



2023

Notice of Annual General  
& Special Meeting  
& Management  
Proxy Circular

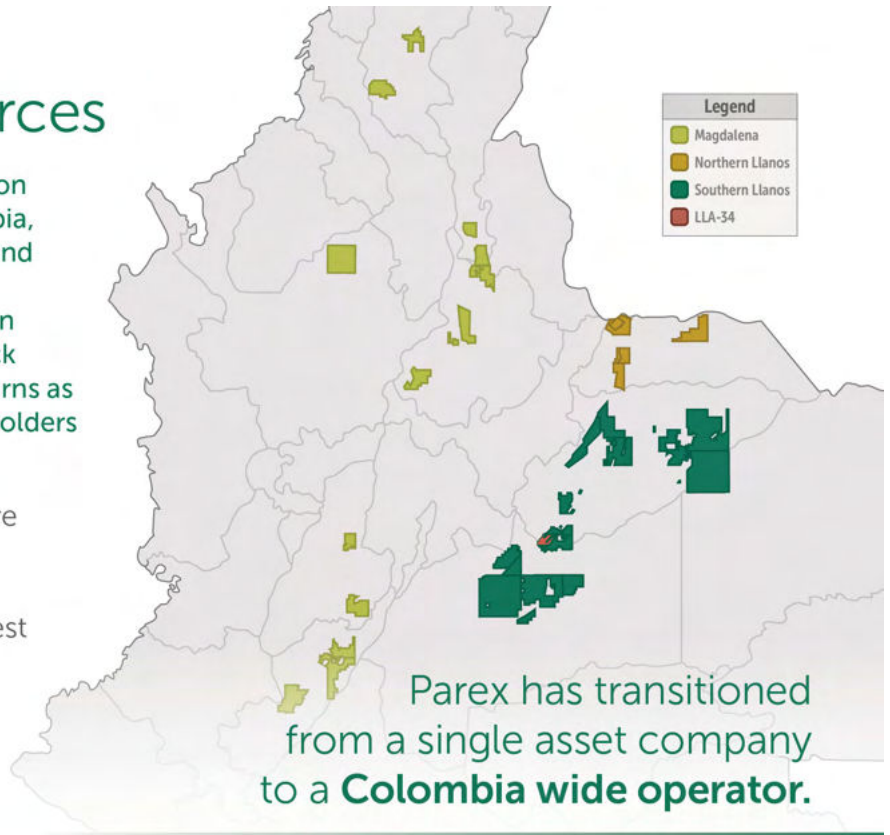
Annual General  
& Special Meeting

May 11, 2023

# About Parex Resources

Parex is the largest independent exploration and production (E&P) company in Colombia, focused on sustainable, conventional oil and gas production. With its headquarters in Calgary, Canada, and an operating office in Bogotá, Colombia, Parex has a strong track record of delivering total shareholder returns as well as partnering with community stakeholders to achieve long-term local benefits.

In support of our growth strategy, we are leveraging industry-proven technology and are focused on providing a step change in capital efficiency. As the largest independent land holder in Colombia, we are developing sustainable assets, while providing exposure to transformational exploration targets.



## 2022 Operating & Financial Highlights

Record net income of **US\$611 million**

**US\$725 million**  
Record funds flow provided by operations<sup>1</sup>

**23% production** per share growth<sup>2</sup>

Signed MOU with Ecopetrol S.A. covering **13 blocks** in the Llanos Basin

**C\$0.89 per share** paid through regular dividends<sup>2</sup>

**11.8 million shares** repurchased

## 2022 ESG Highlights

**GHG Emissions**  
43% reduction in intensity since 2019

**Achieved 30% Board Diversity target** ahead of May 2023 plan

**Community investment**  
US\$6 million

**Works for Taxes**  
Granted **US\$23 million** to deliver five community projects by 2025

**Record 92% participation** in Employee Engagement Survey

**Environment**  
~1,430 MWh of Solar Energy generated at the Cabretero solar field, avoiding ~850 tCO<sub>2e</sub>

## Business Fundamentals



**LEVERAGE**  
Colombia advantage & ESG performance



**DRIVE**  
Safe & sustainable operations



**STRATEGIC**  
Transformational upside



**DELIVER**  
Return of capital

<sup>1</sup> Capital management measure which is not a standardized measure under IFRS and may not be comparable to similar capital management measures used by other entities. Please see "Advisories – Non-GAAP and other Financial Measures Advisory" for the composition of such capital management measure, an explanation of how such capital management measure provides useful information to a reader and the purposes for which Management uses the capital management measure, and a reconciliation of the capital management measure to the most directly comparable IFRS measure.

<sup>2</sup> Supplementary financial measure. Please see "Advisories – Non-GAAP and other Financial Measures Advisory" for the composition of such measure.

# Board Chair's Message

On behalf of the Board of Directors (the "Board") and Management team of Parex Resources Inc ("Parex" or the "Company"), we invite you to participate in our Annual General and Special Meeting (the "Meeting") of the shareholders of Parex on May 11, 2023, at 9:30 a.m. MST at the Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525-8th Avenue S.W., Calgary, Alberta T2P 1G1, or virtually at <https://meetnow.global/M9TT6PK>. The accompanying Management Information Circular includes important information about the meeting and how to vote.

Over the past number of years, Management has put a Colombia-focused strategy into motion, taking decisive steps to transform the Company into the country's largest independent oil and gas operator. In 2022, the Company proactively invested in importing and testing various proven technology approaches that had not been widely applied in Colombia. These included synthetic drilling fluids, horizontal drilling as well as waterflood for secondary recovery. In aggregate, these technologies enable us to exploit our resource base much more effectively, reducing costs, improving production levels, increasing recovery rates, and setting the business up for long-term success. This past year was also instrumental in progressing our exploration portfolio, positioning the Company to drill three high-impact prospects in 2023 including one that is within our memorandum of understanding with Ecopetrol S.A.

In 2022, Parex continued to build on its track record of sustainable and market competitive shareholder returns, increasing its quarterly dividend, which was first introduced in 2021, by 100% from C\$0.125 per share to C\$0.25 per share, and completing its normal course issuer bid for the fourth consecutive year. Since 2017, Parex has returned over C\$1.3 billion to its shareholders through share repurchases and dividends. With a capital allocation framework that targets returning at least one third of total funds flow provided by operations and 100% of free funds flow<sup>(1)</sup> to our shareholders, we plan to continue delivering on our track record of strong returns of capital into the future.

Parex continues to be a leader in environmental, social and governance ("ESG") performance based on third-party rating agencies' rankings and was recently recognized by Morningstar Sustainalytics as a 2023 ESG Industry Top Rated company. With a year-over-year greenhouse gas intensity reduction of approximately 14% in 2022 and a 43% reduction since 2019, Parex is making steady progress towards its goal of reducing the Company's operated scope 1 and 2 emissions intensity by 50% by 2030 from its 2019 baseline. Additionally, the Company progressed its diversity and inclusion program, by not only being recognized on Bloomberg's 2023 Gender Equality Index, but also achieving its Board gender diversity commitment ahead of plan.

I am also pleased to share that this past year, the Colombian Government awarded Parex five projects through its Work For Taxes program, representing approximately US\$23 million that can be applied directly to investments in communities. This is the largest award made in the program's history, and is a testament to our long-term commitment to provide social support and build capacity in the communities where we operate.

Our efforts in 2022 have strategically positioned the Company for operational and financial success now and into the future. Parex's Board of Directors is confident that Management will continue to enable Parex to deliver on its strategy and provide continued growth for shareholders.

In closing, I'll note that Paul Wright has elected to retire from the Parex Board at this year's Meeting. He has served on the Board since the Company's inception, and was a director of its predecessor, Petro Andina Resources Inc. I want to thank Paul for his contributions and commitment to our success and wish him well in his future endeavors.

Wayne Foo  
Chair of the Board

Yours Truly,



*"Wayne Foo"*

**Wayne Foo**  
*Chair of the Board of Directors*

Note:  
(1) Capital management measure. See "Advisories – Non-GAAP and other Financial Measures Advisory".

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

|                         |  |
|-------------------------|--|
| <b>Date &amp; Time:</b> | May 11, 2023 at 9:30 a.m. (Calgary time)   |
| <b>Place:</b>           | The Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1, and virtually at: <a href="https://meetnow.global/M9TT6PK">https://meetnow.global/M9TT6PK</a> |
| <b>Record Date:</b>     | March 27, 2023   |

### TO THE HOLDERS OF COMMON SHARES

Notice is hereby given that the Annual General and Special Meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Parex Resources Inc. ("**Parex**" or the "**Company**") will be held on May 11, 2023 at 9:30 a.m. (Calgary time) for the following purposes:

1. to receive and consider the financial statements of the Company for the year ended December 31, 2022, and the auditors' report thereon;
2. to fix the number of directors to be elected at the Meeting at nine (9);
3. to elect nine (9) directors;
4. to appoint the auditors of the Company and to authorize the directors to fix their remuneration as such;
5. to consider and, if deemed advisable, to pass an ordinary resolution approving all unallocated options issuable under the stock option plan of the Company, as more particularly described in the management information circular of the Company dated April 3, 2023 (the "**Information Circular**");
6. to consider an advisory, non-binding resolution (a "**Say on Pay**" vote) on the Company's approach to executive compensation as more particularly described in the Information Circular; and
7. to transact such further and other business as may properly come before the Meeting or any adjournments or postponements thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the Information Circular.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 27, 2023 (the "**Record Date**"). Shareholders of the Company whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of such Shareholder's Common Shares after such date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

This year, we are offering Shareholders a choice of attending the Meeting either in-person or virtually. Due to the impact of COVID-19 over the past three years, we have been unable to hold in-person Shareholder meetings. The experience of holding virtual Shareholder meetings since 2020 has generally been positive, providing Shareholders with the ability to attend, ask questions and vote in real time at the Meeting, regardless of their geographic location. Participation at virtual Shareholder meetings has enabled access to a wider spectrum of Shareholders, including our own Colombian employee base, than is possible through an exclusively in-person Shareholder meeting. With these benefits in mind, and with the improvements that have continued to be made to the technology in the forum of virtual shareholder meetings, we are happy to offer a hybrid meeting for 2023. We hope that Shareholders will take the opportunity to join the Meeting in-person, where possible, and look forward to seeing even more Shareholders at the Meeting virtually.

For those attending the Meeting in-person, the Meeting will be held at the Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1. For those attending the Meeting virtually, it can be accessed at <https://meetnow.global/M9TT6PK>. Registered Shareholders and duly appointed proxyholders who attend the Meeting virtually will be able to ask questions and vote, all in real time, provided that they are connected to the internet and comply with all of the requirements set out in the Information Circular. Non-registered (beneficial) Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting virtually as guests, but will not be able to participate or vote at the Meeting. Further details and instructions are provided in the Information Circular under the heading "*Proxies*".






As described in the enclosed Meeting materials, registered Shareholders are entitled to participate at the Meeting if they held their Common Shares as of the close of business on the Record Date.

The persons named in the enclosed form of proxy are directors and/or officers of the Company. Each Shareholder has the right to appoint a proxyholder other than such persons, who need not be a Shareholder, to act for such Shareholder and on such Shareholder's behalf at the Meeting. Registered Shareholders who wish to appoint a third party proxyholder other than the named Parex proxy nominees can do so by printing the proxyholder's name in the space provided in the enclosed form of proxy. Non-registered (beneficial) Shareholders who wish to vote at the Meeting will be required to appoint themselves as proxyholder in advance of the Meeting by writing their own name in the space provided on the voting instruction form provided by their intermediary, generally being a bank, trust company, securities broker, trustee or other institution. In all cases, Shareholders must carefully follow the instructions set out in their applicable proxy or voting instruction forms AND those set out in the Information Circular under the heading "*Proxies – Solicitation and Appointment of Proxies – How to Vote*".

Registered Shareholders and duly appointed proxyholders (including beneficial Shareholders who have duly appointed themselves as proxyholders) who participate at the Meeting virtually will be able to listen to the Meeting, ask questions and vote, all in real time, provided that they are connected to the internet. Guests, including non-registered Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out in the Information Circular, under the heading “*Proxies – Solicitation and Appointment of Proxies – Attending the Meeting as a Guest*”. Guests attending the Meeting virtually can listen to the Meeting but will not be able to participate or vote.

If you attend the Meeting virtually and you are a registered Shareholder or duly appointed proxyholder and wish to vote at the Meeting, it is important that you remain connected to the internet at all times during the Meeting in order to vote when balloting commences. **It is your responsibility to ensure connectivity for the duration of the Meeting.** You should allow ample time to check into the Meeting online and complete the related procedures. If you have questions regarding your ability to participate or vote at the Meeting, please contact our registrar and transfer agent Computershare Trust Company of Canada at **1-800-564-6253**.

If you do not wish to attend the Meeting, either in-person or virtually, please refer to the enclosed Meeting materials for information on how to vote by appointing a proxyholder, submitting a proxy in advance of the Meeting or, in the case of a non-registered Shareholder, through an intermediary. Voting by proxy is the easiest way to vote, as it enables someone else to vote at the Meeting on your behalf. Voting in advance of the Meeting is available via the means described in your proxy or voting instruction form and our Meeting materials, and include the following:

|   |  |   |
|---|--|---|
|    |   |  |
| <b>BY MAIL</b><br>Computershare Trust Company of Canada,<br>Proxy Department, 8th Floor, 100 University Avenue,<br>Toronto, Ontario M5J 2Y1 | <b>BY HAND</b><br>Computershare Trust Company of Canada,<br>8th Floor, 100 University Avenue,<br>Toronto, Ontario M5J 2Y1  | <b>BY FACSIMILE</b><br>1-866-249-7775<br>or<br>1-416-263-9524                       |
|    |   |   |
| <b>BY TELEPHONE</b><br>1-866-732-VOTE (8683) (toll free within North America) or<br>1-312-588-4290 (outside North America)                  | <b>BY INTERNET</b><br>Use the 15-digit control number at<br><a href="http://www.investorvote.com">www.investorvote.com</a> |   |

All proxies must be received not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournments or postponements thereof. Instructions are listed in the enclosed form of proxy and see also "*Solicitation and Appointment of Proxies - General*" in the Information Circular. In the event of a strike, lockout or other work stoppage involving postal employees, the enclosed proxy should be deposited with Computershare by hand delivery, by facsimile, by telephone or through the internet.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.


DATED at Calgary, Alberta this 3rd day of April, 2023  
**BY ORDER OF THE BOARD OF DIRECTORS**



*“Imad Mohsen”*

**Imad Mohsen**  
*President and Chief Executive Officer and a Director*

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# INFORMATION CIRCULAR – MANAGEMENT PROXY STATEMENT

## FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 11, 2023

### PROXIES

#### Solicitation and Appointment of Proxies

##### General

This information circular – management proxy statement (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Parex Resources Inc. ("Parex" or the "Company") for use at the annual general and special meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of Parex to be held in person at the Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and virtually at <https://meetnow.global/M9TT6PK> on May 11, 2023 at 9:30 a.m. (Calgary time), and any adjournments or postponements thereof for the purposes set forth in the accompanying Notice of Annual General and Special Meeting. Only Shareholders of record on March 27, 2023 (the "Record Date") are entitled to notice of, and to attend and vote at, the Meeting, unless a Shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of shareholders eligible to vote at the Meeting.

Unless otherwise stated information contained in this Information Circular is given as at April 3, 2023. **All amounts set forth in this Information Circular are stated in Canadian dollars, unless otherwise noted.**

This year, we are offering Shareholders a choice of attending the Meeting either in person or virtually. Due to the impact of COVID-19 over the past three years, we have been unable to hold in-person Shareholder meetings. The experience of holding virtual Shareholder meetings since 2020 has generally been positive, providing Shareholders with the ability to attend, ask questions and vote in real time at the Meeting, regardless of their geographic location. Participation at virtual Shareholder meetings has enabled access to a wider spectrum of Shareholders, including our own Colombian employee base, than is possible through an exclusively in-person Shareholder meeting. With these benefits in mind, and with the improvements that have continued to be made to the technology in the forum of virtual shareholder meetings, we are happy to offer a hybrid meeting for 2023. We hope that Shareholders will take the opportunity to join the Meeting in person, where possible, and look forward to seeing even more Shareholders at the Meeting through the virtual platform.

If you attend the Meeting virtually and you are a registered Shareholder or proxyholder and wish to vote at the Meeting, it is important that you remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures, as set forth below. If you have questions regarding your ability to participate or vote at the Meeting, please contact our registrar and transfer agent, Computershare Trust Company of Canada ("Computershare") at **1-800-564-6253**.

##### Notice-And-Access

Parex has elected to use the "notice-and-access" provisions (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer ("**NI 54-101**") for the Meeting in respect of the mailing of the Company's Meeting materials, annual financial statements and management's discussion and analysis to the beneficial holders of Common Shares (i.e., a Shareholder who holds their Common Shares in the name of a broker or an agent) but not in respect of mailings to registered holders of the Common Shares (i.e., a Shareholder whose name appears on the Company's records as a holder of Common Shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its information circular in respect of a meeting of its shareholders and related materials online.

Parex has also elected to use procedures known as "stratification" in relation to the Company's use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, registered holders of the Common Shares will receive a paper copy of the Notice of the Annual General and Special Meeting, this Information Circular and a form of proxy and the Company's financial statements and related management's discussion and analysis whereas all beneficial holders of Common Shares will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. In addition, a paper copy of the Notice of Annual General and Special Meeting and this Information Circular, and a Voting Instruction Form will be mailed to those Shareholders who do not hold their Common Shares in their own name but who have previously requested to receive paper copies of these materials. Furthermore, a paper copy of the Company's

Financial Information in respect of the most recently completed financial year will be mailed to all registered holders of Common Shares and those beneficial holders of Common Shares who previously requested to receive such Financial Information.

The Company will be delivering proxy-related materials to non-objecting beneficial Shareholders with the assistance of Broadridge Financial Solutions, Inc. ("Broadridge") and the non-objecting beneficial Shareholder's intermediary. Parex intends to pay the costs for intermediaries to deliver proxy-related materials to objecting beneficial owners of Common Shares.

## Proxies

The persons named in the accompanying form of proxy are directors and/or officers of the Company. As a Shareholder submitting a proxy you have the right to appoint a person or company (who need not be a Shareholder) to represent you at the Meeting other than the persons designated in the form of proxy furnished by Parex. To exercise this right, you should insert the name of the desired representative in the blank space provided in the form of proxy or include the name of the desired representative in the appropriate field when voting through the internet. A proxy must be executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal by a duly authorized officer or attorney of the corporation. In order to be effective, the proxy must be deposited with the Company's registrar and transfer agent, Computershare: (a) by mail, using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (b) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (c) by telephone to 1-866-732-VOTE (8683) (toll free within North America) or to 1-312-588-4290 (outside North America); (d) by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America); or (e) through the internet by using the 15 digit control number ("Control Number") located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com) (see below for further information), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournments or postponements thereof. All instructions are listed in the enclosed form of proxy.

Shareholders who wish to vote through the internet may use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions. Shareholders should have their form of proxy in hand when they access the web site and will be prompted to enter their 15-digit Control Number, which is located at the bottom of the form of proxy. The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previously submitted proxies will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

Registered Shareholders and duly appointed proxyholders (including beneficial Shareholders who have duly appointed themselves as proxyholders as described below) who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided that they are connected to the internet. Guests, including beneficial Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below under "*Attending the Meeting as a Guest*". Guests attending the Meeting virtually can listen to the Meeting but will not be able to participate or vote.

## How to Vote

### Registered Shareholders

Registered Shareholders may vote at the Meeting by: (A) completing and submitting their form of proxy in advance of the Meeting; or (B) attending the Meeting and completing a ballot at the Meeting that will be made available either in-person or virtually during the Meeting.

#### (A) Voting by Proxy Before the Meeting

If you are a registered Shareholder, you may vote before the Meeting by completing your form of proxy in accordance with the instructions provided therein. Voting by proxy is the easiest way to vote, as it enables someone else to vote at the Meeting on your behalf. All forms of proxy must be received and all proxyholders must be registered before 9:30 a.m. (Calgary time) on May 9, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Proxyholders must vote your Common Shares according to the instructions provided in the completed proxy, including on any ballot that may be called. If there are changes to the items of business or new items properly come before the Meeting, a proxyholder can vote as he or she sees fit.

**As a Shareholder submitting a form of proxy you have the right to appoint a person or company (who need not be a Shareholder) to represent you at the Meeting other than the persons designated in the form of proxy furnished by Parex (being directors and officers of Parex).** If you wish to appoint a third party proxyholder to vote on your behalf at the Meeting, you must appoint such proxyholder by inserting their name in the blank space provided on the form of proxy sent to you or in the appropriate field if voting via the internet and follow all other instructions provided, prior to 9:30 a.m. (Calgary time) on May 9, 2023 or, in the case of

any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting. **Shareholders appointing a third party proxyholder (other than the Parex proxy nominees) that wish to vote virtually at the Meeting must ALSO register their proxyholder at [www.computershare.com/Parex](http://www.computershare.com/Parex) before 9:30 a.m. (Calgary time) on May 9, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for any adjourned or postponed Meeting in order to participate and vote at the Meeting virtually.** You will need to provide Computershare the required proxyholder contact information so that Computershare can provide the proxyholder with a 15 digit Control Number via email. Without a 15 digit Control Number, proxyholders will not be able to participate or vote virtually at the Meeting but will be able to listen as a guest (see instructions below under "Attending the Meeting as a Guest").

The duly appointed proxyholder can follow steps 1 through 4 set out below under the heading "How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting" to attend and vote at the Meeting virtually.

#### (B) Attending the Meeting and Voting

Parex is holding the Meeting in a hybrid format, allowing Shareholders to attend the Meeting in person or virtually. Registered Shareholders and duly appointed proxyholders attending the Meeting virtually will be able to participate, ask questions and vote in real time at the Meeting, regardless of their geographic location. If you are a registered Shareholder or duly appointed proxyholder and wish to attend and vote at the Meeting virtually, please follow these steps:

1. Log into <https://meetnow.global/M9TT6PK> at least 30 minutes before the Meeting starts.
2. Click "Shareholder".
3. Enter your 15 digit Control Number or click on "Invitation" and enter your Invite Code if you are a duly appointed proxyholder.
4. Follow the instructions to view the Meeting and vote when prompted.

Once you log into the Meeting, voting by online ballot on matters put forth at the Meeting will revoke any and all proxies you previously submitted for the Meeting.

#### Revoking a Proxy as a Registered Shareholder

A registered Shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy attends the Meeting at which the proxy is to be voted (either in-person or virtually), such person may revoke the proxy and vote at the Meeting. In addition to revocation in any other manner permitted by law, a proxy may be revoked by a form in writing signed by the Shareholder or his or her attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and signed by a duly authorized officer or attorney for the corporation, and deposited at the registered office of Parex at any time up to and including the last day (other than Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the date of the Meeting at which the proxy is to be used, or any adjournments or postponements thereof. If a registered Shareholder uses a 15-digit Control Number to login to the Meeting virtually and accepts the terms and conditions, voting by online ballot on matters put forth at the Meeting will revoke any and all previously submitted proxies for the Meeting.

#### Non-Registered (Beneficial) Shareholders

The information set forth in this section is of significant importance to many Shareholders of Parex, as a substantial number of the Shareholders of Parex do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Parex as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of Parex. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services, Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The directors and officers of Parex do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Beneficial Shareholders may vote at the Meeting by: (A) completing and submitting their voting instruction form in advance of the Meeting; or (B) attending the Meeting as proxyholder for the registered Shareholder and completing a ballot at the Meeting that will be made available either in-person or virtually during the Meeting.

#### (A) Voting by Proxy Before the Meeting

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial

Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge. Broadridge typically applies a special sticker to the voting instruction forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form with a Broadridge sticker on it cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

As a Beneficial Shareholder submitting a voting instruction form you have the right to appoint a person or company (who need not be a Shareholder) to represent you at the Meeting, and indirectly vote your Common Shares as proxyholder for the registered Shareholder, which person or company can be someone other than the persons designated in the voting instruction form furnished by your intermediary or Broadridge. If you wish to appoint a third party as your "proxyholder" to indirectly vote on your behalf at the Meeting, you must appoint such proxyholder by inserting their name in the blank space provided on the voting instruction form sent to you or in the appropriate field if voting via the internet and follow all other instructions provided.

**Beneficial Shareholders appointing a third party proxyholder (other than the Parex proxy nominees) that wish to vote virtually at the Meeting must ALSO register their proxyholder at [www.computershare.com/Parex](http://www.computershare.com/Parex) prior to 9:30 a.m. (Calgary time) on May 9, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for any adjourned or postponed Meeting in order to participate and vote at the Meeting virtually.** You will need to provide Computershare the required proxyholder contact information so that Computershare can provide the proxyholder with a 15 digit Control Number via email. Without a 15 digit Control Number, proxyholders will not be able to participate or vote at the Meeting virtually but will be able to listen as a guest (see instructions below under "Attending the Meeting as a Guest").

#### (B) Attending the Meeting as Proxyholder

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Beneficial Shareholders who have not duly appointed themselves as proxyholder will not be able to participate or vote at the Meeting but will be able to join the Meeting as a guest (see instructions below under "Attending the Meeting as a Guest").

**Beneficial Shareholders appointing themselves as proxyholder that wish to vote virtually at the Meeting must ALSO register with Computershare as proxyholder at [www.computershare.com/Parex](http://www.computershare.com/Parex) before 9:30 a.m. (Calgary time) on May 9, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting virtually.** You will need to provide Computershare with your required proxyholder contact information so that Computershare can provide you with a 15 digit Control Number via email. As a duly appointed proxyholder, you can follow steps 1 through 4 set out above under the heading "How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting" to attend and vote at the Meeting. Without a 15 digit Control Number, proxyholders will not be able to participate or vote at the Meeting but will be able to listen as a guest (see instructions below under "Attending the Meeting as a Guest").

If you are a Beneficial Shareholder, please contact your stockbroker or other intermediary as soon as possible to determine what additional procedures must be followed to appoint yourself or a third party as your proxyholder (including whether to obtain a separate valid legal form of proxy from your intermediary if you are located outside of Canada).

