

b) Net change in assets and liabilities

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Accounts receivable	**$ 72,473**	$ 39,812	**$ 10,938**	$ 17,912
Prepaids and other current assets	**(6,516)**	3,794	**(10,968)**	1,671
Short-term inventory	**22,211**	1,060	**21,079**	1,808
Current income tax receivable/payable	**(18,016)**	(2,986)	**(14,859)**	(9,983)
Accounts payable and accrued liabilities	**16,255**	22,388	**(2,533)**	26,629
Customer prepayments	**(300)**	—	**(300)**	—
Depletion related to oil inventory	**(439)**	(327)	**(183)**	(546)
Decommissioning and environmental liabilities	**(8,511)**	(1,366)	**(11,064)**	(4,220)
Net change in assets and liabilities	**$ 77,157**	$ 62,375	**$ (7,890)**	$ 33,271
Operating	**$ 67,181**	$ 37,821	**$ (22,435)**	$ 3,255
Investing	**9,976**	25,885	**14,545**	31,244
Financing	**—**	(1,331)	**—**	(1,228)
Net change in assets and liabilities	**$ 77,157**	$ 62,375	**$ (7,890)**	$ 33,271

c) Interest and taxes paid

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Cash interest paid	**$ 14,505**	$ 625	**$ 15,661**	$ 1,682
Cash income taxes paid	**$ —**	$ —	**$ —**	$ —

24. Capital Management

The Company's objective when managing capital is to maintain a strong capital base that provides financial flexibility to fund operations, execute its business strategy and maintain the confidence of investors, lenders and other capital providers.

The Company has the ability to adjust its capital structure by issuing new equity or debt and making adjustments to its capital expenditure, share buy-back and dividend programs to the extent the capital expenditures are not committed. The Company considers its capital structure to include shareholders' equity, the credit facility, unsecured notes and its working capital. As at June 30, 2026 shareholders' equity was $2,351.7 million (December 31, 2025 - $1,952.9 million).

The Company has a senior secured credit facility with a syndicate of banks with a borrowing base of $240.0 million at June 30, 2026 (December 31, 2025 - $240.0 million). The credit facility is intended to provide additional liquidity and fund cash or letter of credit needs as they arise. As at June 30, 2026 there was no draw on the credit facility (at December 31, 2025 - $33.0 million was drawn).

Refer to note 14 - Debt for details regarding the Company's senior secured credit facility and senior unsecured notes.

Refer to note 27 – Commitments and Contingencies for details regarding performance guarantees in place with the ANH and Ecopetrol in respect of exploration work commitments on the Company's Colombian concessions. These guarantees have been provided in the form of unsecured letters of credit issued by select Latin American banks with varying terms and are reduced from time to time to reflect work performed on the various blocks.

As at June 30, 2026, the Company's net working capital deficit was $83.2 million (December 31, 2025 - $28.0 million surplus).

The Company is subject to financial covenants under its senior secured credit facility and senior unsecured notes. As at June 30, 2026, the Company was in compliance with all externally imposed capital requirements.

25. Financial Instruments and Risk Management

The Company's non-derivative financial instruments recognized on the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities, the senior secured credit facility and senior unsecured notes. Non-derivative financial instruments are recognized initially at fair value. The fair values of the current financial instruments approximate their carrying value due to the short-term nature of these instruments. The fair value of the revolving credit facility approximates its carrying amount as the facility bears interest at floating rates and the credit spreads within the facility are indicative of market rates. The fair value of the senior unsecured notes is determined based on quoted market prices and other observable market inputs and is classified as Level 2 within the fair value hierarchy. Refer to note 14 - Debt for the carrying values and fair values of the Company's senior unsecured notes as at June 30, 2026.

As at June 30, 2026, with other variables unchanged, the impact on the Company's financial instruments of a 10% strengthening (weakening) of the Canadian dollar and COP against the US dollar would have decreased (increased) net income by approximately $19.9 million.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk primarily arises from cash and cash equivalents and accounts receivable from joint venture partners and oil marketing counterparties.

The Company manages credit risk related to cash and cash equivalents by maintaining balances with reputable financial institutions, monitoring the creditworthiness of banking counterparties, and assessing counterparty exposure.