#### Revoking Voting Instructions as a Beneficial Shareholder

A Beneficial Shareholder who has given a proxy, in the manner prescribed above, has the power to revoke it. If you have provided your voting instructions and change your mind about your vote, you can revoke your voting instructions by contacting your intermediary. If your intermediary provides the option of voting over the internet, you can change your instructions by updating your voting instructions on the website provided by your intermediary, so long as you submit your new instructions before the intermediary's deadline.

#### Attending the Meeting as a Guest

Guests who wish to attend the Meeting virtually can log into the Meeting by following these steps:

1. Log into <https://meetnow.global/M9TT6PK> at least 30 minutes before the Meeting starts.
2. Click "Guest" and then complete the online form.

Guests attending the Meeting virtually can listen to the Meeting but are not able to participate or vote at the Meeting.

## Persons making the Solicitation

This solicitation is made on behalf of the management of Parex. The costs incurred in the preparation and mailing of the form of proxy, Notice of Annual General and Special Meeting and this Information Circular will be borne by Parex. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or by other means of communication and by directors and officers of Parex, who will not be specifically remunerated therefor. While no arrangements have been made to date by Parex, Parex may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Parex in soliciting proxies will be paid by Parex.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of Common Shares. If you are a non-registered (beneficial) owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

## Asking Questions at the Meeting Virtually

Registered Shareholders, Beneficial Shareholders who have appointed themselves as proxyholders and proxyholders accessing the Meeting virtually will have an opportunity to ask questions at the Meeting in writing by sending a message to the chair of the Meeting online through the virtual Meeting platform. There will be a period at the end of the formal meeting for registered Shareholders and duly appointed proxyholders who choose to attend in person to ask questions as well. Shareholders attending the Meeting virtually will have the same opportunity to ask questions on matters of business before the Meeting as Shareholders attending the meeting in person.

## Difficulties in Accessing the Meeting Virtually

Shareholders with questions regarding the virtual Meeting portal or requiring assistance accessing the Meeting website may contact Computershare support at 1-888-724-2416 (within North America) or +1-781-575-2748 (internationally).

If you are accessing the Meeting virtually you must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. As previously noted, it is your responsibility to ensure internet connectivity for the duration of the Meeting. If you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed. Therefore, even if your current plan is to access the Meeting and vote during the live webcast, you should consider voting your Common Shares in advance or by proxy so that your vote will be counted in the event you experience any technical difficulties or are otherwise unable to access the Meeting.

## Exercise of Discretion by Proxy

The Common Shares represented by the form of proxy enclosed with the accompanying Notice of Annual General and Special Meeting and this Information Circular will be voted for or against or withheld from voting on any ballot that may be called for in accordance with the instructions of the Shareholder, but if no specification is made, they will be voted in favour of the matters set forth in the proxy. If any amendments or variations are proposed at the Meeting or any adjournments or postponements thereof to matters set forth in the proxy and described in the accompanying Notice of Annual General and Special Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournments or postponements thereof, the form of proxy confers upon the Shareholder's proxyholder discretionary authority to vote on such amendments or variations or such other matters according to the best judgement of the person voting the proxy at the Meeting. At the date of this Information Circular, management of Parex knows of no such amendments or variations or other matters to come before the Meeting.

## ADVISORIES

All dollar amounts in this Information Circular are in Canadian dollars, unless otherwise noted.

### Oil & Gas Matters Advisory

This Information Circular contains certain oil and gas metrics, including finding, development and acquisition ("**FD&A**") costs, reserve additions, recycle ratio, and reserves replacement ratio. These oil and gas metrics have been prepared by management and do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide security holders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this Information Circular, should not be relied upon for investment or other purposes. See the below as well as under the heading "Advisories – Non-GAAP and Other Financial Measures Advisory" for the composition of such measures.

FD&A is the sum of total capital expenditures incurred in the period and the change in future development capital ("**FDC**") required to develop reserves.

FD&A cost per barrel of oil ("bbl") is determined by dividing current period net reserve additions into the corresponding period's FD&A cost.

Total capital expenditures includes both capital expenditures incurred and changes in FDC required to bring proved undeveloped reserves and probable reserves to production during the applicable period.

Reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding production.

Reserves replacement ratio is calculated by dividing the annual reserve additions by annual production.

The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated FD&A generally will not reflect total finding and development costs related to reserves additions for that year.

The term "Boe" may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## Non-GAAP and Other Financial Measures Advisory

This Information Circular uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" and "capital management measures" (as such terms are defined in National Instrument 52-112). Such measures are not standardized financial measures under International Financial Reporting Standards ("GAAP") and might not be comparable to similar financial measures disclosed by other issuers. Such Non-GAAP measures should not be considered as alternatives to, or more meaningful than measures determined in accordance with GAAP. These measures facilitate management's comparisons to the Company's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Company's performance. Further, management believes that such financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Please refer to the Company's management's discussion and analysis for the years ended December 31, 2022 and 2021 dated March 8, 2023 ("MD&A") under "Non-GAAP and Other Financial Measures Advisory", which is available at the Company's website at [www.parexresources.com](http://www.parexresources.com) and on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) for additional information about such financial measures, including reconciliations to the nearest GAAP measures, as applicable.

Enterprise value is a supplementary financial measure that is calculated as market capitalization plus net debt, minus cash. Enterprise value is used to assess the valuation of the Company.

"Recycle ratio" is a supplementary financial measure that is calculated as fourth quarter funds flow provided by operations for the noted year per bbl divided by FD&A costs per bbl for that year.

## Reserve Advisory

The recovery and reserve estimates of crude oil reserves provided in this Information Circular are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may eventually prove to be greater than, or less than, the estimates provided herein. Certain reserves information contained in this Information Circular is based upon an evaluation (the "**GLJ Report**") prepared by GLJ Ltd. ("**GLJ**") dated February 2, 2023 and effective December 31, 2022 and an evaluation prepared by GLJ dated February 3, 2022 and effective December 31, 2021. Each report was prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook and the reserves definitions contained in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. All December 31, 2022 reserves presented are based on GLJ's forecast pricing effective January 1, 2023 and all December 31, 2021 reserves presented are based on GLJ's forecast pricing effective January 1, 2022.

"1P" or "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"2P" reserves include Proved and Probable reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Proved Developed Producing Reserves" or "PDP reserves" are those proved reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

## Advisory on Forward Looking Statements

This document contains forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intent", "objective", "scheduled", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future events, circumstances or outcomes, including, but not limited to: the Company's strategy, plans, priorities and focus; the Company's focus on providing a step change in capital efficiency; timing to execute five community projects; Parex's expectations that its investment in technology will enable it to exploit its resource base much more effectively reducing costs, improving production levels, increasing recovery rates, and setting the business up for long-term success; Parex's capital allocation framework, including its target of returning at least 1/3 of total funds flow provided by operations and 100% of free funds flow to its Shareholders; that Parex will continue to deliver on its track record of strong returns of capital; that the Company is strategically positioned for operational and financial success; Parex's expectation that management will continue to enable Parex to deliver on its strategy and provide continued growth for Shareholders; Parex's expectations that it will pay a regular quarterly cash dividend and the anticipated timing thereof; that the Board will maintain its 30% gender diversity target; the anticipated timing of when Parex will publish its 2022 Sustainability Report; Parex's aim to deliver top-tier environmental, social and governance ("ESG") performance Parex's belief that its approach to executive compensation will evolve to attract, retain and engage talent while supporting the Company's strategy and remaining aligned with best governance practices and the interests of its stakeholders; Parex's three-year growth plan, including its anticipated production growth in 2023 and its plans to progress the Company's exploration portfolio; the anticipated benefits to be derived from Parex's agreements with local communities; Parex's anticipated reductions in emissions, including its target of achieving net-zero Scope 1 and 2 emissions and the anticipated timing thereof; that the Company's cyber security program will help the Company mitigate risk and enable effective response and remediation to threats; and the goals and the anticipated effects of the Company's executive compensation strategy described under the heading "Executive Compensation Components".

In addition, forward-looking statements contained in this information circular include, statements relating to "reserves", which are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of Parex's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

All such forward-looking statements are subject to important risks and uncertainties, including but not limited to: the risk that the Company may not provide a step change in capital efficiency; the risk that Parex's investment in technology may not enable Parex to exploit its resources base more effectively, reduce costs, improve production levels, increase recovery rates, or set the business up for long-term success; the risk that Parex may not return at least 1/3 of total funds flow provided by operations and 100% of free funds flow to its Shareholders; the risk that Parex may not deliver strong returns of capital to its Shareholders; the risk that Parex may not pay a regular quarterly cash dividend when anticipated, or at all; the risk that Parex may not maintain its 30% gender diversity target; the risk that Parex may not publish its 2022 Sustainability Report when anticipated, or at all; the risk that Parex's approach to executive compensation may not evolve to attract, retain and engage talent while supporting the Company's strategy and remaining aligned with best governance practices and the interests of its stakeholders; the risk that Parex production growth in 2023 may be less than anticipated; the risk that Parex may not progress its exploration portfolio; the risk that Parex may not reduce its emissions when anticipated, or at all; the risk that the Board does not declare dividends in the future or that Parex's dividend policy changes; the risk that the Company's Cyber Security Program may not help the Company mitigate risk or enable effective response and remediation to threats; and the risks disclosed in the Company's MD&A under the heading "Risk Factors".

With respect to the forward-looking statements contained herein, Parex has made assumptions regarding, among other things: current and future commodity prices and royalty regimes; Parex's availability of skilled labour; timing and amount of capital expenditures; the impact of increasing competition; conditions in general economic and financial markets; availability of equipment; effects of regulation by governmental agencies; recoverability of reserves and future production rates; future operating costs; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; that the Company will have the ability to develop the Company's oil and gas properties in the manner currently contemplated; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that Parex will have sufficient financial resources in the future to pay a dividend; that the Board will declare dividends in the future; that the Company will be able to continue to meet its diversity targets and compensation strategy; and that the Company will be able to meet its ESG related targets. Unless otherwise indicated, forward-looking statements in this document describe the Company's expectations as at the date hereof and, accordingly are subject to change after such date. The Company's actual results and events could differ materially from those expressed or implied in the forward-looking statements in this Information Circular, if known or unknown risks affect the business of the Company, or if its estimates or assumption turn out to be inaccurate. As a result, the Company cannot guarantee that the results or events expressed or implied in any forward-looking statement will materialize, and accordingly, you are cautioned against relying on these forward-looking statements. The Company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable Canadian securities laws.

This Information Circular contains information that may be considered a financial outlook under applicable securities laws about the Company's potential financial position, including, but not limited to: Parex's capital allocation framework, including its target of returning at least 1/3 of total funds flow provided by operations and 100% of free funds flow to its Shareholders; that Parex will continue to deliver on its track record of strong returns of capital; and Parex's expectations that it will pay a regular quarterly cash dividend and the anticipated timing thereof; all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Company and the resulting financial results will vary from the amounts set forth in this Information Circular and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such financial outlook. The financial outlook contained in this Information Circular was made as of the date of this Information Circular and was provided for the purpose of providing further information about the Company's potential future business operations. Readers are cautioned that the financial outlook contained in this Information Circular is not conclusive and is subject to change.

## Distribution Advisory

The Company's future shareholder distributions, including but not limited to the payment of dividends and the acquisition by the Company of its Common Shares pursuant to its NCIB, if any, and the level thereof is uncertain. Any decision to pay further dividends on the Common Shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) or acquire Common Shares of the Company will be subject to the discretion of the Board and may depend on a variety of factors and conditions existing from time to time, including, without limitation the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, agreements governing the Company's credit facilities, contractual restrictions and satisfaction of the solvency tests imposed on the Company under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that the Company will pay dividends or repurchase any Common Shares in the future. The Board of Directors intends to review the dividend program from time to time, at its discretion. Depending on the foregoing factors and any other factors that the Board of Directors deems relevant from time to time, many of which are beyond the control of Parex, the Board of Directors may change the program following any such review or at any other time that the Board of Directors deems appropriate. Any such change may include, without restriction, future cash dividends being reduced or suspended entirely.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at March 27, 2023, the Record Date of the Meeting, there were 107,478,365 Common Shares issued and outstanding.

As at April 3, 2023, there were 107,398,665 Common Shares issued and outstanding.

The holders of Common Shares are entitled to one vote per Common Share at meetings of Shareholders, to receive any dividend as and when declared by the Board of Directors of the Company (the "**Board**" or "**Board of Directors**") and to receive *pro rata* upon liquidation, dissolution or winding-up of the Company, the remaining property of the Company.

In 2021, the Board of Directors implemented a dividend program pursuant to which the Company expects to pay a regular quarterly cash dividend. If declared, the quarterly dividend is expected to be paid on or about the last day of the month in each quarter of March, June, September and December of each year to holders of record of Common Shares on or about the 15th day of such month.

Notwithstanding the foregoing, the Company's future dividends, if any, and the level thereof is uncertain with the decision to declare any dividend and the amount of future cash dividends declared and paid by Parex, if any, being subject to the discretion of the Board of Directors and may vary depending on a variety of factors and conditions existing from time to time, including, without limitation, the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements, and other conditions existing at such future time (including, without limitation, the agreements governing the Company's credit facilities), contractual restrictions and satisfaction of the solvency tests imposed on the Company under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that the Company will pay dividends or repurchase any Common Shares in the future. The Board of Directors intends to review the dividend program from time to time, at its discretion. Depending on the foregoing factors and any other factors that the Board deems relevant from time to time, many of which are beyond the control of Parex, the Board of Directors may change the dividend program following any such review or at any other time that the Board of Directors deems appropriate. Any such change may include, without restriction, future cash dividends being reduced or suspended entirely.

The Record Date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 27, 2023.

To the best of the knowledge of the directors and executive officers of the Company, no person or company, beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than ten percent (10%) of the votes attached to all of the issued and outstanding Common Shares.

## OTHER MATTERS RELATED TO THE MEETING

### Majority Voting for Directors

The Board has adopted a policy stipulating that if the "WITHHOLD" votes in respect of the election of a director nominee at the Meeting represent more than the "FOR" votes, the nominee will immediately submit his or her resignation for the Board's consideration. The Board will consider such resignation within 90 days and after reviewing the matter will determine, having regard to all matters it deems relevant, whether to accept such resignation or not. The Board will accept such resignation absent exceptional circumstances and the resignation will be effective upon acceptance by the Board. The Board's decision to accept or reject the resignation will be disclosed to the public through the issuance of a news release within 90 days of the Meeting, a copy of which will be provided by the Company to the Toronto Stock Exchange (the "TSX"). If the Board determines not to accept the nominee's resignation, such news release will disclose the reasons for the Board's decision. The nominee will not participate in any Board deliberations on the resignation. The policy does not apply in circumstances involving contested director elections.

### Advance Notice By-law

Amended and Restated By-law No. 1 of the Company (the "By-law"), which was ratified by Shareholders at the Company's annual general and special meeting of Shareholders held in 2018, contains advance notice provisions, which provide Shareholders, the Board and management of the Company with a clear framework for nominating directors to help ensure orderly business at shareholder meetings by effectively preventing a Shareholder from putting forth director nominations from the floor of a shareholder meeting without prior notice. Among other things, the By-law fixes a deadline by which Shareholders must submit notice of director nominations to the Company prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Company regarding each director nominee and the nominating Shareholder for the notice to be in proper written form in order for any director nominee to be eligible for nomination and election at any annual or special meeting of Shareholders of the Company. These requirements are intended to provide all Shareholders with the opportunity to evaluate and review the proposed candidates and vote on an informed and timely manner regarding such nominees. The By-law does not affect nominations made pursuant to a "proposal" made in accordance with the ABCA or a requisition of a meeting of Shareholders made pursuant to the ABCA. As of the date of this Information Circular, the Company has not received any nominations pursuant to the advance notice provisions contained in the By-law.

If Notice-and-Access Provisions are used for delivery of proxy related materials in respect of a meeting described above and the notice date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Receipt of the Financial Statements and Auditors' Report

At the Meeting, Shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2022 and the Auditors' Report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

### Fixing the Number of Directors and Election of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting be fixed at nine (9) directors and that nine (9) directors be elected to hold office until the next annual general meeting of the Company, or until their successors are duly elected or appointed in accordance with the ABCA. Other than Paul Wright, all current directors of the Company are standing for re-election at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form of proxy in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at nine (9) directors, and in favour of the election of the nine (9) nominees hereinafter set forth as directors of the Company:

Lynn Azar  
Lisa Colnett  
Sigmund Cornelius  
Robert Engbloom  
Wayne Foo

G.R. (Bob) MacDougall  
Glenn McNamara  
Imad Mohsen  
Carmen Sylvain

## 2022 Voting Results

| Motions  | Outcome of Vote | Votes For  |            | Against/Withheld |            |
|--|-----------------|------------|------------|------------------|------------|
|  |                 | Number     | Percentage | Number           | Percentage |
| Fixing the number of directors at nine (9)       | Approved        | 94,934,393 | 99.73      | 256,829          | 0.27       |
| Election of the following nominees as directors: |                 |            |            |                  |            |
| Lisa Colnett                                     | Elected         | 94,439,324 | 99.21      | 751,355          | 0.79       |
| Sigmund Cornelius                                | Elected         | 91,920,996 | 96.56      | 3,270,328        | 3.44       |
| Robert Engbloom                                  | Elected         | 76,759,963 | 80.64      | 18,431,361       | 19.36      |
| Wayne Foo  | Elected         | 94,492,136 | 99.27      | 699,188          | 0.73       |
| G. R. (Bob) MacDougall                           | Elected         | 91,929,726 | 96.57      | 3,261,598        | 3.43       |
| Glenn McNamara                                   | Elected         | 95,045,922 | 99.85      | 145,402          | 0.15       |
| Imad Mohsen                                      | Elected         | 94,825,221 | 99.62      | 366,103          | 0.38       |
| Carmen Sylvain                                   | Elected         | 91,650,393 | 96.28      | 3,540,931        | 3.72       |
| Paul Wright                                      | Elected         | 87,301,319 | 91.71      | 7,890,005        | 8.29       |
| Appointment of Auditors                          | Approved        | 87,721,622 | 90.57      | 9,135,730        | 9.43       |
| Advisory vote on executive compensation          | Approved        | 91,181,550 | 95.79      | 4,009,673        | 4.21       |

# Board of Directors At-a-Glance

## Director Nominees



**Wayne Foo**  
Chair of the Board



**Robert Engbloom**  
Lead Director  
Committee: ●



**Lynn Azar**  
Committee: ●



**Lisa Colnett**  
Committee: ●●



**Sigmund Cornelius**  
Committee: ●●



**G.R. (Bob) MacDougall**  
Committee: ●●



**Glenn McNamara**  
Committee: ●●



**Imad Mohsen**  
President & Chief  
Executive Officer



**Carmen Sylvain**  
Committee: ●●

## Committees

**Finance & Audit Committee**

**Key Responsibilities:**

- Financial & Enterprise Risk (Cyber Security) Management
- Audit
- Financial Disclosure

**HR & Compensation Committee**

**Key Responsibilities:**

- Executive Compensation
- Executive Performance & Succession
- Employee Engagement
- Talent Development
- DE&I

**Corporate Governance & Nominating Committee**

**Key Responsibilities:**

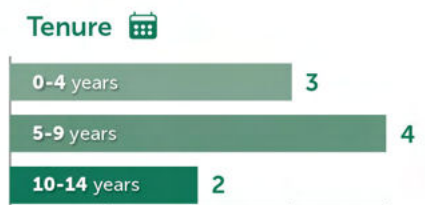
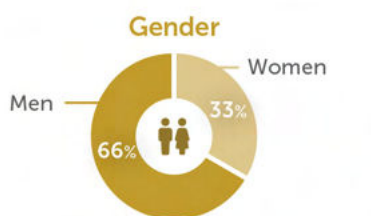
- Governance
- Board Diversity
- Board Renewal & Effectiveness

**HSE and Reserves Committee**

**Key Responsibilities:**

- Oil & Gas Reserves
- Disclosure, Safety & Operational Performance
- ESG (GHG Emissions Management)

## Board Diversity



## Director Profiles

The name, province and country of residence, and age of the persons nominated for election as directors, the number of voting securities of the Company beneficially owned or controlled or directed, directly or indirectly by each nominee, the period served as director and, the principal occupation of each nominee and certain other information in respect of each of the nominees is set forth below:



**Ms. Azar brings over 20 years of senior leadership experience across the energy and technology sectors. She is currently the Senior Vice President and Head of Finance at PlayStation Studios, a division of Sony Interactive Entertainment, a role she has held since 2020.**

### Lynn Azar

**Age:** 43 | **Residence:** The Hague, Netherlands | **Director since:** July 13, 2022<sup>(1)</sup> | Independent

| Parex Board and Committees:             | Other Public Boards: | Meeting Attendance:   | Key Experience and/or Expertise   |
|---|----------------------|---|---|
| Board of Directors<br>Finance and Audit | None                 | 4/4 Board of Directors (100%) <sup>(5)</sup><br>2/2 Finance and Audit (100%) <sup>(5)</sup> | <ul style="list-style-type: none"> <li>Financial Experience and Literacy</li> <li>Strategy</li> <li>Mergers and Acquisitions</li> <li>Corporate Governance</li> <li>International Operations</li> </ul> |

Ms. Azar is a senior finance executive who is currently Senior Vice President, Head of Finance at PlayStation Studios, a division of Sony Interactive Entertainment. Prior to this role, she spent 18 years in the energy industry at Shell Plc ("Shell"), holding senior financial and commercial roles. Ms. Azar has a Bachelors' and Masters' degree in Economics and Finance from the American University of Beirut, is a Certified Management Accountant (CMA) and is a Chartered Financial Analyst (CFA) charter holder. Ms. Azar was appointed to the Board on July 13, 2022.

| Annual General Meeting Voting Results |                | Share Ownership Requirement <sup>(6)</sup> |                                       |               |
|---------------------------------------|----------------|--|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup>           | Current holding as multiple of Target | Status        |
| 2021                                  | —              | N/A  | N/A                                   | N/A           |
| <b>2022</b>                           | <b>—</b>       | <b>\$292,500</b>                           | <b>0 times</b>                        | <b>Comply</b> |

| Securities Held | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Common Shares   | —      | \$ —                 | —      | \$ —                 |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 2,092  | \$ 42,154            | —      | \$ —                 |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| PSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 2,092  | \$ 42,154            | —      | \$ —                 |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 84,308</b>     |        | <b>\$ —</b>          |



**Ms. Colnett brings over 20 years of senior leadership experience in industries ranging from mining to information technology. Since 1991, Ms. Colnett has held senior roles in human resources, information technology and strategy.**

## Lisa Colnett

**Age:** 65 | **Residence:** Ontario, Canada | **Director since:** May 12, 2015<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors  
Human Resources and Compensation (Chair)  
HSE and Reserves

### Meeting Attendance:

9/9 Board of Directors (100%)  
5/5 Human Resources and Compensation (100%)  
4/4 HSE and Reserves (100%)

### Key Experience and/or Expertise

- Health, Safety and Environment
- Strategy
- International Operations
- Risk Management
- Corporate Governance
- Human Resources
- ESG/Sustainability

### Other Public Boards:

Parkland Corporation  
Northland Power

Ms. Colnett is currently a Director and Chair of the Human Resources and Governance Committee of Parkland Corporation, an international supplier and marketer of fuel and petroleum products and a leading convenience store operator, and a Director and the Chair of the Human Resources and Compensation Committee of Northland Power, a global renewable power producer. Ms. Colnett brings over 20 years of experience in human resources for a variety of industries ranging from mining to information technology. Since 1991, Ms. Colnett has held senior roles in human resources, information technology and strategy including Senior Vice President and Chief Information Officer of Celestica Inc., Senior Vice President, Human Resources, also of Celestica Inc. and Senior Vice President, Human Resources and Corporate Services, of Kinross Gold Corporation. Ms. Colnett is a member of the Institute of Corporate Directors having completed the Directors Education Program.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 99.66          | \$292,500                        | 4.1 times                             | Comply        |
| <b>2022</b>                           | <b>99.21</b>   | <b>\$360,000</b>                 | <b>3.3 times</b>                      | <b>Comply</b> |

|                 | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Securities Held |        |                      |        |                      |
| Common Shares   | 4,457  | \$ 89,809            | 4,457  | \$ 96,316            |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 49,063 | \$ 988,619           | 44,727 | \$ 966,544           |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 5,385  | \$ 108,508           | 6,446  | \$ 139,288           |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 1,186,936</b>  |        | <b>\$ 1,202,148</b>  |



Mr. Cornelius brings over 40 years of leadership experience in the energy industry to Parex. He is currently the President of Freeport LNG Development L.P. and has previously served on numerous public and privately held companies.

## Sigmund Cornelius

Age: 68 | Residence: Texas, USA | Director since: May 14, 2020<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors  
Finance and Audit (Chair)  
Human Resources and Compensation

### Meeting Attendance:

9/9 Board of Directors (100%)  
5/5 Finance and Audit (100%)  
5/5 Human Resources and Compensation (100%)

### Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety, Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Experience
- Capital Markets
- Geopolitical
- ESG/Sustainability

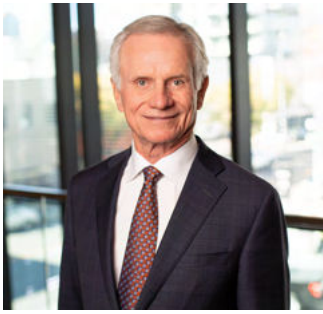
### Other Public Boards:

None

Mr. Cornelius is currently the President of Freeport LNG Development L.P., a company based in Houston, Texas. From 1980 to 2010, he held various management and senior positions at ConocoPhillips Company, retiring as Senior Vice President and Chief Financial Officer in 2010. He has served on the board of multiple public and private companies, including Western Refining Inc., NiSource Inc., Andeavor Logistics LP, DCP Midstream LP, Parallel Energy Trust, United States Enrichment Corporation ("USEC"), Carbo Ceramics Inc. ("CARBO"), Columbia Pipeline Group Inc., and Chevron Philips Chemical Co.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 99.27          | \$292,500                        | 1.0 times                             | Comply        |
| <b>2022</b>                           | <b>96.56</b>   | <b>\$382,500</b>                 | <b>2.0 times</b>                      | <b>Comply</b> |

| Securities Held | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Common Shares   | 21,410 | \$ 431,412           | —      | \$ —                 |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 14,994 | \$ 302,129           | 9,562  | \$ 206,643           |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 1,463  | \$ 29,479            | 2,808  | \$ 60,677            |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 763,020</b>    |        | <b>\$ 267,320</b>    |



Mr. Engbloom brings over 40 years of experience in the areas of mergers and acquisition, governance, corporate and securities law to Parex. He has a range of board experience in both public and private companies, and domestic and international companies, primarily in the energy sector.

## Robert Engbloom

Age: 73 | Residence: Alberta, Canada | Director since: September 29, 2009<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors (Lead Director)  
Corporate Governance & Nominating (Chair)

### Meeting Attendance:

9/9 Board of Directors (100%)  
5/5 Corporate Governance & Nominating (100%)

### Key Experience and/or Expertise

- Mergers and Acquisitions
- Strategy
- Financial Experience
- Capital Markets
- Corporate Governance
- Legal

### Other Public Boards:

None

Mr. Engbloom is currently counsel at Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group. Mr. Engbloom has more than 40 years experience in the areas of mergers and acquisitions, governance, corporate and securities law. His board experience spans a range of businesses both public and private, operating nationally and internationally, primarily in the energy industry.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 92.28          | \$427,500                        | 5.0 times                             | Comply        |
| <b>2022</b>                           | <b>80.64</b>   | <b>\$427,500</b>                 | <b>4.5 times</b>                      | <b>Comply</b> |

| Securities Held | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Common Shares   | 40,000 | \$ 806,000           | 50,000 | \$ 1,080,500         |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 52,950 | \$ 1,066,943         | 45,433 | \$ 981,802           |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 1,644  | \$ 33,127            | 4,241  | \$ 91,657            |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 1,906,070</b>  |        | <b>\$ 2,153,959</b>  |



**Mr. Foo is currently the Chair of the Board of Directors at Parex and was formerly the Company's Chief Executive Officer from 2009 to 2017.**

## Wayne Foo

**Age:** 66 | **Residence:** Alberta, Canada | **Director since:** August 28, 2009<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors (Chair)

### Other Public Boards:

None

### Meeting Attendance:

9/9 Board of Directors (100%)

### Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves and Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Capital Markets
- Human Resources
- ESG/Sustainability

Mr. Foo is currently Chair of the Board of Directors of Parex. He was formerly Chief Executive Officer of Parex from September 29, 2009 to May 10, 2017 and President of Parex from September 29, 2009 to November 5, 2015. In addition, Mr. Foo was President and Chief Executive Officer of Parex's predecessor company, Petro Andina Resources Inc. ("Petro Andina"), a TSX listed oil and gas company focused in Latin America, from 2004 to 2009 and President and Chief Executive Officer of Dominion Energy Canada Ltd. from 1998 to October 2002.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 98.93          | \$495,000                        | 72 times                              | Comply        |
| <b>2022</b>                           | <b>99.27</b>   | <b>\$495,000</b>                 | <b>62 times</b>                       | <b>Comply</b> |

| Securities Held | 2022      |                      | 2021      |                      |
|-----------------|-----------|----------------------|-----------|----------------------|
|                 | Number    | Value <sup>(2)</sup> | Number    | Value <sup>(3)</sup> |
| Common Shares   | 1,479,479 | \$ 29,811,502        | 1,521,979 | \$ 32,889,966        |
| Options         | —         | \$ —                 | —         | \$ —                 |
| DSUs            | 32,961    | \$ 664,164           | 28,748    | \$ 621,255           |
| RSUs            | —         | \$ —                 | 87,000    | \$ 1,879,200         |
| CosRSUs         | 7,423     | \$ 149,573           | 8,529     | \$ 184,309           |
| CosPSUs         | —         | \$ —                 | —         | \$ —                 |
| <b>Total:</b>   |           | <b>\$ 30,625,239</b> |           | <b>\$ 35,574,730</b> |



**Mr. MacDougall brings over 30 years of industry and senior leadership experience to Parex. From 2004 to 2012, Mr. MacDougall was Executive Vice President and the Chief Operating Officer of Vermilion Energy Corporation.**

## G.R. (Bob) MacDougall

**Age:** 59 | **Residence:** Alberta, Canada | **Director since:** October 4, 2016<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors  
Finance and Audit  
HSE and Reserves (Chair)

### Other Public Boards:

None

### Meeting Attendance:

9/9 Board of Directors (100%)  
5/5 Finance and Audit (100%)  
4/4 HSE and Reserves (100%)

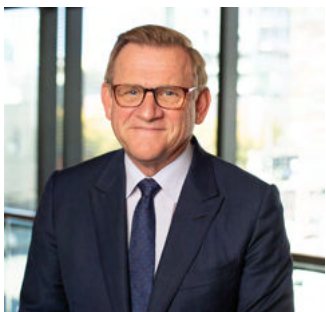
### Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Literacy
- Capital Markets
- Human Resources
- ESG / Sustainability

Mr. MacDougall is a professional engineer with close to 30 years of domestic and international oil and gas operations and senior executive management experience. Mr. MacDougall was the Executive Vice President and Chief Operating Officer of Vermilion Energy Corporation from 2004 to 2012 and is currently a member of the Institute of Corporate Directors having completed the Directors Education Program.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 99.32          | \$292,500                        | 4.4 times                             | Comply        |
| <b>2022</b>                           | <b>96.57</b>   | <b>\$360,000</b>                 | <b>3.8 times</b>                      | <b>Comply</b> |

| Securities Held | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Common Shares   | 26,460 | \$ 533,169           | 23,039 | \$ 497,873           |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 39,357 | \$ 793,044           | 32,975 | \$ 712,580           |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 1,463  | \$ 29,479            | 3,770  | \$ 81,463            |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 1,355,692</b>  |        | <b>\$ 1,291,916</b>  |



**Mr. McNamara brings significant industry and leadership experience to Parex. He is currently the President and Chief Executive Officer at Heritage Resources LP and has held numerous executive leadership roles at other public companies.**

## Glenn McNamara

**Age:** 70 | **Residence:** Alberta, Canada | **Director since:** October 4, 2016<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors  
Human Resources and Compensation  
HSE and Reserves

### Other Public Boards:

Whitecap Resources Inc.

### Meeting Attendance:

9/9 Board of Directors (100%)  
5/5 Human Resources and Compensation (100%)  
4/4 HSE and Reserves (100%)

### Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Experience
- Capital Markets
- Corporate Governance
- Human Resources
- Geopolitical
- ESG/Sustainability

Mr. McNamara is currently the President and Chief Executive Officer of Heritage Resources LP, a private fee title acreage owner business. Prior thereto, Mr. McNamara was the Chief Executive Officer and a director of PMI Resources Ltd. (formerly, Petromanas Energy Inc.), a public oil and gas company from September 2010 to May 2016. From August 2005 to August 2010, Mr. McNamara was the President of BG Canada (part of the BG Group PLC, a public gas company with its head office in the United Kingdom, trading on the London Stock Exchange). Mr. McNamara also currently serves on the board of Whitecap Resources Inc. and is a member of the Institute of Corporate Directors having completed the Directors Education Program.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 99.48          | \$292,500                        | 3 times                               | Comply        |
| <b>2022</b>                           | <b>99.85</b>   | <b>\$292,500</b>                 | <b>3 times</b>                        | <b>Comply</b> |

|                 | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Securities Held |        |                      |        |                      |
| Common Shares   | 5,735  | \$ 115,560           | 5,735  | \$ 123,933           |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 34,050 | \$ 686,108           | 30,299 | \$ 654,756           |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 5,695  | \$ 114,754           | 6,446  | \$ 139,288           |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 916,422</b>    |        | <b>\$ 917,977</b>    |



**Mr. Mohsen is currently the President and Chief Executive Officer of Parex and brings significant international, industry and leadership experience from both public and privately held companies.**

## Imad Mohsen

**Age:** 49 | **Residence:** Alberta, Canada | **Director since:** February 4, 2021<sup>(1)</sup> | Non-Independent

### Parex Board and Committees:

Board of Directors

### Other Public Boards:

None

### Meeting Attendance:

9/9 Board of Directors (100%)

### Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Government Relations
- Mergers and Acquisitions
- Strategy
- Financial Literacy
- Geopolitical
- ESG/Sustainability

Mr. Mohsen joined Parex as the President & Chief Executive Officer in 2021, and is accountable for the Company's overall leadership, strategic vision and delivery of Shareholder value. With 25 years of experience in senior leadership positions, he has a proven track record of leading teams to execute growth through exploration, project management excellence, stakeholder relations and financial discipline.

Prior to joining Parex, Mr. Mohsen held numerous senior leadership roles at private and public companies. Most recently, Mr. Mohsen was the Chief Executive Officer at Tulip Oil Holding B.V. ("Tulip"), a private equity backed upstream company. Under his leadership, Tulip had success with near field, short-cycle time exploration and development of gas in the challenging environment of the Dutch North Sea. Prior to Tulip, Mr. Mohsen spent 15 years at Shell where he held notable roles including Development Manager for Shell's Subsea Gulf of Mexico assets, and the General Manager, Operations for Shell's Egypt JV (Bapetco).

Mr. Mohsen holds an engineering degree from the Paris School of Mines. He is a former Board member of NOGEP (Dutch E&P Producers Association) and Nextstep (Dutch Decommissioning E&P Producers Associations).

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 99.69          | \$2,200,000                      | 2 times                               | Comply        |
| <b>2022</b>                           | <b>99.62</b>   | <b>\$2,600,000</b>               | <b>1.4 times</b>                      | <b>Comply</b> |

| Securities Held | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Common Shares   | 22,529 | \$ 453,959           | 2,365  | \$ 51,108            |
| Options         | 59,364 | \$ —                 | 33,584 | \$ —                 |
| DSUs            | —      | \$ —                 | —      | \$ —                 |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 61,712 | \$ 1,243,497         | 45,346 | \$ 979,927           |
| CosPSUs         | 97,617 | \$ 1,966,983         | 50,519 | \$ 1,091,716         |
| <b>Total:</b>   |        | <b>\$ 3,664,439</b>  |        | <b>\$ 2,122,751</b>  |



**Ms. Sylvain is a former Canadian Ambassador and diplomat with over 30 years of experience in foreign affairs, international trade and investment.**

## Carmen Sylvain

**Age:** 62 | **Residence:** Quebec, Canada | **Director since:** July 7, 2017<sup>(1)</sup> | Independent

### Parex Board and Committees:

Board of Directors  
Corporate Governance and Nominating  
Human Resources and Compensation

### Meeting Attendance:

9/9 Board of Directors (100%)  
5/5 Corporate Governance and Nominating (100%)  
5/5 Human Resources and Compensation (100%)

### Key Experience and/or Expertise

- Health, Safety and Environment
- Risk Management
- Strategy
- Government Relations
- Corporate Governance
- Geopolitical
- ESG/Sustainability

### Other Public Boards:

None

Ms. Sylvain is a former diplomat with 30 years of combined experience in foreign affairs, international trade and investment. She was Ambassador to Colombia, Morocco and Mauritania and served as Assistant Deputy Minister for Europe, Africa and the Middle East as well as Assistant Deputy Minister for Strategic Planning within Global Affairs. In the private sector, she was strategic advisor to Borealis Infrastructure and the OMERS pension fund. She currently serves on the Boards of LCI Education Network, Orient Investment Properties and the Egyptian Refining Company. Ms. Sylvain is a member of the Institute of Corporate Directors having completed the Directors Education Program and the Qualified Risk Directors Institute having completed the Qualified Risk Directors Program.

| Annual General Meeting Voting Results |                | Share Ownership Requirement      |                                       |               |
|---------------------------------------|----------------|----------------------------------|---------------------------------------|---------------|
| Year                                  | % of votes For | Target Level (\$) <sup>(4)</sup> | Current holding as multiple of Target | Status        |
| 2021                                  | 96.96          | \$292,500                        | 2 times                               | Comply        |
| <b>2022</b>                           | <b>96.28</b>   | <b>\$292,500</b>                 | <b>2 times</b>                        | <b>Comply</b> |

|                 | 2022   |                      | 2021   |                      |
|-----------------|--------|----------------------|--------|----------------------|
|                 | Number | Value <sup>(2)</sup> | Number | Value <sup>(3)</sup> |
| Securities Held |        |                      |        |                      |
| Common Shares   | 3,194  | \$ 64,359            | 2,344  | \$ 50,654            |
| Options         | —      | \$ —                 | —      | \$ —                 |
| DSUs            | 24,893 | \$ 501,594           | 21,499 | \$ 464,587           |
| RSUs            | —      | \$ —                 | —      | \$ —                 |
| CosRSUs         | 5,842  | \$ 117,716           | 6,446  | \$ 139,288           |
| CosPSUs         | —      | \$ —                 | —      | \$ —                 |
| <b>Total:</b>   |        | <b>\$ 683,669</b>    |        | <b>\$ 654,529</b>    |

#### Notes:

- (1) Parex' directors will hold office until the next annual general meeting of the Company's Shareholders or until each director's successor is duly elected or appointed in accordance with the ABCA.
- (2) The market value of Common Shares for 2022 is the number of Common Shares held by each nominee as of December 31, 2022 multiplied by the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15. The value of Options (as defined herein) of each nominee is based on the difference between the market price of the Common Shares on the TSX at December 31, 2022 of \$20.15 and the exercise price of the Options multiplied by the number of Common Shares issuable on exercise of such Options as of December 31, 2022. If the exercise price is greater than the market price the options are out of the money and assigned no value. The value of DSUs (as defined herein) for 2022 is the number of DSUs held by each nominee as of December 31, 2022 multiplied by the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15. The value of RSUs (as defined herein) for 2022 is the number of RSUs held by each nominee as of December 31, 2022 multiplied by the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 less the \$0.01 exercise price. The value of CosRSUs and CosPSUs for 2022 is the number of CosRSUs and CosPSUs held by each nominee as of December 31, 2022 multiplied by the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15. The value of CosPSUs assumes a payout multiplier of 1x.
- (3) The total market value of Common Shares for 2021 is the number of Common Shares held by each nominee as of December 31, 2021 multiplied by the closing price of the Common Shares on the TSX on December 31, 2021 of \$21.61. The value of DSUs for 2021 is the number of DSUs held by each nominee as of December 31, 2021 multiplied by the closing price of the Common Shares on the TSX on December 31, 2021 of \$21.61. The value of RSUs for 2021 is the number of RSUs held by each

nominee as of December 31, 2021 multiplied by the closing price of the Common Shares on the TSX on December 31, 2021 of \$21.61 less the \$0.01 exercise price. The value of CosRSUs and CosPSUs for 2021 is the number of CosRSUs and CosPSUs held by each nominee as of December 31, 2021 multiplied by the closing price of the Common Shares on the TSX on December 31, 2021 of \$21.61. (The value of CosPSUs assumes a payout multiplier of 1x)

- (4) Target Level is determined by multiplying the director's base retainer by 4.5 times, pursuant to the share ownership policy. The DSU's are able to be counted as Common Shares as they immediately vest upon issuance and are not exercisable until Director retires from the Board.
- (5) Ms. Azar joined the Board on July 13, 2022 and attended 100% of all Board and Finance and Audit Committee meetings that occurred after that date.
- (6) Ms. Azar has until July 2027 to meet the minimum share ownership threshold and is considered to be compliant until that time.

The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Company by the respective nominees.

As at April 3, 2023, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 2,454,438 Common Shares constituting approximately 2.3% of the issued and outstanding Common Shares. The number of Common Shares beneficially owned or controlled or directed, directly or indirectly, by each director and executive officer of the Company significantly exceeds the share ownership requirements under the share ownership policy for executive directors and officers that was implemented by the Company. See "*Corporate Governance – Share Ownership Policy*" in this Information Circular.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as noted below, to the knowledge of the directors, no proposed director of the Company (nor any personal holding company of any such persons):

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Parex), that:
  - (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company (including Parex) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Mr. Cornelius was a director of Parallel Energy Trust (a TSX listed company) from March 2011 to February 2016. Parallel Energy Trust filed an application in the Court of Queen's Bench of Alberta for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) and voluntary petitions for relief under Chapter 11 of the *United States Bankruptcy Code*. In the Chapter 11 proceedings, the Bankruptcy Court approved the sale of the assets of Parallel Energy Trust and the sale closed on January 28, 2016. On March 3, 2016, the Canadian entities of Parallel Energy Trust filed for bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) and a notice to creditors was sent by the trustee on March 4, 2016.

Mr. Cornelius was a director of USEC from March 2011 to 2014. In December 2013, USEC reached an agreement with its debt holders to file a prearranged and voluntary Chapter 11 bankruptcy restructuring in the first quarter of 2014. In March 2014, USEC filed the prearranged and voluntary Chapter 11 bankruptcy restructuring under Chapter 11 of the *United States Bankruptcy Code*. In September 2014, USEC emerged from bankruptcy proceedings with a new name, Centrus Energy Corp.

Mr. Cornelius was a director of CARBO from November 2009 to July 2020. In March 2020, CARBO and its direct wholly-owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. As part of the process, CARBO entered into an agreement with Wilks Brothers, LLC. Pursuant to such agreement, CARBO emerged from Chapter 11 bankruptcy protection under new ownership of the Wilks Brothers, LLC.

## Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta, to serve as auditors of the Company until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration as such. PricewaterhouseCoopers LLP have been the auditors of the Company since September 29, 2009.

### External Auditor Service Fees

The Finance and Audit Committee has reviewed the nature and amount of non-audit services provided by PricewaterhouseCoopers LLP to the Company to ensure auditor independence. Fees paid to PricewaterhouseCoopers LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

| Nature of Services                   | Fees Paid to Auditor in the Year Ended December 31, 2022 | Fees Paid to Auditor in the Year Ended December 31, 2021 |
|--------------------------------------|--|--|
| Audit Fees <sup>(1)</sup>            | \$501,917  | \$522,260  |
| Audit-Related Fees <sup>(2)</sup>    | —  | —  |
| Tax Fees - Compliance <sup>(3)</sup> | \$152,684  | \$185,579  |
| Tax Fees - Consulting <sup>(3)</sup> | \$166,373  | \$87,903   |
| All Other Fees <sup>(4)</sup>        | \$424,583  | \$540,378  |
| Total                                | \$1,245,557  | \$1,336,120  |

### Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor.
- (3) "Tax Fees - Compliance" include fees related to tax compliance work for statutory tax obligations in the international jurisdictions that the Company operated in.
- (4) "Tax Fees - Consulting" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (5) "All Other Fees" include all other non-audit products and services. In 2021 the Company engaged PricewaterhouseCoopers to assist with a one-time human resource information system implementation over the two years and performed by completely different engagement staff from the audit. The fees for this specific project represent the majority of the non-audit, non-tax fees paid in 2021 and 2022. This IT engagement was subject to a competitive tender process and was awarded based on their unique qualifications and experience. In 2023, it is projected that Parex' non-audit fees will be reduced as the audit firm completed their engagement for the HR IT system implementation in early 2023 and the Company has engaged another provider.

Additional information regarding the Finance and Audit Committee, including information that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators is contained in the Company's annual information form for the year ended December 31, 2022, an electronic copy of which is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## Approval of Unallocated Options

Section 613(a) of the TSX Company Manual provides that every three (3) years after the institution of a security based compensation arrangement all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders. As the Company's stock option plan (the "**Option Plan**") is considered to be a security based compensation arrangement under the TSX Company Manual and the Option Plan provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding stock options of the Company ("**Options**") is not a fixed number and instead shall not exceed a number of Common Shares equal to a percentage of the issued and outstanding Common Shares from time to time (less the number of Common Shares issuable pursuant to all other security based compensation arrangements), approval will be sought at the Meeting to approve the grant of unallocated Options under the Option Plan. When Options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under outstanding Options are referred to as allocated Common Shares. The Company has additional Common Shares that may be reserved for issuance pursuant to future grants of Options under the Option Plan, but as they are not subject to current Option grants, they are referred to as unallocated Options.

The maximum number of Common Shares issuable under the Option Plan and all other security based compensation arrangements of the Company, including the restricted share unit plan (the "**RSU Plan**") may not exceed 5.0% of the Common Shares outstanding from time to time. ]At Parex's annual general and special Shareholders meeting held in 2020, Parex did not seek the requisite three-year approval under TSX policies of unallocated restricted share units ("RSUs") and performance share units ("PSUs") under the RSU Plan and as a result no further grants could be made under the RSU Plan. While no new awards could be made under the RSU Plan, it remained in place until such time as all outstanding RSUs and PSUs issued under it had been exercised, are cancelled or expired by their terms. In 2019 the Company put in place a new Cash or Share settled RSU/PSU plan as described below which replaced the equity settled RSU plan resulting in 2018 being last year that RSUs and PSUs were granted under the RSU plan. The PSU plan was extinguished in 2021. The RSU plan was extinguished on March 27, 2023. See "Statement of Executive Compensation – Executive Compensation Components – Long-Term Incentives – RSUs and PSUs". Accordingly, as of the date hereof, Options are the only issued and outstanding security based compensation arrangements of the Company. At at March 27, 2023, the Company had Options to acquire 802,598 Common Shares outstanding under the Option Plan, representing 0.7% of the 107,478,365 issued and outstanding Common Shares as at that date, leaving 4,571,320 Common Shares available for future grants under the Option Plan based on the

number of Common Shares outstanding as at that date. As of April 3, 2023, the Company had Options to acquire 802,598 Common Shares outstanding under the Option Plan, representing 0.7% of the 107,398,665 issued and outstanding Common Shares as at that date, leaving up to 4,567,335 Common Shares available for future grants under the Option Plan based on the number of Common Shares outstanding as at that date. If any Options granted under the Option Plan based on the number of Common Shares outstanding as at that date. If any Options granted under the Option Plan shall be exercised or shall expire, terminate or be cancelled for any reason without having been exercised in full, any unpurchased Common Shares to which such Options relate will be unallocated and available for the purposes of future grants under the Option Plan of the Company. For a summary of the current terms of the Option Plan see "Statement of Executive Compensation – Executive Compensation Components – Long-Term Incentives – Options" in this Information Circular. Also see a copy of the Option Plan attached hereto as Appendix "F".

## Shareholder Approval

If approval of the grant of unallocated Options under the Option Plan is obtained at the Meeting, the Board of Directors will be able to grant Options and the Company will not be required to seek further approval for unallocated Options under the Option Plan until May 11, 2026. If approval is not obtained at the Meeting, Options which have not been allocated as of May 11, 2023 and Common Shares which are reserved for issuance pursuant to Options which are outstanding as of May 11, 2023 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution.

At the Meeting, the following ordinary resolution (the "Unallocated Option Resolution") will be presented: "BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, that:

1. all unallocated Options under the Option Plan are approved and authorized until May 11, 2026;
2. any one officer or director of the Company be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
3. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

In order for the Unallocated Option Resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in favour of the Unallocated Option Resolution.

## Shareholder Advisory Vote on Executive Compensation

The Board believes that Shareholders should have the opportunity to receive information to assist them in understanding the objectives, philosophy and principles used in its approach to executive compensation and to provide feedback to the Board on such matters. As such, the Board determined to include a Shareholder advisory vote (the "**Say on Pay Vote**") on executive compensation at the Company's annual general meetings of Shareholders, beginning with the Company's annual and special meeting of Shareholders held on May 11, 2016. The Say on Pay Vote is a non-binding advisory vote on the Board's approach to executive compensation. The purpose of the Say on Pay Vote is to provide Board accountability to the Shareholders for the Board's compensation decisions by giving Shareholders a formal opportunity to provide their views on the disclosed objectives of the Company's executive compensation plans, and on the plans themselves. At the Company's annual general and special meeting of Shareholders held in 2022, Shareholders voted 95.79% in favour of the Company's approach to executive compensation described in the Company's management information circular dated March 30, 2022.

Shareholders will be asked at the Meeting to vote, on an advisory basis, on the acceptance of Parex's approach to executive compensation as set forth in the "*Statement of Executive Compensation*" section of this Information Circular. Shareholders are encouraged to carefully review the information set forth in that section before voting on this matter. The "*Statement of Executive Compensation*" section discusses our compensation philosophy, the objectives of the different elements of our compensation programs and the way the Board assesses performance and makes decisions. It explains how the Company's compensation programs are centered on a pay-for-performance culture and are aligned with the long-term development strategy of our business and taking into account the interests of our Shareholders.

As this is an advisory vote, the results will not be binding upon the Board, however, the Board places a great deal of importance on the views of Shareholders and will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions. The Board believes that it is essential for Shareholders to be well informed of Parex's approach to executive compensation and consider the advisory vote to be an important part of the ongoing process of engagement between the Shareholders and the Board. The Company will disclose the results of the Shareholder advisory vote as a part of its report on voting results for the Meeting.

In the event that the advisory resolution is not approved by a majority of the votes cast at the Meeting, the Board will consult with its Shareholders (particularly those who are known to have voted against it) to understand their concerns and will review the Board's approach to compensation in the context of those concerns. Results from any such Board review, if necessary, will be discussed in the Company's management information circular for the annual meeting of Shareholders to be held in 2024. In addition, Shareholders may

contact the Corporate Secretary of the Company by mail at the Company's head office at 2700 Eighth Avenue Place, West Tower, 585-8 Avenue S.W., Calgary, Alberta T2P 1G1, if they wish to share their view on executive compensation with the Board.

At the Meeting, Shareholders will be asked to approve the following resolution (the "**Say on Pay Resolution**"):

"BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Parex Resources Inc. (the "**Company**"), that the shareholders accept the approach to executive compensation as disclosed in the "*Statement of Executive Compensation*" section in the management information circular of the Company dated April 3, 2023."

**Unless otherwise directed, it is the intention of management to vote proxies in favour of the Say on Pay Resolution.**

## Other Matters

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgement of the person or persons voting the proxy.

## Director Compensation

### General

The Human Resources and Compensation Committee ("HR&C Committee") retained compensation advice throughout 2022 from both Willis Towers Watson & Co ("Willis Towers Watson") and Meridian Compensation Partners ("Meridian"). Advice included benchmarking director compensation and Share ownership guidelines (against the Company's peers). See "Statement of Executive Compensation – Comparator Group" in this Information Circular. As a result of such advice, there were no amendments made to the Company's Director Compensation package in 2022.

The current directors' compensation program is as follows, which is only available to directors who are not also NEOs (as defined herein).