The Company manages credit risk associated with accounts receivable by assessing the financial strength and creditworthiness of oil marketing counterparties and joint venture partners, monitoring outstanding balances, and evaluating the collectability of amounts owed to the Company.

For the six months ended June 30, 2026 the Company had the majority of its oil sales to one counterparty. The accounts receivable balance as at June 30, 2026 are substantially made up of receivables with customers in the oil and gas industry and are subject to normal industry credit risks. The Company historically has not experienced any collection issues with its crude oil customers. At June 30, 2026, there were no accounts receivable past due (December 31, 2025 - $nil). None of the Company's receivables are impaired at June 30, 2026. The maximum credit risk exposure associated with accounts receivable is the total carrying value.

b) Liquidity risk

The Company's approach to managing liquidity risk is to maintain sufficient cash balances, cash flows from operations, available credit facilities and access to debt to meet its obligations as they become due. Management prepares cash flow forecasts for a period of 12 to 36 months to identify any financing requirements and monitor liquidity. Liquidity is managed through daily and longer-term cash, debt and equity management strategies. These include estimating future cash generated from operations based on reasonable production and pricing assumptions, estimating future discretionary and non-discretionary capital expenditures and assessing the amount of equity or debt financing available. The Company is committed to maintaining a strong balance sheet and has the ability to change its capital program based on expected operating cash flows. During the six months ended June 30, 2026, the Company issued $500.0 million aggregate principal amount of 8.50% senior unsecured notes due 2031. In addition, as at June 30, 2026, there was no draw on the Company's $240.0 million senior secured credit facility (December 31, 2025 - $33.0 million was drawn).

The following are the contractual maturities of financial liabilities at June 30, 2026:

	Less than 1 year	1-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	$ 588,033	—	—	31,906	$ 619,939
Unsecured notes, including interest	66,913	419,414	585,000	—	1,071,327
Customer prepayments	48,889	31,111			80,000
Lease obligation	5,188	17,728	—	—	22,916
Cash settled share-based compensation payable	15,652	11,471	—	—	27,123
Total	**$ 724,675**	**479,724**	**585,000**	**31,906**	**$ 1,821,305**

The following are the contractual maturities of financial liabilities at December 31, 2025:

	Less than 1 year	1-3 Years	4-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	$ 212,081	—	—	7,143	$ 219,224
Bank debt including interest	—	36,181	—	—	36,181
Lease obligation	1,331	7,814	—	—	9,145
Cash settled share-based compensation payable	22,397	15,228	—	—	37,625
Total	**$ 235,809**	**59,223**	**—**	**7,143**	**$ 302,175**

c) Commodity price risk

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

As at June 30, 2026, the Company had the no crude oil risk management contracts in place. The Company is currently unhedged for the remainder of 2026, with full exposure to changes in commodity prices.

The table below summarizes the loss (gain) on the commodity risk management contracts that were in place during the three and six months ended June 30, 2026 and 2025:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Realized loss (gain) on commodity risk management contracts	**$ 30,711**	$ (3,337)	**$ 32,947**	$ (3,337)
Premiums paid on commodity risk management contracts	**—**	2,169	**—**	3,530
Unrealized gain on commodity risk management contracts	**(30,635)**	(362)	**(1,050)**	(1,160)
Total loss (gain)	**$ 76**	$ (1,530)	**$ 31,897**	$ (967)

d) Foreign currency risk

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

As at June 30, 2026, the Company had the following foreign currency risk management contracts in place:

Period Hedged	**Reference**	**Currency Option Type**	**Amount USD**	**Strike Price COP**	**Max Compensation**
March 16, 2026 to December 15, 2026	COP	Collar with limited compensation	$81,000,000	3,700-4,200	800
June 19, 2026 to December 15, 2026	COP	Costless collar	$90,000,000	3,400-3,663	N/A

The table below summarizes the gain on the foreign currency risk management contracts that were in place during the three and six months ended June 30, 2026 and 2025 which is recorded in the financial statement line item "Foreign exchange gain" in the consolidated statements of net income and comprehensive income:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	**2026**	2025
Realized gain on foreign currency risk management contracts	**$ (1,670)**	$ (1,225)	**$ (1,777)**	$ (1,225)
Unrealized gain on foreign currency risk management contracts	**(4,026)**	(4,132)	**(4,107)**	(4,132)
Total	**$ (5,696)**	$ (5,357)	**$ (5,884)**	$ (5,357)