#### Components of Director Compensation for 2022

##### Cash Retainer

###### Annual Retainer Fees

|                            |           |
|----------------------------|-----------|
| Member of the Board        | \$65,000  |
| Chair of the Board         | \$110,000 |
| Lead Director of the Board | \$95,000  |

###### Committee Annual Retainer Fees

|  |          |
|--|----------|
| Standing Committee Member  | \$0      |
| Chair of Finance and Audit Committee   | \$20,000 |
| Chair of HR&C Committee  | \$15,000 |
| Chair of HSE and Reserves Committee  | \$15,000 |
| Chair of a standing committee of the Board other than the Finance and Audit, HR&C and HSE and Reserves | \$10,000 |

###### Meeting Fees

|                              |         |
|------------------------------|---------|
| Board Meeting Attendance     | \$1,500 |
| Committee Meeting Attendance | \$1,500 |

##### Equity Compensation

|                         |     |
|-------------------------|-----|
| Cash/Share Settled RSUs | 50% |
| DSUs                    | 50% |

Directors elect each year to receive their annual retainers paid quarterly in cash and/or be awarded in Cash/Share Settled RSUs (as defined herein) and deferred share units ("**DSUs**") under the Company's deferred shared until plan ("**DSU Plan**"). Each director makes the election late in the year, subject to blackout periods being in effect, for effect the following year. The default, if no election is made by an individual director each year, will be 100% cash for the annual retainer for the following year.

The DSU Plan was approved by the Board on April 1, 2015 and by Shareholders on May 12, 2015. DSU grants were last made to independent directors on May 16, 2022. The Cash/Share Settled RSU Plan (as defined herein) was approved by the Board on February 7, 2019, which does not, pursuant to TSX policies, require Shareholder approval. Cash/Share Settled RSUs were granted to independent directors on May 16, 2022.

In May 2021, Parex's director compensation program was amended to include a fixed annual retainer and the elimination of per-meeting fees for the first 12 Board or committee meetings attended by each director per year. After a director has attended 12 Board or committee meetings in a calendar year, such director will be entitled to a payment of \$1,500 for attending in person or by telephone at each Board meeting or committee meeting of which they are a member. Where a director is not a committee member, the director will receive a payment of \$1,500 for attending a meeting of such committee, when requested to do so by the committee's Chair.

Non-management directors are also eligible to receive long-term incentive compensation in the form of participation in the Cash/Share Settled RSU Plan and the DSU Plan. The number of long-term incentives granted, if any, is to be reviewed each year by the HR&C Committee for grants to be approved by the Board and awarded following any blackout period subsequent to the annual meeting of Shareholders. The annual long term incentive grants for directors is comprised of 50% Cash/Share Settled RSUs and 50% DSUs.

For a summary of the terms of the DSU Plan and Cash/Share Settled RSU Plan, see Appendix "D" and Appendix "E", respectively, to this Information Circular.

Directors are reimbursed for miscellaneous out-of-pocket expenses, if any, incurred in carrying out their duties as directors.

## Summary of Director Compensation<sup>(1)</sup>

The table below summarizes the director compensation for 2022:

| Name                       | Fees earned <sup>(2)</sup><br>(\$) | Share-based awards            |                                  | Option-based awards <sup>(5)</sup><br>(\$) | All other compensation<br>(\$) | Total<br>(\$) |
|----------------------------|------------------------------------|-------------------------------|----------------------------------|--|--------------------------------|---------------|
|                            |                                    | (DSUs) <sup>(3)</sup><br>(\$) | (CosRSUs) <sup>(4)</sup><br>(\$) |  |                                |               |
| Lynn Azar <sup>(7)</sup>   | 29,196                             | 49,993                        | 49,993                           | —  | —                              | 129,182       |
| Lisa Colnett               | 90,500                             | 59,999                        | 59,999                           | —  | —                              | 210,498       |
| Sigmund Cornelius          | 89,500                             | 119,998                       | —                                | —  | —                              | 209,498       |
| Robert Engbloom            | 98,000                             | 134,991                       | —                                | —  | —                              | 232,991       |
| Wayne Foo                  | 110,000                            | 72,481                        | 72,506                           | —  | —                              | 254,987       |
| G. R. (Bob) MacDougall     | 90,500                             | 119,998                       | —                                | —  | —                              | 210,498       |
| Glenn McNamara             | 74,000                             | 59,999                        | 59,999                           | —  | —                              | 193,998       |
| Carmen Sylvain             | 77,000                             | 59,999                        | 59,999                           | —  | —                              | 196,998       |
| Paul Wright <sup>(8)</sup> | 84,500                             | 119,998                       | —                                | —  | —                              | 204,498       |

Notes:

- (1) The Company does not provide non equity incentive plan or pension plan compensation to directors.
- (2) See " Director Compensation – General".
- (3) The grant date fair value of share-based awards (DSUs) is \$24.62 and \$20.90, being the weighted average of the prices at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of May 16, 2022 and July 13, 2022 (date of Ms. Azar's appointment), respectively, as per the terms of the DSU Plan and a commonly accepted methodology for valuing compensation among the Company's peer comparator group. It is the same methodology used by the Company to determine the accounting fair value of the DSUs in accordance with International Financial Reporting Standard 2 – Share Based Payments.
- (4) The grant date fair value of share-based awards (CosRSUs) is \$24.62, and \$20.90, being the weighted average of the prices at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of May 16, 2022 and July 13, 2022 (date of Ms. Azar's appointment), respectively. This methodology for accounting fair value of Cash/Share Settled RSUs is in accordance with International Financial Reporting Standards 2 – Cash-Based Payments.
- (5) Directors were not granted option-based awards (Options) in 2022.
- (6) Mr. Mohsen, a director of the Company, is also the President and CEO (as defined herein) of the Company and is therefore a NEO. See "Statement of Executive Compensation - NEO Summary Compensation Table" for information with respect to Mr. Mohsen's compensation and does not receive compensation as a director.
- (7) Ms. Azar was appointed to the Board on July 13, 2022.
- (8) Mr. Wright is retiring from the Board at the Meeting and as such will not be standing for re-election at the Meeting.

## Director Fees

Fees were paid to directors in 2022 in accordance with the schedule of annual retainers and meeting fees outlined under "Director Compensation – General" above. The number of meetings attended by each director is outlined under the "Board of Directors – Director Profiles" section of this Information Circular.

## Incentive Compensation

In accordance with the directors' compensation program, remuneration in the form of cash-settled DSUs and CosRSUs were provided to directors in 2022. No non-equity incentive compensation was provided to directors in 2022.

Parex's intention is for the timing of annual incentive plan awards to coincide with the election of directors at the Company's annual general meeting of Shareholders. Directors have not been granted option-based awards (Options) since 2013, or share-based awards (RSUs) settled with Common Shares from treasury since 2014.

## Outstanding Option-based and Share-based Awards – Independent Directors (as at December 31, 2022)

The directors did not hold any outstanding option-based awards (Options) as at December 31, 2022. No non-equity incentive compensation was provided to directors in 2022.

## New for 2023

Minor market-based modifications were approved by the Board for director compensation in 2023 to better align Parex's positioning relative to its peers. These changes include a 4% increase to the annual Board Cash/Share Settled RSU and DSU grant, consistent with the average increases observed more broadly in the Canadian market at the S&P/TSX 60. Additionally, an increase to the Corporate Governance and Nominating Committee Chair premium was also made, to align it with Parex's other committee Chair premiums. With these adjustments, the Board also approved an increase to the Company's Common Share ownership guidelines to 6x the cash retainer from the previous 4.5x effective 2023.

| Name                       | Number of common shares or units of common shares that have not vested |         | Market or payout value of share-based awards that have not vested <sup>(2)</sup> |         | Market or payout value of vested share-based awards not paid out or distributed <sup>(3)</sup> |         |
|----------------------------|--|---------|--|---------|--|---------|
|                            | DSUs   | CosRSUs | DSUs   | CosRSUs | DSUs   | CosRSUs |
| Lynn Azar                  | —  | 2,453   | —  | 49,421  | 49,421   | —       |
| Lisa Colnett               | —  | 5,841   | —  | 117,698 | 988,612  | —       |
| Sigmund Cornelius          | —  | 1,462   | —  | 29,457  | 302,142  | —       |
| Robert Engbloom            | —  | 1,644   | —  | 33,126  | 1,066,940  | —       |
| Wayne Foo                  | —  | 7,421   | —  | 149,533 | 664,169  | —       |
| G. R. (Bob) MacDougall     | —  | 1,462   | —  | 29,457  | 793,028  | —       |
| Glenn McNamara             | —  | 5,841   | —  | 117,698 | 686,100  | —       |
| Carmen Sylvain             | —  | 5,841   | —  | 117,698 | 501,589  | —       |
| Paul Wright <sup>(4)</sup> | —  | 1,462   | —  | 29,457  | 988,266  | —       |

- Notes:
- (1) On March 7, 2017, the Board approved certain amendments to the DSU Plan to provide for the cash settlement of all DSUs (including the DSUs noted in the above table) rather than the settlement through the issuance of Common Shares.
  - (2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 by the number of DSUs and CosRSUs, as applicable, that were not vested as at December 31, 2022.
  - (3) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 by the number of DSUs and CosRSUs, as applicable, that were vested but not paid out or distributed as at December 31, 2022.
  - (4) Mr. Wright is retiring from the Board at the Meeting and as such will not be standing for re-election at the Meeting.

| Name                       | Option-based awards – value vested during the year (\$) | Share-based Awards value vested during the year <sup>(1)</sup> |              | Non-equity incentive plan compensation – value earned during the year <sup>(2)</sup> (\$) |
|----------------------------|---|--|--------------|---|
|                            |   | DSUs (\$)  | CosRSUs (\$) |   |
| Lynn Azar <sup>(3)</sup>   | N/A   | \$50,377   | Nil          | N/A   |
| Lisa Colnett               | N/A   | \$62,880   | \$80,681     | N/A   |
| Sigmund Cornelius          | N/A   | \$125,760  | \$36,544     | N/A   |
| Robert Engbloom            | N/A   | \$141,473  | \$66,914     | N/A   |
| Wayne Foo                  | N/A   | \$75,962   | \$107,610    | N/A   |
| G.R. (Bob) MacDougall      | N/A   | \$125,760  | \$59,453     | N/A   |
| Glenn McNamara             | N/A   | \$62,880   | \$80,681     | N/A   |
| Carmen Sylvain             | N/A   | \$62,880   | \$80,681     | N/A   |
| Paul Wright <sup>(4)</sup> | N/A   | \$125,760  | \$59,453     | N/A   |

- Notes:
- (1) Based on multiplying the closing price of the Common Shares on the TSX on the vesting date by the number of DSUs and CosRSUs, as applicable, that vest on such date.
  - (2) The Company did not provide non-equity incentive plan compensation to independent directors during the year ended December 31, 2022.
  - (3) Ms. Azar was appointed to the Board on July 13, 2022.
  - (4) Mr. Wright is retiring from the Board at the Meeting and as such will not be standing for re-election at the Meeting.

## Corporate Governance

National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**") requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance (the "**Corporate Governance Guidelines**") set forth in National Policy 58-201 - Corporate Governance Guidelines. Set out below is a description of the corporate governance practices of the Company, in accordance with NI-58-101.

## Strategy

### Strategic Planning

The Board oversees the development and execution of a long-range strategic plan and a short-range business plan for Parex which are designed to achieve Parex's principal objectives and identify the principal strategic and operational opportunities and risks of the Company's business. To assist the Board in meeting this responsibility, the agenda for every regularly scheduled Board meeting

includes a discussion of the progress of the short-term business plan and quarterly financial results as well as management's views in respect of some, if not all of the following: a review of business development, exploration, financial forecasts, human resources, ESG issues, and emerging opportunities and threats designed to provide the Board the information required for them to discuss and analyze the main risks associated with our business plan and make recommendations to adjust the plan if necessary.

In addition, the Board sets aside at least two days every year for a strategic planning session where they meet with management and discuss the long-term plan for the organization in detail. From time to time, external advisors are invited to present at these meetings. A fulsome in-camera session concludes each of these sessions.

### Board Accountability

Board effectiveness is critical to the success of the Company. To ensure Board members, committees, and processes remain effective, directors are evaluated on an annual basis by completing a Board effectiveness survey. This year, the Board effectiveness survey was updated and expanded in order to ensure questions were being asked to address new areas of note in good corporate governance and to evaluate more categories of importance. The Board also introduced a fulsome, anonymous peer evaluation and opened up the Board effectiveness survey for completion by the Executive management team. Following the completion of the Board effectiveness survey and peer evaluations, the Board Chair and Lead Director met with each director one-on-one to engage in an open two-way discussion on any issues that either wanted to raise, with an emphasis placed on maximizing the contribution of each director to the Board and continually improving the effectiveness of the Board. The Board as a whole discussed the results of the findings and go-forward suggestions during in-camera (without management present) sessions that took place following the Board meeting held in the first quarter of 2023. The final piece of the individual assessment process is the review of the skills matrix noted below, outlining the experience and background of the directors in a variety of key subject areas. This updated matrix is maintained so that the members of the Board can identify areas for strengthening the Board as a whole and address them through the board renewal process. The Board Chair and Lead Director, also use the information obtained through these surveys to decide whether any changes are needed in Board processes, mandates, composition or committee structure. The Board engaged external governance advisors to perform 360 degree performance assessments of Directors, and this was last completed in 2021. The process remained the same for 2022 as it was fully updated in 2021 and the Board determined the 2021 process to be insightful and successful.

### Enterprise Risk Management

The Board and management are responsible for overseeing Parex's enterprise risk management process ("ERM process"). The Board has delegated to the appropriate Board committee responsibility to review and assess the identification and management of enterprise risk management matters as follows:

**Finance and Audit Committee:** Oversight of financial risks including balance sheet risk, climate-related risk, and review of appropriate risk management policies and strategies. Engaging directly with our external auditors and internal control auditors with respect to financial controls and financial disclosure.

**HSE and Reserves Committee:** Oversight of the disclosure of Parex's oil and gas reserves and reporting requirements, including the appointment of a qualified external reserves evaluator. Oversight of Parex's environmental, health and safety practices and programs; environmental and safety protection; monitoring of surface access, including security risk; and investments in reducing energy consumption and greenhouse gas ("GHG") emissions.

**HR&C Committee:** Oversight of compensation risk, including ensuring compensation practices do not motivate undue risk taking and short-term decision making at the expense of long-term goals. Oversight of employee relations, development, and diversity.

The HR&C Committee of the Board is comprised entirely of independent directors and is responsible for the functions of a compensation committee. See "Statement of Executive Compensation – Compensation Governance".

The HR&C Committee of the Board reviews competitive market data from third-party sources for compensation for directors and officers of the Company and makes recommendations regarding the format and quantum of such compensation to the Board for approval. As part of this process, external consultants may be engaged by the HR&C Committee from time to time to conduct a competitive review of, and to make specific recommendations on, compensation for directors and officers of the Company. See "Statement of Executive Compensation – Compensation Governance".

**Corporate Governance and Nominating:** Oversight of corporate governance practices including Board composition, education, diversity, Committee compensation and effectiveness.

The Board as a whole has retained oversight on CEO succession, Parex's business strategy, ethics-related practices and policies, impact of climate-related issues on strategy and ESG risk management, and Parex's overall approach to corporate sustainability and community relations efforts.

In May 2022, the Company's Corporate IT Manager again presented to the Board on the cyber security risks and trends applicable to the Company. This presentation included a detailed update with regards to the Company's cyber perimeter, systems, and awareness training of staff. The cyber security program continues to progress with the delivery of key milestones that will help the organization mitigate risk and enable effective response and remediation to threats.

Parex's ERM process, approved by the Board of Directors, outlines the Company's risk management principles and expectations, as well as the roles and responsibilities of all staff. The ERM process includes a risk management framework and risk assessment tools, including a risk matrix. Parex's risk management framework contains the key attributes recommended by the International Standards Organization ("ISO") in its ISO 31000 – Risk Management Guidelines (2017). The results of the Company's ERM process are documented in a semi-annual summary presented to the Board of Directors as well as through regular updates.

## Governance

### Board Assessments

The Corporate Governance and Nominating Committee, in conjunction with the Chair of the Board (the “**Corporate Governance and Nominating Committee**”), has responsibility for assessing the performance of the Board as a whole, the committees of the Board and the individual directors. The size of the Board allows for significant and consistent communication amongst the directors and management with respect to matters of effectiveness. On an annual basis, the Chair and Lead Director meet individually with each member of the Board to review their peer assessment and the overall Board effectiveness survey results. See “*Corporate Governance - Board Accountability*”. The process evaluates the purpose, performance and priorities of the Board and the organization. Ultimately, the Board and management team gained important performance feedback to strengthen relationships and focus on matters of relevance, and on creating Shareholder value. If and when necessary, the Board does engage external consultants to review their questionnaires, compile information and provide feedback to the Board. As the Company took steps to strengthen its self and peer assessment in 2021, all parts of this 2022 evaluation took place internally.

The outcome of this evaluation process was an integrated set of actionable priorities for the coming year for the Board as a whole, its Chair, its committees, the CEO and individual directors. Priorities set this year provide a basis for performance reviews to be completed next year.

### Ethical Business Conduct

The Company has had a code of conduct since its inception in 2009. The code of conduct was most recently reviewed and amended in August 2021. A copy of the code of conduct can be obtained on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or upon written request to the Company.

As discussed above, the Board conducts an annual assessment process, a part of which focuses on the ethical business conduct of the Board and the organization as a whole. In addition, the Company has implemented a Whistleblower program throughout the organization.

The Company has not filed any material change reports since its inception that pertains to any conduct of a director or executive officer that constitutes a departure from the code of conduct.

### Board and Committee Meetings without Management

The Board and each Committee of the Board has a written mandate. In accordance with the mandates, time is set aside at every meeting to meet in-camera to facilitate open and candid discussion. In 2022, there were nine Board meetings; four HSE and Reserves Committee meetings; five Finance and Audit Committee meetings; five Corporate Governance and Nominating Committee meetings; and five HR&C Committee meetings. An in-camera session was held at the beginning and/or end of each of those meetings. The independent directors also routinely hold meetings at which non-independent directors and members of management are not in attendance. In 2022, nine of such meetings were held.

### Share Ownership Policy

The Board has adopted a mandatory equity ownership policy for directors and executive officers on November 7, 2017 that was amended and approved on February 4, 2021. Independent directors are required to acquire and hold Common Shares with a minimum aggregate market value of four and a half times their annual cash retainers (including committee and committee chair additional retainers) and the CEO is required to acquire and hold Common Shares with a minimum aggregate market value of four times his base annual salary. The CFO is required to acquire and hold Common Shares with a minimum aggregate market value of three times his base annual salary. The executive officers of the Company other than the CEO and CFO are required to acquire and hold Common Shares with a minimum aggregate market value of two times their base annual salary. Determinations of the value of Common Shares owned by any director or executive officer will be based on the trading price of the Common Shares on the TSX. In the event that the market value of Common Shares owned by a director or executive officer falls below the original purchase price actually paid by the director or executive officer for such Common Shares, the original purchase price may be used when calculating the director or executive officer's Common Share ownership. The independent directors and executive officers have a period of five years from the date of the implementation of the initial policy on November 7, 2017, or from the date of their appointment as an independent director or executive officer of the Company, as applicable, whichever is later, to acquire the value required. As of December 31, 2022, all of the independent directors and executive officers of the Company were in compliance with the policy.

## Named Executive Officer Share Ownership Requirement - as at December 31, 2022

| Name and Principal position                                       | Salary (\$) <sup>(1)</sup> | Target ownership guideline level (\$) <sup>(2)</sup> | Shares (#) <sup>(3)</sup> | Current Holdings             |                           | Comply with ownership policy |
|---|----------------------------|--|---------------------------|------------------------------|---------------------------|------------------------------|
|   |                            |  |                           | RSUs/ CosRSUs <sup>(4)</sup> | Value (\$) <sup>(5)</sup> |                              |
| Imad Mohsen<br>President and CEO                                  | 650,000                    | 2,600,000  | 20,309                    | 153,120                      | 1,709,226                 | Yes                          |
| Kenneth Pinsky<br>Chief Financial Officer and Corporate Secretary | 391,000                    | 1,173,000  | 359,162                   | 136,036                      | 7,823,614                 | Yes                          |
| Eric Furlan<br>Chief Operating Officer                            | 384,000                    | 768,000  | 162,879                   | 126,078                      | 3,666,012                 | Yes                          |
| Michael Kruchten<br>SVP Capital Markets & Corp Planning           | 337,000                    | 674,000  | 60,412                    | 99,970                       | 1,554,302                 | Yes                          |
| Daniel Ferreira<br>President Parex Resources (Colombia) Ltd.      | 323,000                    | 646,000  | 30,557                    | 73,336                       | 938,724                   | Yes                          |

- Notes:
- (1) Salary at December 31, 2022.
  - (2) Target ownership guideline level is four times base annual salary for the CEO, three times base annual salary for the CFO, and two times base annual salary for all other executive officers. NEOs have five years to meet the threshold for ownership levels. Mr. Mohsen was appointed as President and CEO of Parex effective February 4, 2021 and has until February 4, 2026 to meet the Common Share ownership requirements. Therefore, Mr. Mohsen is considered to be in compliance with the policy.
  - (3) Represents Common Shares held at December 31, 2022.
  - (4) Units are a combination of RSUs and CosRSUs vested and unvested at December 31, 2022 with a maximum of 50% of the RSUs/CosRSUs towards target total ownership.
  - (5) Value is calculated using the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 per Common Share multiplied by the number of Common Shares and RSUs/CosRSUs held at December 31, 2022. A minimum of 50% of the target ownership value will be calculated using Common Shares.

## ESG & Climate Change Governance

Parex believes that to benefit all stakeholders, delivering shareholder value must be coupled with achieving meaningful reductions in carbon intensity, ensuring that local communities where the Company operates benefit from its operations, and that the environment and the health and safety of local communities and employees are not compromised. Parex aims to deliver top-tier ESG performance. The Company's governance structure is equipped to ensure effective management and oversight of ESG and climate-related risks and opportunities that could impact corporate strategy and performance.

Detailed information on the Company's governance structure and ESG performance and practices are discussed in Parex's sustainability disclosure documents available on the corporate website. The following discussion highlights the structure in place:

**ESG Oversight and Management:** The Board oversees ESG and climate governance with the support of four board committees as well as the ESG Steering Committee ("ESG SC") and the Sustainability Work Group with each having specific mandates and roles in ensuring that Parex is prepared to face current and emerging ESG and climate-related challenges.



Management updates the Board and its committees quarterly on ESG-related matters, including progress on performance against GHG reductions targets and corporate approved annual scorecard ESG objectives or initiatives to advance Parex's strategy. ESG and climate risks are integrated in the ERM process and reviewed bi-annually by the appropriate board committee - see "Enterprise Risk Management" in this Information Circular.

The President and CEO chair's the ESG SC, which is comprised of executives and staff members and provides ESG leadership on strategy, performance and disclosures. The ESG SC assists and supports the Board, its committees and management with identifying, assessing, managing, and understanding current and emerging ESG and climate-related risks and opportunities pertaining to Parex's operations. This ESG SC meets four times annually and its members provide ESG performance updates not only quarterly to the Board but also monthly at cross-functional status meetings.

**ESG Reporting:** Annually, Parex discloses on its website certain ESG performance data on material ESG topics. The Company produces a fulsome sustainability report in alignment with recognized international sustainability reporting standards, documenting the Company's assessment of risks, opportunities, management approach, progress and challenges as they relate to sustainability issues. The content and methods used in the Company's sustainability disclosures are informed by the Sustainability Accounting Standards Board (SASB), the Task force on Climate-Related Financial Disclosures (TCFD) Recommendations, the Global Reporting Initiative Standards (GRI) and CDP (formerly Carbon Disclosure Project). The 2021 Sustainability Report and the Company's inaugural TCFD Report dated December 20, 2021 are available on the Company's [website](#). Parex expects to publish the 2022 Sustainability Report in Q3 2023 with the Board's approval.

## Stakeholder Engagement

Parex is focused on engaging all stakeholders, including Shareholders. Through active regular dialogue with its Shareholders, Parex believes that direct interaction allows for strong alignment of the interests of Shareholders with the interests of the Board and management team. Parex's shareholder base is primarily comprised of institutional investors. The Company conducts regular engagement with investors through non-deal roadshows, face-to-face meetings and broker-sponsored conferences. Additionally, our executive leadership team hosts teleconferences to discuss our quarterly financial and operating results. The teleconferences are audio cast and available to research analysts, shareholders and the public. The Company's annual Shareholders meeting is also typically a forum where multiple stakeholders have an opportunity to directly engage with the Board and management. The Board of Directors can be directly contacted via email at [boardofdirectors@parexresources.com](mailto:boardofdirectors@parexresources.com).

## Board Composition

### Director Independence

The Company currently has nine directors, of which eight are independent directors within the meaning of NI 58-101. Lynn Azar, Lisa Colnett, Sigmund Cornelius, Robert Engbloom, Wayne Foo, G.R. (Bob) MacDougall, Glenn McNamara, Carmen Sylvain and Paul Wright are all independent directors of the Company within the meaning of NI 58-101. Imad Mohsen, who is the current President and CEO of the Company, is not independent. Wayne Foo, who was the Company's CEO until May 11, 2017 became independent under the definition of independence in NI 58-101 on May 11, 2020 as it was then three years since his retirement as an employee or executive officer of Parex. In the view of the Board, Mr. Foo has no direct or indirect relationship with Parex that could reasonably interfere in Mr. Foo's independent judgment, however, the Board has decided to continue the appointment of Robert Engbloom, who is independent, as Lead Director until May 2023, in observance of governance best practices, at which point the need for the position will be re-evaluated. On at least an annual basis, the Board conducts an analysis and makes a determination as to the "independence" of each member of the Board. The Finance and Audit Committee, HR&C Committee, Corporate Governance and Nominating Committee and HSE and Reserves Committee of the Board are all comprised entirely of independent directors.

The Company has adopted a written description for the Chair of the Board detailing the roles and responsibilities of the position which include the following:

- determining the schedules and agendas of the meetings of the Board and the Shareholders;
- enabling the design and implementation of effective committees of the Board including the selection of members;
- supporting the Board director recruitment process, the orientation of new and the continued education of incumbent directors and the review and assessment of director attendance, compensation and the size and composition of the Board;
- providing leadership in the process of reviewing and deciding upon matters that exert major influence on the manner in which the Company's business is conducted, such as corporate strategic planning, corporate governance, policy formulation and mergers and acquisitions;
- overseeing the administration of the annual evaluation of performance and effectiveness of the Board, Board committees and committee Chairs; and,
- facilitating communication between the Board, management and Shareholders.

The mandate of the Board is attached as Appendix "A" hereto.

### Director Participation with Other Reporting Issuers

Certain of our directors are presently directors of other issuers that are reporting issuers (or the equivalent). Ms. Colnett is a director of Parkland Corporation and Northland Power Inc. Mr. McNamara is a director of Whitecap Resources Inc.

## Conflicts of Interest

To address conflicts of interest, the members of the Board and executive officers are required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested party.

The majority of the Board is comprised of independent directors. In any situation where a potential conflict may arise, a director must disclose such conflict and abstain from consideration of the particular transaction or agreement and voting as a result. As members of the Institute of Corporate Directors, the directors of the Company also subscribe to the statement of ethics of that organization.

## Other Board Committees and Position Descriptions

The Company has established the Finance and Audit Committee, the HR&C Committee, the Corporate Governance and Nominating Committee and the HSE and Reserves Committee of the Board, each comprised entirely of independent directors, in accordance with NI 58-101, and in respect of the HSE and Reserves Committee, National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") guidelines. The Board has also developed mandates for each of the committees of the Board which detail the composition, duties and responsibilities of the committees. Certain information regarding the Finance and Audit Committee, including the mandate of the Finance and Audit Committee is contained in the Company's annual information form for the year ended December 31, 2022, an electronic copy of which is available on the internet on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and see "Statement of Executive Compensation – Compensation Governance – Mandate of the HR&C Committee" in this Information Circular for a description of the mandate of the HR&C Committee.

The HSE and Reserves Committee is responsible for:

- assisting management in fulfilling its responsibilities under NI 51-101 with respect to the oil and natural gas reserves evaluation process;
- reviewing any public disclosure and regulatory filings with respect to any reserves evaluation and related oil and natural gas activities;
- acting as the steward of the Company's operational performance;
- reviewing and being satisfied that the Corporation has in place an adequate process to review all material major projects and capital investments in order to assess where value has been created and improve decisions;
- reviewing and monitoring the adequacy of the Company's health, safety and environmental emergency response policies, plans, reporting and resources;
- reviewing and monitoring the Company's environmental, social and governance related disclosures as they relate to the Company's production, reserves and exploration and development activities; and,
- reviewing and assessing the identification and management of enterprise risk management matters pertaining to the HSE and Reserves Committee.

See "Corporate Governance - Governance - Orientation of Directors" and "Corporate Governance - Governance - Board Assessments" for a description of the responsibilities of the Corporate Governance and Nominating Committee.

The Board has developed a written position description for the Chair of the Board and the Chair of each Board committee. See "Board Composition - Director Independence" above for a summary of the written position description for the Chair of the Board. Each of the Company's written committee mandates provide that the committee shall appoint one member as committee Chair who will lead the committee meetings including determining agendas and schedules of the meetings, meeting with independent external consultants, and reporting committee activity and recommendations to the Board as a whole.

The Board has also developed a mandate for the CEO, which details the duties and responsibilities of the CEO as the following:

- leading and managing the Company within the parameters established by the Board;
- directing and monitoring the activities of the Company in a manner that safeguards and optimizes the assets of the Company in the best interest of the Shareholders;
- developing and recommending to the Board the overall corporate organizational structure;
- establishing and maintaining an annual Board approved plan for the appointment, development and succession of management;
- meeting all reporting requirements to the relevant authorities and to the Company's Shareholders; and
- fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

## Nomination of Directors

The Corporate Governance and Nominating Committee of the Board is comprised entirely of independent directors and is responsible for oversight of the Company's corporate governance, board development, executive appointments, human resources, disclosures and performance assessment functions.

While the Corporate Governance and Nominating Committee is ultimately responsible for recommending nominations for directors, all members of the Board are encouraged to:

- identify skill sets that they deem most important in filling any director vacancies; and
- become actively involved in identifying suitable candidates to fill such vacancies.

When deemed appropriate to ensure that a reasonable number of suitably qualified candidates are identified and considered for any director vacancies, the Board will retain an experienced third party search firm for this purpose.

### Education of Directors

All members of the Board are members of the Institute of Corporate Directors. If all nominated directors are elected, four directors, namely, Lisa Colnett, G.R. (Bob) MacDougall, Glenn McNamara and Carmen Sylvain will have completed the Directors Education program. Notable in 2022 was the completion by Ms. Sylvain of the Certificate in Risk Governance offered by the Directors and Corporate Risk Officers Institute (“DCRO”). The Certificate in Risk Governance is awarded to those who have completed an intensive 17-course education program and evaluation, The Board Members’ Course on Risk®.

Most of the Company's directors have significant experience in the oil and natural gas industry and the majority are members of professional organizations such as APEGA - Association of Professional Engineers and Geoscientists of Alberta, the Law Society of Alberta and the Canadian Bar Association. Each of those organizations have continuing education standards that apply to their members. In 2021, Parex implemented a Directors Education Policy to further encourage directors to attend such director education programs as they deem appropriate (given their individual backgrounds) to stay abreast of developments in corporate governance, the industry in which the Company participates and “best practices” relevant to their contribution to the Board generally as well as to their responsibilities in their specific committee assignments and other roles. This includes the reimbursement of any director who enrolls in one of the continuing education programs of the Institute of Corporate Directors.

In 2022, Board members attended the following courses:

| Month    | Event  | Organizer                         | Director Attendees |
|----------|--|-----------------------------------|--------------------|
| April    | Crisis Management following a Cyber Security Incident                      | Women Corporate Directors         | Carmen Sylvain     |
| April    | Human Resources and Compensation Committee Effectiveness                   | ICD                               | Carmen Sylvain     |
| April    | Board Oversight of Related Party Transactions                              | International Finance Corporation | Carmen Sylvain     |
| May      | Key Levers for Board Effectiveness: Board Evaluation and Board Composition | International Finance Corporation | Carmen Sylvain     |
| May      | The Global Economic Outlook  | International Finance Corporation | Carmen Sylvain     |
| May      | Annual Conference  | ICD                               | Carmen Sylvain     |
| June     | Nominee Director Forum: Dealing with Crisis and Disruption                 | International Finance Corporation | Carmen Sylvain     |
| June     | Audit Committee Effectiveness  | ICD                               | Sigmund Cornelius  |
| December | Completion of Certificate in Risk Governance                               | DCRO                              | Carmen Sylvain     |
| December | Corporate Oversight in the Energy Transition                               | ICD                               | Glenn McNamara     |

## Skills Matrix

In 2021, the Board reviewed and re-wrote the Board skills matrix pursuant to current best practices and revised priorities for current and future directors' skills; see "Corporate Governance - Strategy - Board Accountability". The changes to the skills matrix being recent, the Board used the same criteria in completing the skills matrix for 2022. The skills and/or experience (denoted by "•") of current Board members are reflected within the table. Directors are identified by their last names.

|   | Azar | Colnett | Cornelius | Engbloom | Foo | MacDougall | McNamara | Mohsen | Sylvain | Wright |
|---|------|---------|-----------|----------|-----|------------|----------|--------|---------|--------|
| <b>Experienced and/or Expertise</b>   |      |         |           |          |     |            |          |        |         |        |
| <b>Capital Markets:</b> ability to assess capital market opportunities and regulations in connection with same  | •    | ○       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Corporate Governance:</b> experience with or understanding of the requirements of good corporate governance  | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>ESG/Sustainability:</b> experience with or knowledge of evaluating and managing risks and opportunities related to a broad range of evolving environmental, climate related, and social criteria, including but not limited to emissions, water, land and energy use, and overall stakeholder engagement | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Financial Experience:</b> financial management experience or financial accounting, reporting, internal controls, corporate finance and/or investment management  | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Financial Literacy:</b> ability to critically read and analyze financial statements  | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>General Oil and Gas Industry:</b> experience with various aspects of oil and gas business and operations, including exploration, development, production, marketing, technology and innovation   | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Geopolitical:</b> experience with analysis of how a country's or region's geography, history, culture and economy influences its politics and regional dynamics and the resulting impact on business.  | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Government Relations:</b> experience in government relations, broad regulatory, political and public policy processes in Canada and international jurisdictions at local, national and international levels  | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Health, Safety and Environment:</b> direct experience with industry regulations and best practices related to workplace health, safety, and environmental issues in Canada and internationally   | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Human Resources:</b> experience with responsibility for human resources, including knowledge of creating effective compensation, benefits and long and short-term incentives plans and succession planning   | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>International Operations:</b> international oil and gas, or comparable extractive industry, experience and perspective   | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Legal:</b> experience with laws governing extractive industries, capital markets, M&A, disclosure, and reporting requirements  | •    | ○       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Mergers and Acquisitions:</b> experience in identifying, evaluating and executing on strategic, value adding assets/opportunities and leading an organization through mergers, acquisition and developmental opportunities   | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Reserves Evaluation:</b> experience with oil and gas reserves evaluation and reporting   | ○    | •       | •         | •        | •   | •          | •        | •      | ○       | •      |
| <b>Risk Management:</b> experience in evaluating and managing a large range of business risks facing a business, including ESG issues and IT cyber security.  | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |
| <b>Strategy:</b> experience in development and implementation of strategic planning   | •    | •       | •         | •        | •   | •          | •        | •      | •       | •      |

• Expertise in this area   • General experience   ○ No experience or expertise

## Diversity

Parex recognizes the benefits of diversity within its Board, at the executive level and all levels of the organization. The Board had previously adopted a Board and Management Diversity Policy in August 2016, however, the Board and management undertook to re-examine and refresh its approach to diversity, creating a new Diversity Policy (the "Diversity Policy") which was approved February 4, 2021 for immediate implementation. The updated Diversity Policy embraces the benefits of having an inclusive culture and a diverse Board. For the purposes of Board composition, diversity includes but is not limited to, business and industry skills and experience, gender, ethnicity, nationality, age, geographic background, and other personal characteristics. Consideration for nominations to the Board will be made based on capability, diversity and the needs of the Board at the applicable time. As a result, the Board is, and will be, comprised of highly qualified directors from diverse backgrounds. The goal of increasing diversity at the Board is to maximize its effectiveness, while providing for better corporate governance and decision making for the Company.

The Company also recognizes that gender diversity is an important aspect of diversity on the Board, and is committed to act diligently. As a result, the Board has established an objective to achieve and maintain a Board in which each gender represents at least 30% of

such individuals. A commitment was made to achieve this objective by no later than May 2023, and, with the addition of Ms. Azar to the Board, Parex was successful in reaching this milestone in July 2022. Of the director nominees to be considered this year by Shareholders, three of the nine candidates are women (33%).

In recommending nominations, the Corporate Governance and Nominating Committee applies the established Board skills matrix, aligned with the requirements of the Company, while aiming to achieve a Board composition that is in the best interests of the Company and its stakeholders. All members of the Board are encouraged to identify skill sets that are important in filling any director vacancies and to become actively involved in identifying suitable candidates to fill such vacancies. The Corporate Governance and Nominating Committee shall maintain a list of potential candidates and such list shall include candidates across genders, with the eventual goal of having a gender balanced list of potential candidates.

The Corporate Governance and Nominating Committee is authorized under its mandate and terms of reference to retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities to identify qualified candidates for the Board. When engaging external advisors, they will be advised of the Diversity Policy, the Company's goal of promoting diversity, and such external advisors shall identify both female and male candidates for the Board positions.

The Board supports the Company's efforts to promote, attract and retain highly skilled individuals that can add value to the Company's business while always having due regard to the benefits of diversity in our workplace. The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character for promotion or hiring into a management position within the Company. The Board and the Corporate Governance and Nominating Committee are further committed to ensuring a diverse and inclusive culture across our organization by promoting equality of opportunity, in terms of employment, development, promotion and reward opportunities. At December 31, 2022, 1 out of 8 members of Parex's executive management team were women (12.5%). As of the date hereof, 1 of 8 members of Parex's executive management team are women (12.5%). Across the leadership population, including the executive team, of 86 employees, 17 are women or 20% and 66 are employees from South America.

## Succession

### Succession Planning

The Board is responsible for the stewardship of the Company with oversight in several key areas, including succession planning. Board succession planning is a regular topic of discussion at Corporate Governance and Nominating Committee meetings. The Corporate Governance and Nominating Committee also leads these discussions during in-camera sessions at certain Board meetings throughout the year where potential Board candidates are considered and discussed.

The Board also has a governance responsibility for senior officer succession planning and includes specific accountability for the succession planning for the President and CEO. Succession planning for senior officers was regularly discussed at HR&C Committee meetings and Board meetings, in camera, with the President and CEO. These discussions summarized details regarding executive development, leadership and performance alignment with the strategic needs of the Company, while providing insights on the internal succession pipeline for future executive roles. The Board, as a whole, participates in the annual year-end performance assessment for the President and CEO, while providing input on the remainder of the executive team's leadership and delivery against their agreed goals. As a part of Parex's multi-year talent management strategy to develop employees and build capability, a leadership development program was initiated in 2021 for leaders across the organization. Building on the success and learnings from the 2021 program, a refined leadership program was implemented to 2022 further enhance capability and skill building.

Parex executives are regularly invited to participate in Board meetings, and to the annual strategic planning session, which provides additional opportunities for the Board to interact with management. Additionally, senior managers have been invited to certain meetings throughout the year to provide visibility to Board members of internal succession candidates.


### Director Term Limits and Board Renewal

As disclosed above, to ensure adequate board renewal, the Corporate Governance and Nominating Committee is responsible for conducting annual assessments of the Board as a whole, the committees of the Board and the individual directors. These assessments evaluate the tenure and performance of individual directors and review the composition and effectiveness of the Board and its committees. See "Corporate Governance – Governance – Board Assessments". Parex does not currently have a policy regarding term limits for its directors. Board composition is assessed by the Corporate Governance and Nominating Committee as required to ensure that the Board has the right mix of skills and experience that will enable the Board to provide strong stewardship for the Company. Board renewal is facilitated by the Director Retirement Policy. See "Director Retirement Policy".

### Director Retirement Policy

The Company's director retirement policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Company to the Chair of the Board, which resignation will be effective immediately prior to the next annual meeting of Shareholders. The Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant. The Company's director retirement policy was implemented in 2014 and is reviewed periodically for relevance and was last updated in 2018.

### Orientation of Directors



The Chair of the Board, in conjunction with the Corporate Governance and Nominating Committee, is mandated to facilitate the recruitment of new directors and ensure adequate orientation in order for new directors to fully understand the role the Board and its committees play in the organization. All new directors are provided with comprehensive background information about the Company and its operations to allow for informed decision making. The Company has an online secure site that provides the directors with regular information about the Company. The Company coordinates an annual offsite strategic planning session for all directors and management to review the strategic planning, operations, and organizational development of the Company.

## Compensation Letter to Shareholders

The Human Resources & Compensation (HR&C) Committee is pleased to share our executive compensation approach, which demonstrates strong alignment to the Company's overall annual performance and Shareholder interests.

### Our Performance

In 2022, the Company progressed its strategy and delivered strong financial results. Driven by our operations and commitment to Shareholders returns, Parex delivered sustainable growth, diversifying its portfolio both in terms of its asset base and product type while progressing high impact prospects that provide exposure to outsized returns and step-change growth. Building on successes outlined in the Board Chair Message, this strong performance, was achieved despite a challenging backdrop that included national elections, localized blockades, and tax reform, demonstrating the resilience, creativity, and adaptability of management and the Parex team.

### Our Compensation Design & Approach in 2022

We appreciate your support in Parex's fifth Say on Pay vote at the 2022 Annual General and Special Meeting of the Shareholders with 95.79% of Shareholders voting 'for' our approach to executive compensation. Ensuring executive compensation meaningfully aligns performance with Shareholder returns is foundational to our compensation philosophy and a primary focus of the HR&C Committee.

The Company's executive compensation program is designed to attract, retain, motivate, and reward executive achievement of the Company's goals in the short-term while also incentivizing management to progress the business' long-term strategy in alignment with Shareholder interests. The HR&C Committee is accountable for ensuring strong alignment between these, while also ensuring that executive compensation remains competitive, with over 75% of total direct compensation at risk. In considering the compensation decisions summarized in the tables that follow under "NEO Summary Compensation Table and NEO Incentive Plan Awards", the HR&C Committee thoroughly considered the Company's performance results for 2022 as part of our assessment.

Our approach to executive compensation has not changed year-over-year and is focused on ensuring that business results are rewarded through a performance-based compensation program over the long-term. Consistent with previous years, in addition to assessing short-term performance, the Board evaluated the actions taken by management in 2022 to progress the Company's strategy to position Parex for long-term sustainable and profitable growth. Considering strategic compensation changes made in prior years, the HR&C Committee recommended, and the Board approved, only market-based adjustments for 2023 to ensure improved alignment with peer compensation.

Our approach to executive compensation will continue to evolve to attract, retain and engage talent while supporting the Company's strategy and remaining aligned with best governance practices and the interests of our stakeholders.

We welcome Shareholder feedback through this year's 'Say on Pay' voting process at the Meeting.  
Sincerely,

Human Resources & Compensation Committee

## Compensation Discussion and Analysis

The Company was incorporated in August 2009 and since inception the HR&C Committee has reviewed all aspects of compensation to be provided to the Company's executive officers, including the current President and Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the three most highly compensated executive officers of the Company (including the Company's subsidiaries), other than the CEO and CFO, earning over \$150,000 (collectively, the "NEOs" or "Executives").

At the recommendation of the HR&C Committee, the Board approved an Executive Compensation Program (the "Executive Compensation Program"), based on the following guiding principles and key objectives:

### Guiding Principles

- executive compensation must be directly linked to the Company's business model, strategy and goals;
- executive compensation promotes long-term thinking and strategy;
- executive compensation aligns the CEO and Executive incentives with the interests of Shareholders; and
- the Executive Compensation Program is founded on sound governance practices for the development and administration of executive compensation.

### Key Objectives

- rewarding of performance according to the achievement of business and personal objectives and overall job performance;
- competitiveness with an external comparator group representative of the market, against which the Company is measured and with which the Company competes for talent; and
- attraction, engagement and retention of leadership focused on managing the Company's operations, finances and assets.

The Executive Compensation Program is designed to focus executives' efforts and to reward the attainment of individual and Company performance goals and sustained performance, as measured by overall job performance and long-term growth and profitability.

## Comparator Group

After a robust search in the first quarter of 2022, the HR&C Committee retained Meridian to act as the Company's executive compensation advisory partner. Based on Meridian's recommendations, the HR&C Committee agreed to slight changes to the Company's compensation peer group from the prior year. ARC Resources Ltd., and Tourmaline Oil Corp. were removed from the group, and Africa Oil Corp., Athabasca Oil Corporation, Kosmos Energy Ltd., Murphy Oil Corporation and Talos Energy Inc., were added to the group. These changes were made to improve Parex's relative size positioning in the group and to enhance the comparability of peers.

The Company's comparator group is comprised of oil and natural gas exploration, development and production companies based principally in Calgary, Canada. Additionally, several of the companies have international operational focus, similar to Parex. The companies in the comparator group are approved by the HR&C Committee, upon management's recommendation. The composition of the group will continue to be reviewed annually by the HR&C Committee for its ongoing business relevance to Parex. The goal is for Parex to be at approximately the 50<sup>th</sup> percentile of key financial metrics compared to its peers, including in assets and total enterprise value. The composition of the group is comprised as follows:

| Company                                       | Enterprise Value <sup>(1)</sup><br>(\$ Millions) | Market Capitalization <sup>(1)</sup><br>(\$Millions) | 2022 Revenue <sup>(1)</sup> (\$Millions) |
|---|--|--|--|
| Africa Oil Corp.                              | 1,077  | 1,222  | 984                                      |
| Athabasca Oil Corporation                     | 1,604  | 1,249  | 1,194                                    |
| Baytex Energy Corp.                           | 4,705  | 3,204  | 2,326                                    |
| Birchcliff Energy Ltd.                        | 3,065  | 2,608  | 1,279                                    |
| Canacol Energy Ltd.                           | 813  | 319  | 437                                      |
| Crescent Point Energy Corp.                   | 7,445  | 4,926  | 3,351                                    |
| Enerplus Corporation                          | 6,144  | 4,440  | 2,806                                    |
| Frontera Energy Corporation                   | 1,506  | 867  | 1,654                                    |
| GeoPark Limited                               | 2,048  | 947  | 1,366                                    |
| Gran Tierra Energy Inc.                       | 1,297  | 597  | 926                                      |
| International Petroleum Corp.                 | 2,267  | 2,119  | 1,479                                    |
| Kosmos Energy Ltd.                            | 7,321  | 3,249  | 2,501                                    |
| MEG Energy Corp.                              | 8,233  | 4,663  | 6,128                                    |
| Murphy Oil Corporation                        | 13,117   | 7,537  | 5,077                                    |
| NuVista Energy Ltd.                           | 3,340  | 2,200  | 1,383                                    |
| Paramount Resources Ltd.                      | 4,483  | 3,445  | 2,006                                    |
| Peyto Exploration & Development Corp.         | 3,462  | 1,896  | 1,134                                    |
| Talos Energy Inc.                             | 3,396  | 1,895  | 2,151                                    |
| Vermilion Energy Inc                          | 5,632  | 4,816  | 3,415                                    |
| Whitecap Resources Inc                        | 7,645  | 5,337  | 3,673                                    |
| Peer Comparator Group Average                 | 4,430  | 2,877  | 2,264                                    |
| <b>Parex Resources Inc. <sup>(2)(3)</sup></b> | <b>1,631</b>                                     | <b>2,205</b>   | <b>1,706</b>                             |

Note:

- (1) Information was obtained from Bloomberg on March 15, 2023 and the information is as at December 31, 2022.
- (2) Parex 2022 revenue reflects oil and natural gas sales less royalties as reported on Parex' income statement for the year ended December 31, 2022.
- (3) Converted to CAD from USD using the Bank of Canada closing average rate for the period (December 31, 2022: \$1.3013).

While this peer group provides a proxy for the broader marketplace in which the Company competes for executive talent; the HR&C Committee has identified a sub-group of six companies with more directly comparable operations to provide information on the compensation practices of Parex's closest peers within the broader energy market. The six companies in this sub-group are: Canacol Energy Ltd., Frontera Energy Corporation, Gran Tierra Energy Inc., Enerplus Corporation, Geopark Limited, and Vermilion Energy Inc.

Compensation data from the comparator group was used as a key factor in the review and consideration of competitive levels and composition of compensation for the Company's executives. Additional factors taken into consideration are performance, experience, time in role, and scope of responsibility. Peer benchmarking data is supplemented by data from the 2022 Mercer Total Compensation Survey for the Canadian energy industry for companies that met parameters typical of a mid-size exploration and production company with international operations similar to Parex.

## Compensation Risk

The HR&C Committee reviews the Executive Compensation Program to be satisfied that it is structured to encourage decision making and outcomes that are in the best interests of Parex and its Shareholders while accepting an appropriate level of risk consistent with the Company's business plan as determined by the Board. The compensation structure rewards actions that result in a balance of the achievement of short-term goals and long-term strategies and does not encourage sub-optimization or reward actions that could produce short term success at the cost of long term Shareholder results. As well, annual budgets and quarterly and annual financial results are reviewed and approved by the Board. The compensation framework is structured to align with Parex's short and long-term strategic plans, such that corporate objectives are a key factor in assessing executive and employee performance. The HR&C Committee's risk oversight of the Company's Executive Compensation Program is accomplished in the following ways:

- a significant portion of executive compensation is at risk (it is not guaranteed) and is variable year over year. For example, annual bonuses and annual Cash/Share Settled RSU, Cash/Share Settled PSU (as defined herein) and Option grants are at the discretion of the Board from year to year and the Board has the discretion to amend total direct compensation in the event of extraordinary circumstances. As well, Cash/Share Settled PSUs have become a more significant component of Executive compensation, do not vest until after three years from grant date and will have a nil payout if certain minimum corporate performance metrics are not reached (see "Statement of Executive Compensation – Executive Compensation Components");
- bonus plan payouts are capped based on a percentage of salary and subject to overall maximum thresholds;
- the Option Plan and the Cash/Share Settled RSU Plan are designed to motivate long term performance, as Options have terms of three to five-years and vest over a three-year period and Cash/Share Settled RSUs have a term of three years and vest over a three-year period and Cash/Share Settled PSUs have a three-year cliff vesting period. These factors encourage long term sustainable Common Share price appreciation;
- recommendations for annual Cash/Share Settled RSU, Cash/Share Settled PSU and Option grants are reviewed by the HR&C Committee for recommendation to the Board for approval, with such recommendations being developed and reviewed relative to, amongst other things, executive retention needs, and appropriate total compensation positioning compared to similar positions in the market;
- a balanced set of corporate performance goals is used to assess overall corporate results and to determine the corporate portion of the annual bonus program. These are also a major driver in determining the individual portions of the annual bonuses for Executives and employees;
- third party verifications, such as independent engineering evaluations, of appropriate elements of the corporate performance goals are incorporated before the results are finalized;
- threshold corporate performance goals must be met for each element of the analysis. If a minimum threshold for performance is not met, there will be a zero bonus payout for that element;
- recommendations for annual bonus payments are reviewed by the HR&C Committee for recommendation to the Board for approval, with such recommendations being developed and reviewed relative to, amongst other things, corporate performance goal results and performance assessments completed with Executives;
- special awards may be paid to employees with outstanding performance and high potential and where significant contributions are made to the organization. Projects, key contributors and awards are recommended and ranked by the HR&C Committee and approved by the Board;
- compensation policies and practices in Parex's subsidiaries are substantially similar to those in Parex;
- compensation policies and practices are substantially similar for all Executives and employees; and
- the compensation expense for NEO's is not a significant percentage of Parex's revenue as outlined below:

|   |    | 2020        |    | 2021        |    | 2022        |
|---|----|-------------|----|-------------|----|-------------|
| NEO Compensation (CAD thousands) <sup>(1)</sup> | \$ | 6,733       | \$ | 11,073      | \$ | 10,844      |
| Oil & Gas Sales (CAD thousands) <sup>(2)</sup>  | \$ | 788,158     | \$ | 1,325,180   | \$ | 2,138,802   |
| <b>NEO compensation/revenue (%)</b>             |    | <b>0.85</b> |    | <b>0.84</b> |    | <b>0.51</b> |

Notes:

(1) See "Statement of Executive Compensation – NEO Summary Compensation Table". NEO compensation is comprised of salary, short-term incentive (bonus) and long term incentives.