26. Segmented Information

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

For the three months ended June 30, 2026	Canada	Colombia	Total
Oil and natural gas sales	$ —	$ 466,016	$ 466,016
Royalties	—	(72,961)	(72,961)
Net revenue	—	393,055	393,055
Other revenue	—	2,909	2,909
Commodity risk management contracts loss	—	(76)	(76)
Revenue	—	395,888	395,888
Expenses			
Production	—	90,766	90,766
Transportation	—	34,019	34,019
Purchased oil	—	36,709	36,709
General and administrative	8,494	14,918	23,412
Equity settled share-based compensation expense	265	—	265
Cash settled share-based compensation expense	140	(746)	(606)
Depletion, depreciation and amortization	765	61,617	62,382
Transaction costs	26,189	2,201	28,390
Other expenses	213	8,757	8,970
Foreign exchange (gain)	(921)	(3,647)	(4,568)
Unrealized loss on marketable securities	2,433	—	2,433
Gain on acquisition	(302,483)	—	(302,483)
	(264,905)	244,594	(20,311)
Finance (income)	(1,883)	(857)	(2,740)
Finance expense	11,354	5,865	17,219
Net finance expense	9,471	5,008	14,479
Income (loss) before taxes	255,434	146,286	401,720
Current tax expense	(1,009)	17,898	16,889
Deferred tax (recovery)	18	(59,483)	(59,465)
Net income (loss)	**$ 256,425**	**$ 187,871**	**$ 444,296**
Capital assets (end of period)	$ 6,083	$ 2,849,911	$ 2,855,994
Capital expenditures	$ 220	$ 133,473	$ 133,693
Total assets (end of period)	$ 128,051	$ 4,107,479	$ 4,235,530

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

For the six months ended June 30, 2026	Canada	Colombia	Total
Oil and natural gas sales	$ —	$ 737,393	$ 737,393
Royalties	—	(109,749)	(109,749)
Net revenue	—	627,644	627,644
Other revenue	—	4,664	4,664
Commodity risk management contracts loss	—	(31,897)	(31,897)
Revenue	—	600,411	600,411
Expenses			
Production	—	148,082	148,082
Transportation	—	54,276	54,276
Purchased oil	—	36,756	36,756
General and administrative	20,036	25,803	45,839
Equity settled share-based compensation expense	439	—	439
Cash settled share-based compensation expense	13,279	4,608	17,887
Depletion, depreciation and amortization	1,535	112,136	113,671
Transaction costs	26,799	2,201	29,000
Other expense	885	25,442	26,327
Foreign exchange loss	422	(2,903)	(2,481)
Unrealized gain on marketable securities	(10,285)	—	(10,285)
Gain on acquisition	(302,483)	—	(302,483)
	(249,373)	406,401	157,028
Finance (income)	(1,927)	(4,217)	(6,144)
Finance expense	13,826	10,158	23,984
Net finance expense	11,899	5,941	17,840
Income (loss) before taxes	237,474	188,069	425,543
Current tax expense (recovery)	(6,403)	24,363	17,960
Deferred tax expense	1,072	(42,374)	(41,302)
Net income (loss)	**$ 242,805**	**$ 206,080**	**$ 448,885**
Capital assets (end of period)	$ 6,083	$ 2,849,911	$ 2,855,994
Capital expenditures	$ 411	$ 224,325	$ 224,736
Total assets (end of period)	$ 128,051	$ 4,107,479	$ 4,235,530

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

For the three months ended June 30, 2026, the Company had two external customers (three months ended June 30, 2025 - three external customers), in the oil and gas industry that subject to normal industry credit risks, constituted more than 10% of commodity sales from production. Sales to these customers totaled $365.0 million for the three months ended June 30, 2026 and $227.0 million for the three months ended June 30, 2025.

For the six months ended June 30, 2026, the Company had one external customer (six months ended June 30, 2025 - two external customers), in the oil and gas industry that subject to normal industry credit risks, constituted more than 10% of commodity sales from production. Sales to these customers totaled $475.8 million for the six months ended June 30, 2026 and $409.6 million for the six months ended June 30, 2025.

27. Commitments and Contingencies

The value of the Company's commitments as at June 30, 2026 for contracts that were in place.