(2) Converted to CAD from USD using the Bank of Canada closing average rate for the period (December 31, 2022: \$1.3013; December 31, 2021: \$1.2535; and December 31, 2020: \$1.3415).

The HR&C Committee did not identify any risks associated with Parex's compensation policies and practices for the year ended December 31, 2022 that were reasonably likely to have a material adverse effect on Parex. The HR&C Committee intends to monitor compensation governance and risk assessment practices, as these continue to evolve.

## Executive Compensation Components



### Compensation Philosophy

Parex's executive compensation philosophy outlines how the Company remunerates its leadership team (and why), emphasizing the alignment of corporate culture and business strategy with the total rewards package offered. The Company's compensation philosophy is also the driver behind:

- the peer group(s) and markets against which the Company benchmarks its compensation arrangements;
- the desired competitive positioning against the markets for each element of pay; and,
- the desired performance emphasis of pay, focusing on either fixed or at risk compensation.

The Company continues to subscribe to a pay-for-performance compensation philosophy whereby total compensation is competitive with the external market, with short-term and long-term incentives providing the opportunity to earn above-market total compensation for high levels of corporate and personal performance. The value of executive compensation is assessed as a total compensation package, based on the competitiveness of each key component, individually and in the aggregate.

## Executive Compensation Program Components

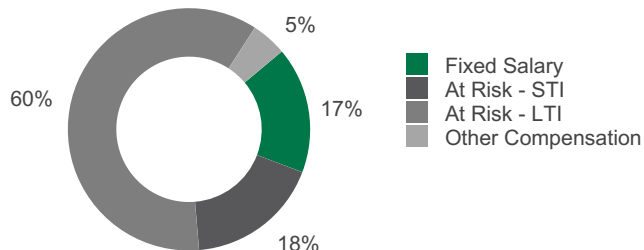
|   | Element                     | Award                             | Timeframe  | Program Determinants  |
|---|-----------------------------|-----------------------------------|--|---|
| <br><b>Fixed</b>     | <b>Base Salary</b>          | <b>Cash</b>                       | Annual   | <ul style="list-style-type: none"> <li>• Performance</li> <li>• Experience</li> <li>• Roles and Responsibilities</li> </ul>   |
|   | <b>Incentive Bonus</b>      | <b>Cash</b>                       | Annual   | <ul style="list-style-type: none"> <li>• Corporate and individual performance-based (75%/25%)</li> <li>• Performance based on company scorecard measured and approved by the Board</li> <li>• Payout range is between 0 and 150% of target incentive based on assessment, with 0% awarded below 50% threshold of performance</li> </ul>   |
| <br><b>At Risk</b> | <b>Long-Term Incentives</b> | <b>Options</b>                    | <ul style="list-style-type: none"> <li>• Vests in 1/3 each year over three years</li> <li>• Expires 5 years after grant</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Ensures market competitiveness and aligns with strategy to attract and retain talent</li> <li>• Realized value based on stock price performance</li> </ul>   |
|   | <b>Long-Term Incentives</b> | <b>Cash or Share Settled RSUs</b> | <ul style="list-style-type: none"> <li>• Vests in 1/3 each year over three years</li> <li>• Expires 3 years after Grant with a forced payout each vesting</li> </ul>     | <ul style="list-style-type: none"> <li>• Ensures market competitiveness and aligns with strategy to attract and retain talent.</li> <li>• Realized value based on stock price performance</li> <li>• Settled in cash payment or through Shares purchased in the open market at the election of the participant; election must be made on or before 30 days prior to the vesting</li> </ul>                                  |
|   | <b>Long-Term Incentives</b> | <b>Cash or Share Settled PSUs</b> | <ul style="list-style-type: none"> <li>• Cliff vesting after a three-year period with a forced payout; with participant to determine share or cash settlement</li> </ul> | <ul style="list-style-type: none"> <li>• Realized value is determined by the Board in its assessment of the performance of the Corporation for the applicable vesting period based on the predefined Performance Measures.</li> <li>• Upon the assessment of all Performance Measures, the Board shall approve the applicable Payout Multiplier, which shall not be less than zero (0) and not more than two (2)</li> </ul> |

The key components of the Executive compensation program are base salary, short-term incentives (bonus) and long-term incentives (made up of Cash/Share Settled RSUs, Cash/Share Settled PSUs and Options). Cash/Share Settled RSUs and Cash/Share Settled PSUs are granted under the Cash/Share Settled RSU Plan. Fixed annual base salary compensates Executives for the roles they perform and provides a competitive foundation for each Executive's total compensation. Annual at risk compensation in the form of a cash incentive bonus is intended to motivate and reward the accomplishment of specific business and operating objectives within a one-year time period. Long-term at-risk compensation, which is provided in the form of Cash/Share Settled RSUs, Cash/Share Settled PSUs and Options, focuses Executives' performance on long-term strategic priorities, the creation of Shareholder value and acts to link Executive and Shareholder interests. In addition to these key components, the Company provides group benefits on a competitive level with peer comparator companies. Perquisites are also offered to Executives in the form of taxable paid monthly parking.

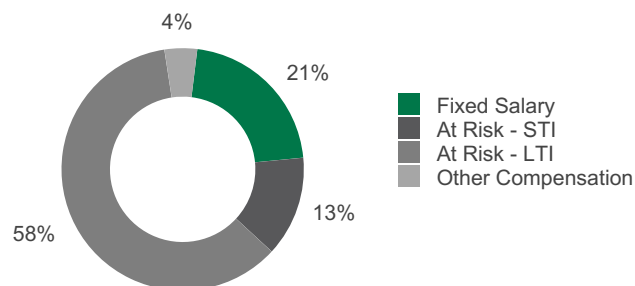
## Target Compensation Mix

The target mix of key compensation elements is designed to place a significant portion of the Executive's annual compensation at-risk, where the value received is contingent on meeting defined performance requirements. At-risk compensation consists of the annual incentive bonus and long-term incentives (Options, Cash/Share Settled RSUs and Cash/Share Settled PSUs).

### CEO Compensation Mix



### NEO Compensation Mix



## Base Salary

The base salary amounts for each Executive are targeted within a competitive range of the market median of the Company's peer comparator group and are reviewed annually. The positioning of an Executive's salary within the range is based on the Executive's current and sustained performance, skills or potential, and the scope of the Executive's responsibilities as compared to market. Based on results from a benchmarking study conducted by Meridian in 2022, salary adjustments for 2023 were recommended by the HR&C Committee and approved by the Board and became effective January 1, 2023 (see "Compensation Governance - Changes to Executive Compensation"). The base salary for the President and CEO is approved by the Board, upon the recommendation of the HR&C Committee. The base salary level for all other Executives is recommended by the President and CEO for consideration and approval by the HR&C Committee. Decisions for all positions are based upon comprehensive analyses of market data for similar positions, including the peer comparator group and the noted industry compensation survey.

## Short-Term Incentive

The target annual incentive bonus varies by executive position level and remained as 100% of base salary for the President and CEO and 60% of base salary for the Company's other Executives. Effective January 1, 2023, the Board approved an adjustment to 75% of base salary for the Company's Executives excluding the CEO, based on market data review by the HR&C Committee and approved by the Board.

Payment levels are weighted based on individual and corporate performance goals. The incentive bonus is paid within a range of between 50% and 150% of the target incentive bonus, provided minimum (threshold) performance is achieved, and subject to Board approval for a payment of greater than 150% for outstanding results against individual and corporate goals, as follows:

| Position                                     | Performance Weighting<br>Corporate/Individual | Target Incentive Bonus (%<br>Base Salary) <sup>(1)</sup> | Incentive Bonus Range<br>Payment as % of Target Incentive Bonus) |             |
|--|---|--|--|-------------|
|  |   |  | Threshold  | Exceptional |
| President and CEO                            | 75% / 25%                                     | 100%   | 50%  | 150%        |
| Chief Financial Officer                      | 75% / 25%                                     | 60%  | 50%  | 150%        |
| Chief Operating Officer                      | 75% / 25%                                     | 60%  | 50%  | 150%        |
| SVP Capital Markets & Corp Planning          | 75% / 25%                                     | 60%  | 50%  | 150%        |
| President Parex Resources (Colombia)<br>Ltd. | 75% / 25%                                     | 60%  | 50%  | 150%        |

Note:

(1) As at December 31, 2022.

The Board approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2022 were approved in early 2022 for each of the performance areas. These goals are determined by the Board to be key annual performance requirements for the Company, and included, growth of reserves, ESG and safety initiatives and other milestones for 2022. In light of strong results in 2022, the Board chose to exercise discretion and recognize achievements made outside of the 2022 scorecard. As a result, the Board adjusted the final payout from 96% to 100% of target.

| Objectives  | Weight      | Year-End Result | Performance Results   | Payout        |
|---|-------------|-----------------|---|---------------|
| <b>Safety</b>   | 10%         | Underperform    | • Safety performance was below threshold for lagging indicators   | <b>6.5%</b>   |
| <b>Profitability &amp; Netback</b>                                      |             |                 |   |               |
| • Recycle ratio (cash netback / 2P FD&A)                                | 10%         | Underperform    | • 2P recycle ratio <sup>(1)</sup> of 1.5x was at the low end of the target range  | <b>5.2%</b>   |
| <b>Asset Sustainability</b>   |             |                 |   |               |
| • 2P Reserve adds (mmbobe)  | 20%         | At target       | • Grew reserves and reserves per share (on a boe basis) across PDP, 1P and 2P for the 12th consecutive year; achieved 112% PDP, 128% 1P and 110% 2P reserves replacement ratios   | <b>22.9%</b>  |
| • Inventory adds (locations)  |             | Outperform      | • Increased inventory adding 29 new locations in Cabrestero   |               |
| • Capital program execution (\$MM)                                      |             | At target       | • Executed capital program at target  |               |
| <b>Strategic Milestones</b>   | 30%         | Outperform      | <ul style="list-style-type: none"> <li>• Delivered eight out of nine strategic milestones</li> <li>• Acquired multiple gas flow line permits in the lower Magdalena</li> <li>• Tested new gas and gas liquids bearing formations</li> <li>• Consulted with a record number of local communities to progress future exploration</li> </ul> | <b>46.7%</b>  |
| <b>ESG</b>  |             |                 |   |               |
| • GHG emission intensity (tCO <sub>2</sub> -e/boe)                      | 10%         | Outperform      | • Successfully delivered all ESG initiatives  | <b>14.7%</b>  |
| • Social delivery of "Work for Taxes" Program (\$MM)                    |             | Outperform      | • Achieved ~14% GHG reduction year-over-year  |               |
| • Diversity & Inclusion progress (# of deliverables achieved)           |             | Outperform      | • Granted ~\$23MM in local communities through Work for Taxes, building on our reputation as a community partner of choice  |               |
| • Delivered 7 DE&I deliverable, progressing our corporate DE&I strategy |             |                 |   |               |
| <b>Base Operations</b>  |             |                 |   |               |
| • Avg full year production (boe/d)                                      | 20%         | Underperform    | • Production was below threshold, impacted by weather delays and localized blockades  | —%            |
| • Operated fields production Q4 avg (net boe/d)                         |             | Underperform    | • While operated production grew materially year-over-year, it remained below target primarily due to localized blockades   |               |
| <b>Total</b>  | <b>100%</b> |                 |   | <b>96.0%</b>  |
| <b>Board Discretion<sup>(2)</sup></b>                                   |             |                 | • Due to the Company's strong financial results   | <b>4.0%</b>   |
| <b>Payout</b>   |             |                 |   | <b>100.0%</b> |

Note:

(1) Supplementary financial measure. Please see "Advisories – Non-GAAP and Other Financial Measures Advisory".

(2) The Board felt the results on the scorecard did not adequately reflect the achievements of the executive team in 2022, in light of very strong financial results. As such, the Board exercised its discretion to adjust the final payout from 96% to 100% of target.

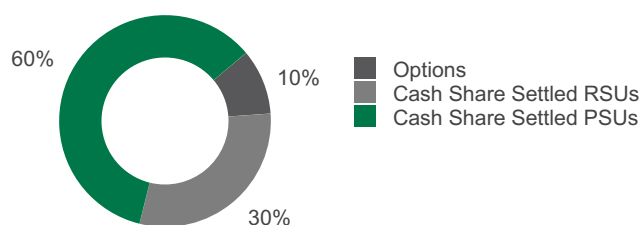
The President and CEO evaluates the leadership and overall performance of each executive. Based on the executive's achievement of performance goals, the President and CEO recommends the incentive bonus for each executive to the HR&C Committee. The HR&C Committee evaluates the performance of the President and CEO and recommends the incentive bonus level for all Executives to the Board for approval.

The incentive bonus is paid during the first quarter of the year following the performance year, so that performance goal achievements relating to full year performance results can be verified.

## Long-Term Incentives

Long-term incentives recommended by the HR&C Committee are granted by the Board in order to attract and retain high performing Executives in a competitive market environment, using criteria of retention requirements, past performance, individual potential, annual strategic planning by the Company and total Executive compensation. In 2022, these incentives were provided in the form of Options, Cash/Share Settled RSUs and Cash/Share Settled PSUs. The value of each individual's long term incentive is determined taking into account individual and Company performance, position with the Company as well as the value of total direct compensation versus compensation comparators. In 2022, the unit allocation of the long term incentives were awarded with a mix of 10% Options, 30% Cash/Share Settled RSUs and 60% Cash/Share Settled PSUs. The Board views a 60% weighting to performance-based equity to be market leading and strongly aligned with investor interests over the longer term.

## Long Term Incentive Mix



The number of Options, Cash/Share Settled RSUs and Cash/Share Settled PSUs are determined based on grant date fair value (see "Summary of Executive Compensation – NEO Summary Compensation Table" in this Information Circular) as well as on the dilutive impact on Shareholders and the number of Common Shares available for issuance. The Option Plan provides for the issuance of Options to a maximum of 5.0% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding Options and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 5.0% of the Common Shares outstanding from time to time.

### Options

The Option Plan is administered by the Board or a committee thereof. For a summary of the Option Plan, as amended by the Board on March 31, 2023, see Appendix "B" attached to this Information Circular. Under the Option Plan, grants to Executives other than the President and CEO are recommended by the President and CEO, reviewed by the HR&C Committee and approved by the Board. The Board approves Option grants for the President and CEO, upon the recommendation of the HR&C Committee. As of the date hereof, Options to purchase an aggregate of 802,598 Common Shares are issued and outstanding, representing 0.7% of total shares outstanding.

Under the Option Plan, the exercise price of each Option is to be determined at the discretion of the Board at the time of the granting of the Option, as are the term and vesting provisions, provided that the exercise price shall not be less than the closing trading price per Common Share on the TSX (or if the Common Shares are not listed on the TSX, on such stock exchange as the Common Shares are then traded) on the last trading day preceding: (i) the issuance of a news release in respect of the Option grant; or (ii) if a news release is not issued announcing the Option grant, the date of grant, or, if the Common Shares are not listed on any stock exchange, a price determined by the Board, and provided that no Option shall have a term exceeding five years.

Options are normally granted to each Executive at the time of hire and are also granted annually. Replacement grants are not awarded. Any grant of Options is subject to the restrictions of the Option Plan.

### RSUs and PSUs

The RSU Plan is administered by the Board or a committee thereof. For a summary of the RSU Plan see Appendix "C" attached to this Information Circular. At Parex's annual general and special Shareholders meeting held in 2020, Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan and as a result no further grants could be made under the RSU Plan. While no new awards could be made under the RSU Plan, it remained in place until such time as all outstanding RSUs and PSUs issued under it had been exercised, are cancelled or expired by their terms. In 2019 the Company put in place a new Cash or Share settled RSU/PSU plan as described below which replaced the equity settled RSU plan resulting in 2018 being last year that RSUs and PSUs were granted under the RSU plan. The awards under the PSU plan were extinguished during 2021. The awards under the RSU plan were extinguished by March 27, 2023. Accordingly, as the date hereof, there are no RSUs or PSUs issued and outstanding.

### Cash/Share Settled RSUs and Cash/Share Settled PSUs

The cash or share settled restricted share unit plan (the "Cash/Share Settled RSU Plan") is administered by the Board or a committee thereof. For a summary of the Cash/Share Settled RSU Plan see Appendix "E" to this Information Circular. Under the Cash/Share Settled RSU Plan, grants of restricted share units representing the right to either receive a cash payment on Common Shares purchased on the open market ("Cash/Share Settled RSUs" or "CosRSUs") and performance-based restricted shares units representing the right to either receive, subject to meeting certain conditions, a cash payment or Common Shares purchased on the open market ("Cash/Share Settled PSUs" or "CosPSUs") to Executives other than the President and CEO are recommended by the President and CEO, reviewed by the HR&C Committee and approved by the Board. The Board approves Cash/Share Settled RSU and Cash/Share Settled PSU grants for the President and CEO, upon recommendation of the HR&C Committee. As of the date hereof, 1,212,237 Cash/Share Settled RSUs and 765,382 Cash/Share Settled PSUs are issued and outstanding. Any grant of Cash/Share Settled RSUs and Cash/Share Settled PSUs is subject to the restrictions of the Cash/Share Settled RSU Plan.

Cash/Share Settled PSUs provide a performance multiplier on the base grant of 0 to 2 times, depending upon Company performance versus a defined peer group over a three-year cliff vesting period.

CosPSUs provide a performance multiplier on the base grant of 0 to 2 times, depending upon Company performance versus a defined peer group over a three-year cliff vesting period. The three corporate performance measures for the 2022 and 2023 CosPSU vestings each with a one-third weighting, are as follows:

- Total Shareholder Return ("TSR"). The payout multiplier will be based on Parex's relative performance within the TSX Capped Energy index, excluding oil sands, royalty, service companies and any issuers that have less than a three-year return history. TSR will be calculated using the volume weighted daily average over the three year period.
- Production per Common Share Growth (debt or cash adjusted). The payout multiplier will be based on Parex's relative performance against a select oil weighted peer group within the TSX Capped Energy index, excluding oil sands, royalty, service companies and any issuers that have less than a three-year return history. Due to the small size of the peer group, the score will be calculated using a straight line with lowest performance being awarded a 0 and best performance a 2.
- Recycle Ratio. Based upon total proved producing reserves FD&A costs, calculated on an annual calendar basis. The payout multiplier will be the average of each calendar year score over the three-year term, based on Parex's relative performance against the same peer group as for the production per share growth performance. Due to the small size of the peer group the score will be calculated using a straight line, with lowest performance being awarded a 0 and best performance a 2.

### Calculation of Performance of the Long Term Incentive Plan

In February 2020, the HR&C Committee established the performance measures detailed in the table below in order to calculate the 2023 performance payout multiplier, which is used to determine the number of Common Shares to be issued pursuant to Cash/Share Settled PSUs granted in 2020. The HR&C Committee, along with the Board, assessed performance against these measures.

The performance measures that were chosen we believe help align executive compensation with the long term business. Total Shareholder Return (TSR) was chosen as a measure as we believe that a portion of the Executive's compensation should be directly aligned with the performance of the Common Shares on a relative basis with the performance of our peers. The other two measures we believe build a sustainable oil & gas business. Production growth on a debt adjusted basis was chosen as the ability to increase production on a per share basis is a better measure of sustainability than absolute production growth as it neutralizes the capital structure. Recycle ratio is a measure of capital efficiency/profitability as it is calculated as funds flow divided by FD&A costs. Note that in future years the HR&C Committee may revise the performance measures for future grants.

### CosPSU Grants Issued in 2020 and Paid Out in March of 2023:

| Performance Measures  | Results/Quartile Ranking  | Multiplier | Weighting | Weighted Multiplier Score |
|---|---|------------|-----------|---------------------------|
| TSR vs. the peer group calculated on the basis of a rolling 3 year weighted average <sup>(1)</sup>                                    | Parex's TSR of -1% during this period ranked 15 out of 23 member companies of the S&P/TSX Oil & Gas Index resulting in 3 <sup>rd</sup> quartile score.  | 0.73       | 0.33      | 0.24                      |
| Production growth calculated on a debt adjusted per share basis using a 3 year average of each year's rank <sup>(2)</sup>             | Parex ranked 2 out of 11 companies in 2020, 10 out of 11 in 2021 and 11 out of 11 in 2022 compared to the S&P/TSX oil weighted capped energy index excluding integrated and oil sands companies . | 0.67       | 0.33      | 0.22                      |
| Recycle ratio calculated using proved developed producing reserve additions using a 3 year average of each year's rank <sup>(3)</sup> | Parex ranked 1 out of 11 companies in 2020, 3 out of 11 in 2021 and 8 out of 11 in 2022 compared to the S&P/TSX oil weighted capped energy index excluding integrated and oil sands companies.    | 1.40       | 0.33      | 0.47                      |
| <b>Total Score</b>  |   |            |           | <b>0.93</b>               |
| <b>Payout Multiplier</b>  |   |            |           | <b>0.93x</b>              |

- Notes:
- (1) Calculated using the weekly weighted average share price performance with the December 2019 weighted average share price being the starting point and December 31, 2022 the end point. TSR includes the payment of any dividends declared during the period.
  - (2) Calculated by taking production growth expressed as a percentage each year in the 3 year performance period and dividing by the weighted average shares outstanding adjusted by the amount change in net working capital (including bank debt if any) to on a notational basis buy back shares and so reduce the weighted average share count used in the calculation, or in the case of a reduction in net working capital or an increase in net bank debt sell shares on a notional basis to fund the reduced working capital or increase in bank debt.
  - (3) The recycle ratio is calculated by dividing the weighted average fund flows from operations netback on a per boe basis for the period October 1 to December 31 of each year for each year of the three year period by the weighted average cost to find or acquire and develop reserves on a per boe basis (including change in future development capital) for the same period. Parex is ranked with the peer group results to determine each year's rank for Parex. The ranking result for the three year period is the simple average of each year's ranking.

The payout multiplier for CosPSU grants issued in 2019 and paid out in March, 2022 was 1.64x. This reflects the Company's strong performance regarding TSR, production growth and recycle ratio measures for the 2019, 2020 and 2021 years.

## Compensation Governance

### Human Resources and Compensation Committee

The HR&C Committee is responsible for reviewing all aspects of compensation to be provided to the Company's executive officers and make recommendations to the Board consistent with this mandate. The members of the HR&C Committee are Lisa Colnett (Chair), Sigmund Cornelius, Glenn McNamara and Carmen Sylvain. The skills and experience that enabled the current members of the HR&C Committee to make decisions on the suitability of the Company's compensation policies and practices and the independence of each member is summarized in the table below.

| HR & C Committee Member              | Independent | Skills & Experience Relevant to HR&C Committee  |
|--------------------------------------|-------------|---|
| Lisa Colnett<br>Chairperson<br>ICD.D | Yes         | Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Corporation, an international supplier and marketer of fuel and petroleum products and a leading convenience store operator, and a Director of Northland Power, a global power producer. Ms. Colnett brings over 20 years of experience in human resources for a variety of industries ranging from mining to information technology. Since 1991, Ms. Colnett has held senior roles in human resources, information technology and strategy including Senior Vice President Human Resources and Chief Information Officer of Celestica Inc., Senior Vice President, Human Resources and Corporate Services, also of Celestica Inc. and Senior Vice President, Human Resources, of Kinross Gold Corporation. Member of the Institute of Corporate Directors having completed the Directors Education Program. |
| Sigmund Cornelius                    | Yes         | Currently President of Freeport LNG Development L.P., a company based in Houston, Texas. From 1980 to 2010, he held various management and senior positions at ConocoPhillips Company, retiring as Senior Vice President and Chief Financial Officer in 2010. He has served on the board of multiple public and private companies, including Western Refining Inc., NiSource Inc., Andeavor Logistics LP, DCP Midstream LP, Parallel Energy Trust, USEC, CARBO, Columbia Pipeline Group Inc., and Chevron Phillips Chemical Co.   |
| Glenn McNamara<br>ICD.D              | Yes         | Currently the President and Chief Executive Officer of Heritage Resources LP, a private fee title acreage owner business. Prior thereto, Mr. McNamara was the Chief Executive Officer and a director of PMI Resources Ltd. (formerly, Petromanas Energy Inc.), a public oil and gas company from September 2010 to May 2016. From August 2005 to August 2010, Mr. McNamara was the President of BG Canada (part of the BG Group PLC, a public gas company with its head office in the United Kingdom, trading on the London Stock Exchange). Mr. McNamara also currently serves on the board of Whitecap Resources Inc. Member of the Institute of Corporate Directors having completed the Directors Education Program.  |
| Carmen Sylvain<br>ICD.D, QRD         | Yes         | Ms. Sylvain is a former diplomat with 30 years of combined experience in foreign affairs, international trade and investment. She was Ambassador to Colombia, Morocco and Mauritania and served as Assistant Deputy Minister for Europe, Africa and the Middle East as well as Assistant Deputy Minister for Strategic Planning within Global Affairs. In the private sector, she was a strategic advisor to Borealis Infrastructure and the OMERS pension fund. She currently serves on the Boards of LCI Education Network, Orient Investment Properties and the Egyptian Refining Company. Ms. Sylvain is a member of the Institute of Corporate Directors having completed the Directors Education Program and the Qualified Risk Directors Institute having completed the Qualified Risk Directors Program.  |

### Mandate of the HR&C Committee

The HR&C Committee of the Board is responsible for oversight of the Company's executive appointments; succession planning; compensation; human resources; Option Plan, RSU Plan, Cash/Share Settled RSU Plan and DSU Plan disclosures and performance assessment functions.

In particular, the HR&C Committee's responsibilities include, but are not limited to:

1. establishing a process for identifying, recruiting and appointing officers of the Company;
2. monitoring, assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention programs, to ensure that the Company's compensation programs are competitive and that the Company is in a position to attract, motivate and retain the quality of personnel required to meet its business objectives;
3. encouraging alignment between the tactical performance of the officers and the Company and the strategic objectives and goals of the Company;
4. reviewing and, after having received input from the appropriate members of management, recommending to the Board:
  - (a) appointments of the officers of the Company, including through internal promotions and new hires;
  - (b) the approval of termination of the employment of, and severance arrangements for officers;
  - (c) approval of officers' (other than the CEO) annual compensation and benefits package and related terms of employment based on the officers' annual performance evaluations and any changes thereto, as well as competitive market data from third party sources for compensation of officers;
  - (d) approval of annual compensation and benefits packages for the employees of the Company, employment contracts and other related terms of employment, including the forms of incentive compensation payable; and

- (e) overall budget salary changes for the Company's employees (including officers, other than the CEO) including cash compensation consisting of salary and bonuses, and the number of new Options, RSUs and Cash/Share Settled RSUs and the corporate performance goals and objectives relevant to such compensation;
- 5. reviewing and recommending to the Board:
  - (a) the approval of the CEO's annual compensation and benefits package and related terms of employment based on the CEO's annual performance evaluations and any changes thereto, as well as competitive compensation market data from third party sources;
  - (b) corporate performance goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of such goals and objectives, and recommend to the Board the CEO's compensation level based on this evaluation; and
  - (c) overall budget salary increases for the CEO, including cash compensation consisting of salary and bonuses, and any grants of Options, RSUs and Cash/Share Settled RSUs and the corporate performance goals and objectives relevant to such compensation;
- 6. reviewing annually in conjunction with the Corporate Governance and Nominating Committee the adequacy of directors' compensation to ensure it reflects the responsibilities and risks of membership on the Board and its committees and make recommendations relating to the directors' compensation;
- 7. reviewing overall human resource policies and procedures including recruitment, performance management, compensation, benefit programs, resignations/terminations, training and development, succession planning and organizational planning and design;
- 8. recommending to the Board approval of the terms of the Option Plan, RSU Plan, DSU Plan and Cash/Share Settled RSU Plan of the Company and any other security based compensation plans and any amendments thereto and approval of corporate performance measures and targets used to calculate Option Plan, RSI Plan, DSU Plan and Cash/Share Settled RSU Plan annual grants and other compensation plans; and
- 9. reviewing and recommending to the Board the payout multiplier to be applied at the time of vesting of RSUs under the RSU Plan and the Cash/Share Settled PSUs under the Cash/Share Settled RSU Plan.

The HR&C Committee's responsibilities include the Company having in place a process to provide for the orderly succession of management. The Board reviews the succession plan for the President and CEO as well as for other management positions at least once per year, including at the annual Board strategic planning meeting.

## Compensation Consultants

The HR&C Committee selected Meridian in 2022 as its independent compensation advisors through a rigorous evaluation process. Through 2022, Meridian was retained to review the Company's peer group and benchmark and make recommendations for Executive and Directors compensation against the Company's revised peer group of companies. A summary of 2021 and 2022 expenses related to compensation advisory is listed below.

| Consultant           | Date Retained             | Mandate  | 2021        | 2022        |
|----------------------|---------------------------|--|-------------|-------------|
| Meridian             | July 2022 - December 2022 | Onboarding, peer group assessment, Executive and Board pay benchmarking and realizable pay and performance analysis  | —           | \$86,724.23 |
| Willis Towers Watson | January 2021 - May 2022   | Executive Compensation quarterly retainer; stock option valuation and Executive and Board compensation benchmarking review and scenario planning; LTI design | \$85,239.42 | \$65,954.66 |

## Other Information Concerning Executive Compensation

### Clawback Policy

The Board has made it a priority to oversee that appropriate checks and balances are in place to govern responsible and ethical behaviours amongst the Company's executive officers. All executive officers are required to annually confirm compliance with the Company's Code of Business Conduct.

At the recommendation of the HR&C Committee, the Board adopted an Executive Compensation Clawback Policy (the "**Clawback Policy**") on April 1, 2016, as amended on February 4, 2021, applicable to executive officers of the Company (the "**Clawback Executives**"), which Clawback Policy has been agreed to by each of the current Clawback Executives. If, in the opinion of the independent directors of the Board, a Clawback Executive engaged in willful misconduct, fraud, theft or embezzlement which had a detrimental effect on the Company and/or its subsidiaries, regardless of whether there was a restatement of all or part of the Company's financial statements or Parex's financial results are materially restated because of material non-compliance with any financial reporting requirements under laws, rules and regulations applicable to the Company and the Clawback Executives engaged in fraud or willful misconduct that caused or substantially caused the need for the restatement, the independent directors have the discretion to use such efforts as they deem necessary to remedy the willful misconduct, fraud, theft or embezzlement, as applicable, and prevent its recurrence. In the absence of admission by a Clawback Executive, the determination of whether a Clawback Executive engaged in

willful misconduct, fraud, theft or embezzlement, as applicable, shall be made by the independent directors, acting reasonably and in good faith upon completion of an internal investigation.

When a Clawback Executive admits or the independent directors determine that a Clawback Executive engaged in willful misconduct, fraud, theft or embezzlement, as applicable, Parex's independent directors may direct that Parex recover all or a portion of any bonus or incentive compensation paid, or cancel all, or part of, the equity-based awards granted, to a Clawback Executive (such bonus, incentive, compensation and/or equity based awards being "**Incentive Compensation**"). In addition, the independent directors may also seek to recover any gains realized with respect to equity-based awards comprising the Incentive Compensation, including Options, RSUs, PSUs, Cash/Share Settled RSUs, Cash/Share Settled PSUs or other incentive payments made or required to be made by Parex under any discretionary, non-discretionary, targeted or other compensation plan of Parex, regardless of when issued or required to be issued at a future date.

The remedies that may be sought by the independent directors are subject to a number of conditions, including, that: (a) the Incentive Compensation to be recovered was based on the achievement of objective financial or other similar criteria or factors and was calculated based upon the financial results that were restated; (b) the Incentive Compensation calculated or to be calculated under the restated financial results is less than the amount actually paid or awarded or to be paid or awarded; and (c) no remedy, action or proceeding for the recovery of any Incentive Compensation from a Clawback Executive that is provided for in the policy may be commenced after a period of three years from the date such Clawback Executive ceases to be employed by the Company, for any reason.

### Hedging Policies

Pursuant to the Company's Disclosure, Confidentiality, Insider Trading, Blackout Period and Anti-Hedging Policy and Procedures, directors, officers and employees of the Company shall not, knowingly sell, directly or indirectly, a security of the Company if such person selling such security does not own or have a right to own such security (i.e. a "short sale"). Additionally, under such policy, directors, officers and employees of the Company shall not, directly or indirectly, sell a "call option" or buy a "put option" in respect of a security of the Company or purchase or write any financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, or enter into any other derivative instruments or arrangements, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such director or officer, or employee that would have the effect of altering, directly or indirectly, the person's economic interest in the Company's equity securities.

### Changes to Executive Compensation

The HR&C Committee retained Meridian in August 2022 to conduct a benchmark review of and provide recommendations for executive and director compensation against the peer group of companies.

In February 2023, using the results of the Meridian report, and in consideration of the prevailing market conditions, the HR&C Committee recommended, and the Board approved a 4% increase to non-CEO executive pay levels for 2023. The value of this adjustment was generally applied to base salaries and bonus target adjustments to improve executive total cash positioning relative to peer benchmarks. More than 75% of non-CEO executive annual total direct compensation is at-risk.

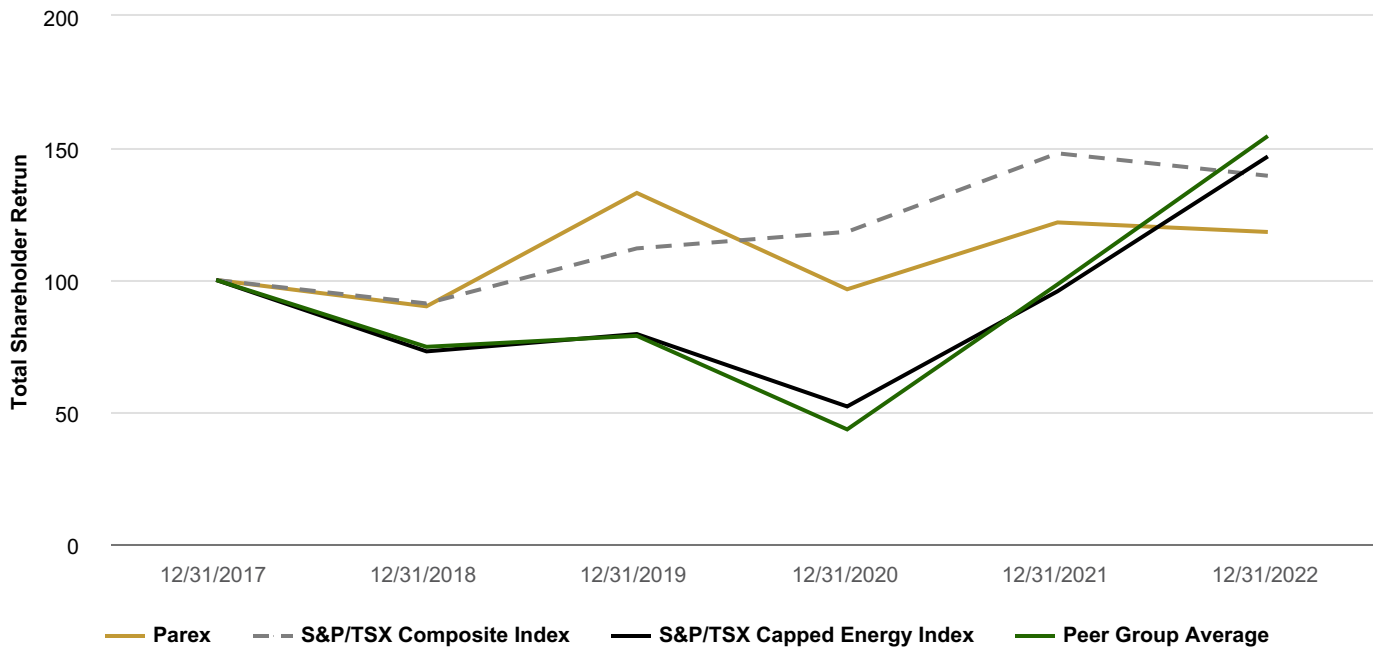
Also, at this time, the HR&C Committee recommended, and the Board approved for 2023 an increase of 4.3% to the CEOs total direct compensation, (equivalent to \$150,000), with 0.7% allocated to base salary and 3.6% to variable compensation. This adjustment provides a total direct compensation package of \$3.65 million to Mr. Mohsen, which recognizes both his performance since being named CEO in February 2021 as well as the complexity of the role and responsibilities he is accountable for. Over 80% of Mr. Mohsen's annual total direct compensation is at-risk.

The HR&C Committee recommended and the Board approved annual long term incentive awards to executives and employees with a grant date of February 6, 2023. The grants to executives included Cash/Share Settled PSUs as well as Options and Cash/Share Settled RSUs. The 2023 annual Cash/Share Settled RSU and Cash/Share Settled PSU grants to executives and employees were awarded under the Cash/Share Settled RSU Plan. Cash/Share Settled PSUs represented 60% of the 2023 grant of long term incentives, continuing to reflect the intent to have a considerable portion of executive compensation consist of corporate performance based equity grants.

### Performance Graph

The following graph shows the total cumulative shareholder return for \$100 invested in the Common Shares of the Company, from the closing price on December 31, 2017 to December 31, 2022. The Company's total shareholder return is compared with the cumulative total return of the S&P/TSX Capped Energy Index and of the S&P/TSX Composite Index.

## Performance Graph



|                             | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| Parex Resources Inc.        | 100        | 90         | 133        | 96         | 122        | 118        |
| S&P/TSX Composite Index     | 100        | 91         | 112        | 118        | 148        | 139        |
| S&P/TSX Capped Energy Index | 100        | 73         | 80         | 52         | 96         | 147        |
| Peer Group Average          | 100        | 75         | 79         | 43         | 98         | 155        |

If \$100 was invested in the Common Shares on December 31, 2017, it would have resulted in a cumulative shareholder return of 18% on December 31, 2022. In comparison, the same amount invested in the S&P/TSX Composite Index for the same period would have resulted in a cumulative shareholder return of 39%, and the same amount invested in the S&P/TSX Capped Energy Index would have resulted in a cumulative shareholder return of positive 47%.

From December 31, 2017 to December 31, 2022, the total compensation awarded to the three Parex NEOs who were NEOs for this full time period, as reported in the "NEO Summary Compensation Table" in this Information Circular, increased by 18%.

NEO total compensation is generally consistent with the benchmark set by the Board for compensation to target the 50th percentile of compensation for similar positions in the Company's peer comparator group of companies for satisfactory performance and results, and the 75th percentile for excellent performance and results. Recent market based increases in NEO total compensation accounts for the Company's performance through the period, including production per Common Share growth, and is aligned to the Shareholder experience through the period.

## 2022 CEO & NEO Compensation

### CEO Compensation Rationale

The Board evaluates delivery of the 2022 Corporate Scorecard and progression of the CEO's annual objectives in determining compensation outcomes. Based on these assessments, the Board has determined that Mr. Mohsen performed above target in 2022. Outlined below are the Company's key short and long term strategic achievements delivered under Mr. Mohsen's leadership during the year.

#### Asset Sustainability

- Grew reserves per share (on a boe basis) across PDP, 1P and 2P reserves. More than replaced total 2022 production, achieving 112% PDP, 128% 1P and 110% 2P reserve replacement ratios<sup>(1)</sup>.
- Delivered inventory additions, primarily in the Southern Llanos basin, through existing block optimization and expansion.
- Oversaw the successful execution on the Company's largest capital plan in its history; implementing new-to-Colombia technology to improve operational efficiencies, mitigate decline rates and improve recovery factors, ensuring sustainable long-term growth.

#### Base Operations

- Delivered annual average production of 52,049 boe/d (consisting of 7,471 bbls/d of light crude oil and medium crude oil, 43,008 bbls/d of heavy crude oil and 9,420 Mcf/d of conventional natural gas), up 11% from 2021 and achieved corporate production milestone in early December of over 60,000 boe/d.
- Strategically grew the Company's operated production by 37% in Q4 2022 versus Q4 2021 and diversified the portfolio across Colombia, enabling greater autonomy on operational execution.

#### Profitability & Netback Optimization

- Achieved record financial results, including net income of U.S. \$611 million and funds flow provided by operations of U.S. \$725 million.
- Continued to deliver on the Company's track record of strong Shareholder returns, including increasing the quarterly regular dividend by 100%, executing on the Company's fourth consecutive NCIB, by repurchasing the maximum allowable number of Common Shares (11.8 million Common Shares in 2022) for the fourth consecutive year.

#### ESG & Safety

- Achieved safe and efficient operations, achieving all leading safety indicators and demonstrating the foundational role safety plays in the way Parex operates.
- Achieved external recognition in ESG leadership, including inclusion in the Morningstar Sustainalytics' Jantzi Social Index and being upgraded to a rating of "AA" on MSCI.
- Strengthened the Company's commitment to diversity and inclusion, including reaching the Board's gender diversity commitment ahead of its target and being recognized as one of three Canadian listed E&P companies on the 2023 Bloomberg Gender-Equity Index.
- Made meaningful gains towards the Company's climate related reduction targets for emissions, initially set in 2021.

#### Strategic Milestones

- Unveiled a strategic three-year growth plan, which includes production growth of approximately 5% post 2023, with plans to progress the Company's world-class exploration portfolio with the potential for transformational discoveries in both oil and gas plays.
- Applied industry proven, new-to-Colombia technology including waterflood, horizontal drilling & synthetic drilling fluid to further optimize exploitation opportunities and enable access to high impact prospects previously inaccessible.
- Strategically applied new technology to make dramatic gains in drilling efficiencies which in some cases reached a 50% improvement in days to drill to total depth.
- Progressed the Company's strategic partnership with Ecopetrol S.A, executed a memorandum of understanding to assess the high-potential foothills trend in the Llanos Basin.
- Delivered significant gains in stakeholder relations and consultation, signing agreements with 25 local communities which represented the most effective consultation year in the Company's history. This is expected to enhance the Company's ability to progress new projects and high-impact prospects through regulatory and permitting approvals.

As disclosed above, Mr. Mohsen's annual bonus is calculated considering both organizational performance (representing 75%) and individual performance (representing 25%). Throughout 2022, Mr. Mohsen demonstrated strong leadership and oversight enabling the Company to deliver on its short-term objectives while also making significant progress against its long-term strategic priorities. As such, for 2023, the Board awarded Mr. Mohsen modest increases in total direct compensation recognizing the improved market positioning resulting from the 2022 compensation repositioning, which was the outcome of a rigorous review of North American and international peer company CEO pay levels.

Notes:

(1) Supplementary financial measure. See "Advisories – Non-GAAP and Other Financial Measures Advisory".

## NEO Profiles

Set forth below are the biographies of each Named Executive Officer (NEO), which provide an overview of each NEO's role, responsibilities, 2022 total compensation, comparison to 2021 compensation and 2022 target compensation mix.



**Mr. Mohsen is the President and Chief Executive Officer of Parex. In this role, he is accountable for the Company's overall leadership, strategic vision, and delivery of Shareholder value.**

### Imad Mohsen

President & CEO

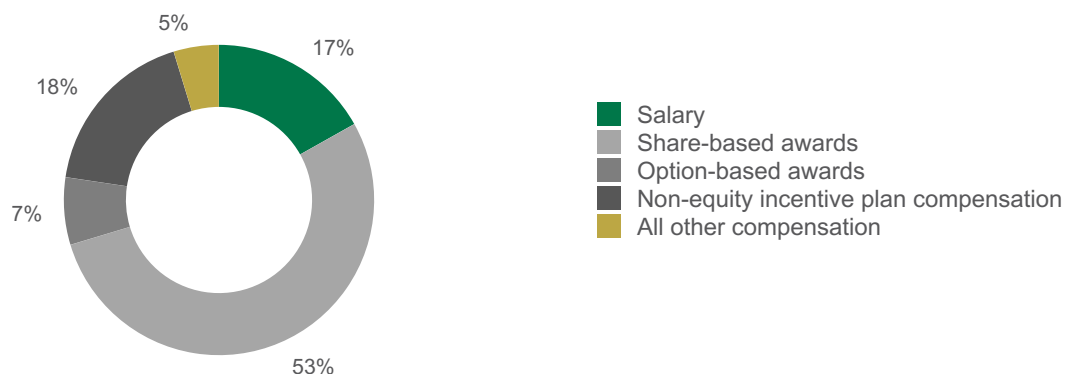
Mr. Mohsen joined Parex Resources as President and Chief Executive Officer in 2021, and is accountable for the Company's overall leadership, strategic vision and delivery of Shareholder value. With 25 years of experience in senior leadership positions, he has a proven track record leading teams to execute growth through exploration, project management excellence, stakeholder relations and financial discipline.

Prior to joining Parex, Mr. Mohsen held numerous senior leadership roles at private and public companies. Most recently, Mr. Mohsen was the Chief Executive Officer at Tulip, a private equity backed upstream company. Under his leadership, Tulip had success with near field, short-cycle time exploration and development of gas in the challenging environment of the Dutch North Sea. Prior to Tulip, Mr. Mohsen spent 15 years at Shell where he held notable roles including Development Manager for Shell's Subsea Gulf of Mexico assets, and the General Manager, Operations for Shell's Egypt JV (Bapetco).

Mr. Mohsen holds an engineering degree from the Paris School of Mines. He is a former Board member of NOGEP (Dutch E&P Producers Association) and Nextstep (Dutch Decommissioning E&P Producers Associations).

| Compensation                           | 2022                | 2021                |
|--|---------------------|---------------------|
| Salary                                 | 650,000 \$          | 504,167             |
| Share-based awards                     | 2,060,307           | 2,097,529           |
| Option-based awards                    | 270,690             | 263,299             |
| Non-equity incentive plan compensation | 690,625             | 541,979             |
| All other compensation                 | 181,785             | 657,755             |
| <b>Total</b>                           | <b>\$ 3,853,407</b> | <b>\$ 4,064,729</b> |

### 2022 Compensation Mix (%)





**Mr. Pinsky is the Chief Financial Officer and Corporate Secretary for Parex, a role that he has held since the Company's inception in 2009. In this role, Mr. Pinsky is responsible for managing the Company's financial and risk activities.**

## Kenneth Pinsky

**Chief Financial Officer & Corporate Secretary**

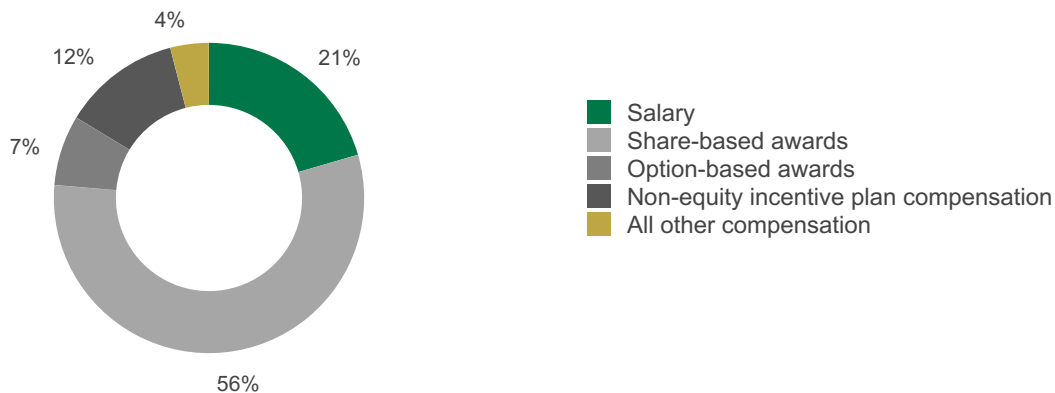
As the Chief Financial Officer and Corporate Secretary, Mr. Pinsky is responsible for managing Parex's financial and risk activities. He has 34 years of in-depth financial experience both in Canada and internationally. Over the last 22 years, Mr. Pinsky has held senior financial positions in the upstream oil and gas sector focusing on equity and debt financing, corporate planning, mergers and acquisitions, corporate governance, taxation, reporting and investor relations. In 2008, Mr. Pinsky joined Petro Andina, Parex's predecessor, as Vice President, Finance and Chief Financial Officer.

Previously, Mr. Pinsky was a founder, officer and board member of Argent Energy Inc., a private exploration and production company. In 2001, he joined Ultima Energy Trust as Chief Financial Officer. Prior to that, Mr. Pinsky was the Director of Finance for the Altana Exploration Group. He began his career with Price Waterhouse in 1987 and completed assignments in the areas of audit and assurance, taxation, insolvency, corporate restructuring and corporate finance.

Mr. Pinsky graduated from the University of Calgary with a Bachelor of Commerce degree. He is currently a member of the Canadian Institute of Chartered Professional Accountants and is a Chartered Financial Analyst.

| Compensation                           | 2022                | 2021                |
|--|---------------------|---------------------|
| Salary                                 | 391,000 \$          | 358,750             |
| Share-based awards                     | 1,064,786           | 1,104,065           |
| Option-based awards                    | 139,902             | 123,119             |
| Non-equity incentive plan compensation | 234,600             | 226,013             |
| All other compensation                 | 76,661              | 75,183              |
| <b>Total</b>                           | <b>\$ 1,906,949</b> | <b>\$ 1,887,130</b> |

**2022 Compensation Mix (%)**





**Mr. Furlan is the Chief Operating Officer of Parex and has responsibility for the oversight of drilling, operations, production, reserves and development activities within the Company.**

**Eric Furlan**  
Chief Operating Officer

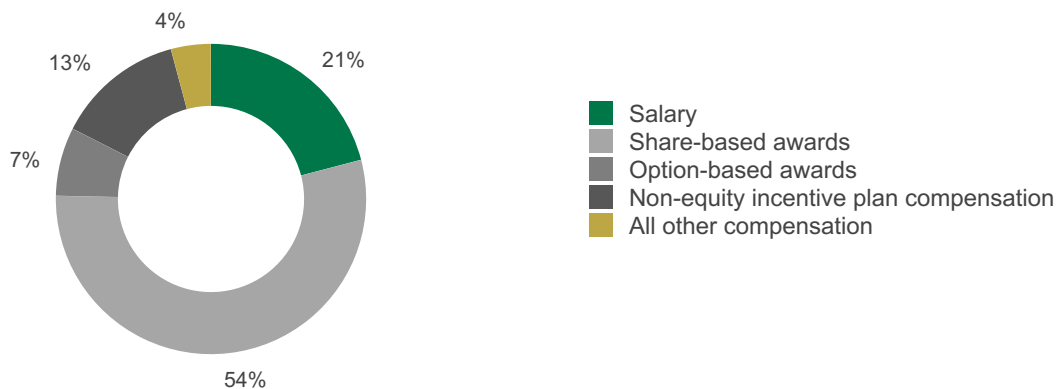
Mr. Furlan was appointed Chief Operating Officer in 2018 and is accountable for overseeing the drilling, operations, production, reserves and development activities of the Company. He has over 30 years of experience in field operations, reservoir development planning and execution and executive leadership. Prior to his current role, Mr. Furlan was the Senior Vice President of Engineering from 2017 to 2018 and the Vice President of Engineering from 2012 to 2017, where he focused on appraisal and development strategies to support production and reserves growth.

Prior to joining Parex, Mr. Furlan was the General Manager of Development in Petro Andina , Parex’s predecessor, where he managed the development of the Company’s fields in the Neuquén Basin of Argentina increasing operating production from zero to over 30,000 barrels of oil per day. He has also held leadership and senior technical positions with Chevron Corporation both in Canada and internationally.