	2026	2027	2028	2029	2030	Thereafter	Total
Exploration and Evaluation							
Minimum work commitments	$ 40,655	$ 143,911	$ 104,155	$ 11,689	$ —	$ 405,504	$ 705,914
Transportation	13,884	2,554	—	—	—	—	16,438
Operating leases	1,228	2,271	623	—	—	—	4,122
Other commitments							
Purchased oil	58,325	—	—	—	—	—	58,325
Energy supply commitments	16,630	12,537	13,109	8,249	8,495	8,741	67,761
Total	**$ 130,722**	**$ 161,273**	**$ 117,887**	**$ 19,938**	**$ 8,495**	**$ 414,245**	**$ 852,560**

Exploration and evaluation minimum work commitments
At June 30, 2026, performance guarantees to support the exploration work commitments on the Company's Colombian concessions were in place with the ANH and Ecopetrol joint venture blocks in the amount of $504.1 million (December 31, 2025 - $235.1 million). The guarantees have been provided in the form of letters of credit for varying terms that are mainly provided by select Latin American banks on an unsecured basis. The letters of credit issued to the ANH and Ecopetrol are reduced from time to time to reflect the work performed on the various blocks.

The value of the Company's exploration commitments as at June 30, 2026 in respect of the Colombia work commitments under E&P contracts, and joint venture farm-in arrangements, is as disclosed above.

Transportation
Includes ship-or-pay contracts with Bicentenario and Cenit where the pledged inventory crude oil is stored in Cenit's terminal of Coveñas (TLU-3) instead of Ocensa's terminal. A pledge agreement with Ocensa and Cenit is in place, which guarantees the payment obligations of both contracts.

Operating leases
In the normal course of business, Parex has entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. These commitments include leases for office space and accommodations. The existing minimum lease payments for office space and accommodations at June 30, 2026 are as disclosed above.

Purchased oil
Includes an agreement in place covering crude oil purchases for 2026.

Energy supply
Includes executed contracts for grid-connected, on-site generation, and solar power sources, ensuring the electricity supply across operational blocks, particularly Quifa and CPE-6.

Contingencies
The Company is involved in various legal, regulatory and administrative claims, and proceedings arising from the normal course of business. Given that the outcomes of these matters are uncertain, there can be no assurance that such matters will be resolved in the Company's favour. Management has assessed the likelihood of settlement and determined the best estimate based on relevant information and the probability of outcomes. Significant judgement was applied in estimating the range of possible outcomes given the uncertainty involved.

Refer to Note 8 - Business Combinations regarding the contingent payment agreed to as part of the consideration of the Frontera Transaction.

28. Subsequent Events

Ecopetrol Strategic Partnership
Previously, on May 4, 2026, the Company announced that it had executed an agreement with its strategic partner Ecopetrol S.A., whereby the Company will earn a 50% participating share in the Casabe and Llanito blocks in the Magdalena Basin of Colombia, upon spudding the first well on each block. The agreement closed as of July 29, 2026, and all regulatory approvals received.

DIRECTORS

Glenn McNamara
Chair of the Board

Lynn Azar

Alberto Consuegra

Sigmund Cornelius

Mona Jasinski

Jeff Lawson

G.R. (Bob) MacDougall

Imad Mohsen

Carmen Sylvain

OFFICERS & SENIOR EXECUTIVES

Imad Mohsen
President & Chief Executive Officer

Daniel Ferreiro
President & Country Manager, Parex Resources (Colombia) AG Sucursal

Cameron Grainger
Chief Financial Officer

Eric Furlan
Chief Operating Officer

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

Joshua Share
Sr. Vice President, Corporate Services

Katie Bernard
Vice President, New Ventures

CORPORATE HEADQUARTERS

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

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

OPERATING OFFICES

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

Tel: +57 (601) 841-8457

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LEGAL COUNSEL

Norton Rose Fulbright
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

RESERVES EVALUATORS

GLJ Ltd.
Calgary, Alberta

INVESTOR RELATIONS

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

Tel: 403-517-1733

Steven Eirich
Sr. Investor Relations & Communications Advisor

Tel: 587-293-3286

E-mail: investor.relations@parexresources.com

Website: www.parexresources.com

ABBREVIATIONS

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

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