Mr. Furlan graduated from the University of British Columbia with a Bachelor of Applied Science in Chemical Engineering. He is a member of APEGA - Association of Professional Engineers and Geoscientists of Alberta, and the Society of Petroleum Engineers.

| Compensation                           |           | 2022             |           | 2021             |
|--|-----------|------------------|-----------|------------------|
| Salary                                 | \$        | 384,000          | \$        | 353,100          |
| Share-based awards                     |           | 997,371          |           | 1,033,831        |
| Option-based awards                    |           | 131,040          |           | 115,287          |
| Non-equity incentive plan compensation |           | 244,800          |           | 238,343          |
| All other compensation                 |           | 76,316           |           | 74,900           |
| <b>Total</b>                           | <b>\$</b> | <b>1,833,527</b> | <b>\$</b> | <b>1,815,461</b> |

**2022 Compensation Mix (%)**





**Mr. Kruchten is the Senior Vice President of Capital Markets and Corporate Planning for Parex. In this role he is responsible for Investor Relations, enterprise risk management, financial forecasting, strategic planning and sustainability.**

## Mike Kruchten

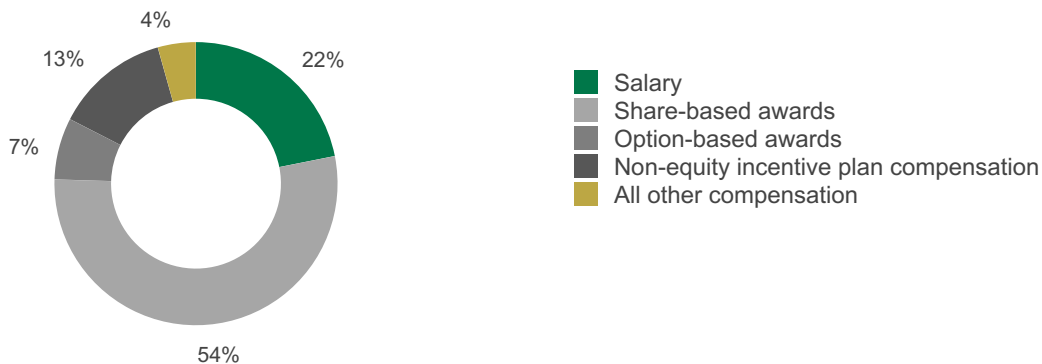
Senior Vice President, Capital Markets & Corporate Planning

As the Senior Vice President, Capital Markets and Corporate Planning, Mr. Kruchten is responsible for Investor Relations, enterprise risk management, financial forecasting and strategic planning functions. Prior to this role, Mr. Kruchten was Manager, Corporate Planning and Investor Relations at Petro Andina, Parex’s predecessor, from 2008 to 2009. Before joining Petro Andina, he held several financial leadership roles with BP p.l.c in Calgary, Aberdeen and Dubai, and began his career as a gas economist with Union Gas (Enbridge) in 1994.

Mr. Kruchten holds a MBA from Queen’s University, a Masters in Economics from the University of Waterloo and a Bachelor of Economics degree (with honours) from Saint Francis Xavier University. He also holds the Certified Professional in Investor Relations (CPIR) designation from the Ivey Business School (University of Western Ontario).

| Compensation                           |           | 2022             | 2021                |
|--|-----------|------------------|---------------------|
| Salary                                 | \$        | 337,000          | \$ 310,650          |
| Share-based awards                     |           | 825,985          | 856,332             |
| Option-based awards                    |           | 108,528          | 95,491              |
| Non-equity incentive plan compensation |           | 202,200          | 195,710             |
| All other compensation                 |           | 66,920           | 65,910              |
| <b>Total</b>                           | <b>\$</b> | <b>1,540,633</b> | <b>\$ 1,524,093</b> |

2022 Compensation Mix (%)





**Mr. Ferreiro is the President and Country Manager in Colombia for Parex. In this role, he is responsible for all in-country operations, with a focus on the safe execution of the Company's business plan and budget.**

## Daniel Ferreiro

President & Country Manger Parex Resources Colombia

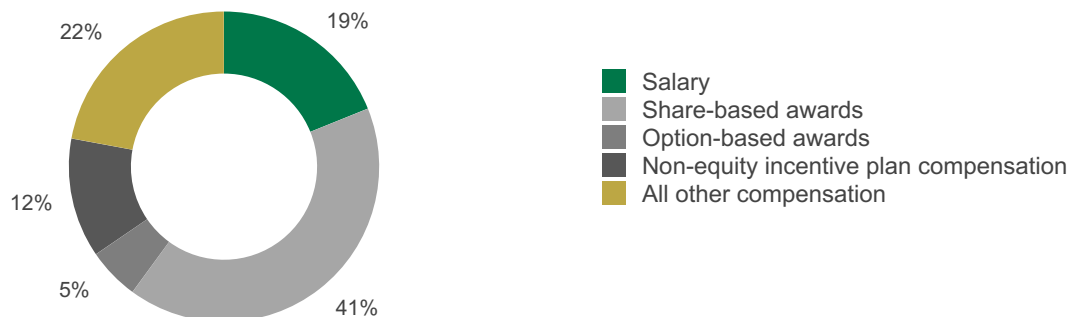
Mr. Ferreiro was appointed as the President & Country Manager of Parex Resources (Colombia) Ltd. in 2020 and is accountable for all in-country operations, with a focus on the successful execution of the Company's plan and budget. Mr. Ferreiro has been with Parex and its predecessor, Petro Andina, for over 15 years and has over 25 years of operations and leadership experience. At Parex, Mr. Ferreiro has held numerous roles of increasing responsibility including Manager of Operations, Vice President of Operations and Senior Vice President of Operations. During this time, he played an integral role, helping to grow the Company's production from 0 to 60,000 boe/d over ten years and expanding its footprint across Colombia.

Prior to joining Parex, Mr. Ferreiro worked at Chauvco Resources Ltd. and Pioneer Natural Resources in Argentina moving from field positions in the Neuquén Province, to development and planning roles in the central office in Buenos Aires.

Mr. Ferreiro graduated from the Instituto Tecnológico de Buenos Aires as a Petroleum Engineer.

| Compensation                           |           | 2022             |           | 2021             |
|--|-----------|------------------|-----------|------------------|
| Salary                                 | \$        | 323,000          | \$        | 300,000          |
| Share-based awards                     |           | 703,310          |           | 728,558          |
| Option-based awards                    |           | 92,411           |           | 81,246           |
| Non-equity incentive plan compensation |           | 213,180          |           | 193,500          |
| All other compensation                 |           | 377,311          |           | 478,600          |
| <b>Total</b>                           | <b>\$</b> | <b>1,709,212</b> | <b>\$</b> | <b>1,781,904</b> |

### 2022 Compensation Mix (%)



## NEO Summary Compensation Table

The following table sets forth information concerning the compensation paid to the NEOs for the years ended December 31, 2020, 2021 and 2022.

| Name and Principal position     | Year | Salary (\$) <sup>(3)</sup> | Share-based awards(\$) <sup>(2)(4)(5)</sup> | Option-based awards (\$) <sup>(6)</sup> | Non-equity incentive plan compensation (\$) <sup>(1)</sup> |   | Total compensation <sup>(10)</sup> (\$) |
|---------------------------------|------|----------------------------|---|---|--|---|---|
|                                 |      |                            |   |   | Annual incentive plans <sup>(7)</sup>                      | All other compensation <sup>(8)(9)</sup> (\$) |   |
| Imad Mohsen <sup>(11)(14)</sup> | 2021 | 504,167                    | 2,097,529                                   | 263,299                                 | 541,979  | 657,755                                       | 4,064,729                               |
| President and CEO               | 2022 | 650,000                    | 2,060,307                                   | 270,690                                 | 690,625  | 181,785                                       | 3,853,407                               |
| Kenneth Pinsky                  | 2020 | 340,812                    | 1,018,062                                   | 108,125                                 | 199,106  | 74,838  | 1,740,943                               |
| Chief Financial Officer         | 2021 | 358,750                    | 1,104,065                                   | 123,119                                 | 226,013  | 75,183  | 1,887,130                               |
| and Corporate Secretary         | 2022 | 391,000                    | 1,064,786                                   | 139,902                                 | 234,600  | 76,661  | 1,906,949                               |
| Eric Furlan                     | 2020 | 335,445                    | 949,304                                     | 101,250                                 | 195,971  | 74,555  | 1,656,525                               |
| Chief Operating Officer         | 2021 | 353,100                    | 1,033,831                                   | 115,287                                 | 238,343  | 74,900  | 1,815,461                               |
|                                 | 2022 | 384,000                    | 997,371                                     | 131,040                                 | 244,800  | 76,316  | 1,833,527                               |
| Michael Kruchten                | 2020 | 295,118                    | 794,044                                     | 84,375                                  | 196,641  | 69,030  | 1,439,208                               |
| SVP Capital Markets             | 2021 | 310,650                    | 856,332                                     | 95,491                                  | 195,710  | 65,910  | 1,524,093                               |
| & Corporate Planning            | 2022 | 337,000                    | 825,985                                     | 108,528                                 | 202,200  | 66,920  | 1,540,633                               |
| Daniel Ferreira <sup>(12)</sup> | 2020 | 300,000                    | 495,000                                     | 66,192                                  | 177,300  | 858,133                                       | 1,896,625                               |
| President Parex Resources       | 2021 | 300,000                    | 728,558                                     | 81,246                                  | 193,500  | 478,600                                       | 1,781,904                               |
| (Colombia) Ltd.                 | 2022 | 323,000                    | 703,310                                     | 92,411                                  | 213,180  | 377,311                                       | 1,709,212                               |

### Notes:

- The Company did not provide long-term non-equity incentive plan or pension plan compensation in 2020, 2021 and 2022.
- As per the prescribed requirements for the NEO Summary Compensation Table, PSUs have been combined with RSUs as share-based awards as of 2020. Although the grant date fair values are the same for PSUs and RSUs, the grant date fair value calculations are shown separately in Note (5) below for RSUs and PSUs. RSUs and PSUs are shown separately in tables that follow the NEO Summary Compensation Table in this Information Circular.
- The 2020 amounts in the above table reflect a voluntary 10% reduction to each of the NEO's salaries for the period from April 1, 2020 to September 30, 2020 in connection with the COVID-19 pandemic, excluding Mr. Ferreira who was appointed President of Parex Resources (Colombia) Ltd. effective December 1, 2020 in execution of the Company's succession plan. Mr. Pinsky's salary for the year-ended December 31, 2021 was \$358,750. Mr. Furlan's salary for the year-ended December 31, 2021 was \$353,100. Mr. Kruchten's salary for the year-ended December 31, 2021 was \$310,650.
- As per the prescribed requirements for the NEO Summary Compensation Table, Cash/Share Settled PSUs (CosPSUs) have been combined with Cash/Share Settled RSUs (CosRSUs) as share-based awards for 2020, 2021 and 2022. Although the grant date fair values are the same for Cash/Share Settled PSUs and Cash/Share Settled RSUs, the grant date fair value calculations are shown separately in Note (5) below for Cash/Share Settled RSUs and Cash/Share Settled PSUs. Cash/Share Settled RSUs and Cash/Share Settled PSUs are shown separately in tables that follow the NEO Summary Compensation Table in this Information Circular.
- The fair value of each Cash/Share Settled RSU and Cash/Share Settled PSU granted is based on the market price of the Common Shares on the date of issuance. It is the same methodology used by the Company to determine the accounting fair value of the Cash/Share Settled RSUs and Cash/Share Settled PSUs, in accordance with International Financial Reporting Standard 2 – Share Based Payments.

| Grant Date        | Grant date fair value per CosRSU | Grant date fair value per CosPSU |
|-------------------|----------------------------------|----------------------------------|
| February 10, 2020 | 22.18                            | 22.18                            |
| February 8, 2021  | 21.88                            | 21.88                            |
| February 7, 2022  | 27.36                            | 27.36                            |

- The grant date fair value of option-based awards (Options) has been calculated using the Black-Scholes methodology, a commonly accepted methodology for valuing compensation among the Company's peer comparator group. It is the same methodology used by the Company to determine the accounting fair value of the Options, in accordance with International Financial Reporting Standard 2 – Share Based Payments. The following assumptions were used for calculating the grant date fair value of Option-based awards granted to the NEOs:

| Assumptions                      | Option Grant Date |                  |                  |
|----------------------------------|-------------------|------------------|------------------|
|                                  | February 10, 2020 | February 8, 2021 | February 8, 2022 |
| Expected life of Options         | 4.0 years         | 4.0 years        | 4.0 years        |
| Risk-free interest rate          | 1.70%             | 0.37%            | 1.58%            |
| Expected volatility              | 32.77%            | 46.40%           | 47.94%           |
| Expected dividend yield          | —%                | 2.31%            | 4.96%            |
| Grant date fair value per Option | \$6.25            | \$7.84           | \$10.50          |

- Incentive plan bonuses for 2020 were paid in February 2021, for 2021 were paid in February 2022, and for 2022 were paid in February 2023.
- All other compensation for Messrs. Mohsen, Pinsky, Furlan, and Kruchten includes the value of paid parking and benefits payments equal to 15% of the officer's base salary, capped at \$50,000 per year and the Employee Share Purchase Program equal to 5% of the officer's base salary. All other cash compensation and perquisites for Mr. Ferreira include benefits payments equal to 20% of his base salary, foreign service premium, location allowance, tax protection payments, dependent education costs, security cost, and housing costs related to his expatriate assignment in Colombia.
- In addition to the above, all other cash compensation and perquisites in 2021 for Mr. Mohsen includes a one-time signing bonus of \$350,000, on-hire LTI grants valued at \$641,000 at the time of grant and relocation assistance of \$118,622 related to his immigration and relocation to Calgary. As well as, an ongoing annual primary school education allowance for his children up to \$75,000 with eligibility to 2025.
- Total compensation equals salary plus all other cash compensation and perquisites and the grant date fair value of option-based awards and share-based awards.

- (11) Mr. Mohsen was appointed President and CEO of Parex effective February 4, 2021.  
(12) Mr. Ferreiro was appointed President of Parex Resources (Colombia) Ltd. effective December 1, 2020 in execution of the Company's succession plan.  
(13) Mr. Mohsen's total compensation, without one-time payments and on hire grants, for 2021 is equal to \$2,905,280.

## NEO Incentive Plan Awards

### Outstanding Option-based and Share-based Awards (as at December 31, 2022)

| Name and Principal position  | Grant Date  | Option-Based Awards                                 |  |                        |   |
|--|-------------|---|--|------------------------|---|
|  |             | Number of securities underlying unexercised Options | Options exercise price (\$/common Share) | Option expiration date | Value of unexercised in-the-money Options (\$) <sup>(1)</sup> |
| Imad Mohsen<br>President and CEO                                     | 8-Feb-2021  | 33,584  | 21.65                                    | 8-Feb-2026             | —   |
|  | 7-Feb-2022  | 25,780  | 27.02                                    | 7-Feb-2027             | —   |
| Kenneth Pinsky<br>Chief Financial Officer and<br>Corporate Secretary | 7-Feb-2018  | 17,250  | 18.53                                    | 07-Feb-2023            | 27,945  |
|  | 11-Feb-2019 | 17,250  | 18.75                                    | 11-Feb-2024            | 24,150  |
|  | 10-Feb-2020 | 17,300  | 22.18                                    | 10-Feb-2025            | —   |
|  | 8-Feb-2021  | 15,704  | 21.65                                    | 8-Feb-2026             | —   |
|  | 7-Feb-2022  | 13,324  | 27.02                                    | 7-Feb-2027             | —   |
|  | 7-Feb-2018  | —   | 18.53                                    | 07-Feb-2023            | —   |
| Eric Furlan<br>Chief Operating Officer                               | 11-Feb-2019 | —   | 18.75                                    | 11-Feb-2024            | —   |
|  | 10-Feb-2020 | 16,200  | 22.18                                    | 10-Feb-2025            | —   |
|  | 8-Feb-2021  | 14,705  | 21.65                                    | 8-Feb-2026             | —   |
|  | 7-Feb-2022  | 12,480  | 27.02                                    | 7-Feb-2027             | —   |
| Michael Kruchten<br>SVP Capital Markets<br>& Corp. Planning          | 7-Feb-2018  | —   | 18.53                                    | 07-Feb-2023            | —   |
|  | 11-Feb-2019 | —   | 18.75                                    | 11-Feb-2024            | —   |
|  | 10-Feb-2020 | 4,500   | 22.18                                    | 10-Feb-2025            | —   |
|  | 8-Feb-2021  | 8,120   | 21.65                                    | 8-Feb-2026             | —   |
|  | 7-Feb-2022  | 10,336  | 27.02                                    | 7-Feb-2027             | —   |
| Daniel Ferreiro<br>President Parex Resources (Colombia)<br>Ltd.      | 7-Feb-2018  | 10,000  | 18.53                                    | 07-Feb-2023            | 16,200  |
|  | 11-Feb-2019 | 7,000   | 18.75                                    | 11-Feb-2024            | 9,800   |
|  | 10-Feb-2020 | 9,900   | 22.18                                    | 10-Feb-2025            | —   |
|  | 8-Feb-2021  | 10,363  | 21.65                                    | 8-Feb-2026             | —   |
|  | 7-Feb-2022  | 8,801   | 27.02                                    | 7-Feb-2027             | —   |

Note:  
(1) Based on the difference between the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 and the exercise price of the Options.

| Name <sup>(3)</sup> | Share-Based Awards   |      |   |      |   |      |
|---------------------|--|------|---|------|---|------|
|                     | Number of Common Shares or units of Common Shares that have not vested (#) |      | Market or payout value of share-based awards that have not vested (\$) <sup>(1)</sup> |      | Market or payout value of vested share-based awards not paid out or distributed (\$) <sup>(2)</sup> |      |
|                     | RSUs   | PSUs | RSUs  | PSUs | RSUs  | PSUs |
| Kenneth Pinsky      | —  | —    | —   | —    | —   | —    |
| Eric Furlan         | —  | —    | —   | —    | —   | —    |
| Michael Kruchten    | —  | —    | —   | —    | —   | —    |
| Daniel Ferreiro     | —  | —    | —   | —    | 201,400   | —    |

- Notes:  
(1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15, less \$0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs and PSUs that were not vested as at December 31, 2022.  
(2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15, less \$0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs and PSUs that were vested but not exercised as at December 31, 2022.  
(3) Mr. Mohsen is not included in the table above as he was not employed with the Company at the time the plan was active.

| Name             | Share-Based Awards   |         |   |           |
|------------------|--|---------|---|-----------|
|                  | Number of Common Shares or units of Common Shares that have not vested |         | Market or payout value of share-based awards that have not vested (\$) <sup>(1)</sup> |           |
|                  | CosRSUs  | CosPSUs | CosRSUs   | CosPSUs   |
| Imad Mohsen      | 56,558   | 102,770 | 1,139,649   | 2,070,822 |
| Kenneth Pinsky   | 30,072   | 93,530  | 605,939   | 1,884,637 |
| Eric Furlan      | 28,156   | 87,424  | 87,424  | 1,761,612 |
| Michael Kruchten | 23,338   | 72,724  | 470,272   | 1,465,391 |
| Daniel Ferreira  | 25,639   | 40,236  | 516,627   | 810,747   |

- Notes:
- (1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 by the number of Cash/Share Settled RSUs and Cash/Share Settled PSUs that were not vested as at December 31, 2022.
- (2) Mr. Ferreira did not receive 2019 and 2020 CosPSU grants as he was not appointed President of Parex Resources Colombia until December 1, 2020.

The following table sets forth for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2022 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2022.

| Name             | Option-based awards – Value vested during the year <sup>(1)</sup> | Share-based awards Value vested during the year <sup>(2)</sup> |                     |                        |                        | Non-equity incentive plan compensation – Value earned during the year <sup>(4)</sup> |
|------------------|---|--|---------------------|------------------------|------------------------|--|
|                  | (\$)  | RSUs <sup>(2)</sup>  | PSUs <sup>(2)</sup> | CosRSUs <sup>(3)</sup> | CosPSUs <sup>(3)</sup> | (\$)   |
| Imad Mohsen      | 52,612  | —  | —                   | 398,270                | —                      | 690,625  |
| Kenneth Pinsky   | 105,178   | —  | —                   | 452,939                | 1,623,401              | 234,600  |
| Eric Furlan      | 94,979  | —  | —                   | 412,883                | 1,411,676              | 244,800  |
| Michael Kruchten | 79,048  | —  | —                   | 343,250                | 1,176,373              | 202,200  |
| Daniel Ferreira  | 53,605  | —  | —                   | 531,254                | —                      | 213,180  |

- Notes:
- (1) Based on multiplying the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the Options on the vesting date by the number of Options that vest on such date.
- (2) Based on multiplying the closing price of the Common Shares on the TSX on the vesting date, less the \$0.01 exercise price, by the number of RSUs and PSUs that vest on such date.
- (3) Based on multiplying the closing price of the Common Shares on the TSX on the vesting date by the number of Cash/Share Settled RSUs and Cash/Share Settled PSUs that vest on such date.
- (4) Incentive plan bonuses for 2022 were paid in February 2023.

## Securities Authorized for Issuance Under Equity Compensation Plans

The Option Plan is the Company's only compensation plan under which equity securities have been authorized for issuance going forward. The following sets forth information in respect of securities authorized for issuance under the Company's Option Plan as at December 31, 2022. Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms which occurred in March 2023.

| Plan Category  | Number of securities to be issued upon exercise of outstanding Options, RSUs, PSUs, warrants and rights <sup>(4)</sup> (a) | Weighted average exercise price of outstanding Options, RSUs, PSUs, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(1)(3)</sup> |
|--|--|---|---|
| Equity compensation plans approved by security holders     |  |   |   |
| Option Plan <sup>(2)</sup>                                 | 758,048  | 22.12   | See Note 3  |
| Equity compensation plans not approved by security holders |  |   |   |
| RSU/PSU Plan   | —  | —   | —   |
| <b>Total</b>   | <b>826,590</b>   | <b>—</b>  | <b>4,629,025</b>  |

- Notes:
- (1) As at December 31, 2022, the Option Plan provided for the issuance of Options to a maximum of 5% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding Options and all other security based compensation arrangements (as defined in the TSX Company Manual) shall not exceed 5% of the Common Shares outstanding from time to time.
- (2) Of the 758,048 outstanding Options as of December 31, 2022, 353,348 were in-the-money as of that date, based on the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15.

- (3) The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2022 was equal to 5% of the number of Common Shares outstanding as at December 31, 2022 less the number of Options outstanding under the Option Plan as at December 31, 2022 and less the number of RSUs and PSUs outstanding under the RSU Plan as at December 31, 2022. As at December 31, 2022, there were 758,048 Options outstanding, and 68,542 RSUs and PSUs outstanding, leaving 4,629,025 Common Shares available for issuance under the Option Plan. The total number of securities remaining available for future issuance under equity compensation plans as at March 27, 2023 was equal to 5% of the number of Common Shares outstanding as at March 27, 2023 less the number of Options outstanding under the Option Plan as at March 27, 2023 and less the number of RSUs and PSUs outstanding under the RSU Plan as at March 27, 2023. As at March 27, 2023, there were 802,598 Options outstanding, and — RSUs and PSUs outstanding, leaving 4,571,320 Common Shares available for issuance under the Option Plan.
- (4) During the year ended December 31, 2022, 409,187 Common Shares were issued on exercise of Options, 257,972 Common Shares were issued on exercise of RSUs.

## Burn Rate

The following table sets forth the annual burn rate for each of the three most recently completed fiscal years for each of the Company's incentive plans requiring settlement by treasury issuances of Common Shares. The burn rate has been calculated by dividing the number of awards granted under the arrangement during the applicable fiscal year, by the weighted average number of Common Shares outstanding for the applicable fiscal year:

| Plans   | 2020 <sup>(1)</sup> |           | 2021 <sup>(2)</sup> |           | 2022 <sup>(3)</sup> |           |
|---------|---------------------|-----------|---------------------|-----------|---------------------|-----------|
|         | Number Granted      | Burn Rate | Number Granted      | Burn Rate | Number Granted      | Burn Rate |
| Options | 265,788             | 0.19%     | 197,470             | 0.16%     | 172,103             | 0.15%     |

Notes:

- (1) The weighted average number of Common Shares outstanding for December 31, 2020 is 138,356,322 Common Shares.  
(2) The weighted average number of Common Shares outstanding for December 31, 2021 is 125,210,014 Common Shares.  
(3) The weighted average number of Common Shares outstanding for December 31, 2022 is 113,571,626 Common Shares.

## Value Realized From Equity Exercises During the Year

|                                 | Imad Mohsen | Kenneth Pinsky | Eric Furlan | Michael Kruchten | Daniel Ferreira |
|---------------------------------|-------------|----------------|-------------|------------------|-----------------|
| <b>Options</b>                  |             |                |             |                  |                 |
| Securities acquired on exercise | —           | 55,000         | 30,000      | 25,560           | 49,100          |
| Aggregated value realized (\$)  | —           | 457,306        | 285,300     | 181,916          | 405,500         |
| Number of resulting shares held | —           | —              | —           | —                | —               |
| Number of resulting shares sold | —           | 55,000         | 30,000      | 25,560           | 49,100          |
| <b>RSUs</b>                     |             |                |             |                  |                 |
| Securities acquired on exercise | N/A         | 17,250         | 15,000      | —                | 33,334          |
| Aggregated value realized (\$)  | N/A         | 521,468        | 406,250     | —                | 862,252         |
| Number of resulting shares held | N/A         | —              | —           | —                | —               |
| Number of resulting shares sold | N/A         | 17,250         | 15,000      | —                | 33,334          |
| <b>Cash/Share Settled PSUs</b>  |             |                |             |                  |                 |
| Securities acquired on exercise | N/A         | 57,896         | 50,345      | 41,954           | N/A             |
| Aggregated value realized (\$)  | N/A         | 1,527,309      | 1,328,096   | 1,106,733        | N/A             |
| Number of resulting shares held | N/A         | —              | —           | —                | N/A             |
| Number of resulting shares sold | N/A         | 57,896         | 50,345      | 41,954           | N/A             |
| <b>Cash/Share Settled RSUs</b>  |             |                |             |                  |                 |
| Securities acquired on exercise | 15,114      | 16,709         | 15,242      | 12,671           | 19,527          |
| Aggregated value realized (\$)  | 399,601     | 455,742        | 415,844     | 345,682          | 531,575         |
| Number of resulting shares held | 15,114      | —              | —           | —                | —               |
| Number of resulting shares sold | —           | 16,709         | 15,242      | 12,671           | 19,527          |

Note:

- (1) Only Mr. Mohsen's Cash/Share Settled RSUs were settled in Shares purchased on the TSX during the year- ended December 31, 2022. All other Cash/Share Settled PSUs or Cash/Share Settled RSUs held by NEOs which vested during the year-ended December 31, 2022 were settled in cash.

## Three Year NEO Compensation Versus Financial Measures

|   | 2020   | 2021   | 2022   |
|---|--------|--------|--------|
| Total NEO Compensation (\$ millions)                              | 6.73   | 11.07  | 10.84  |
| Funds Flow Provided by Operations (\$ millions) <sup>(1)(2)</sup> | 378.19 | 732.21 | 981.79 |
| NEO Compensation as % of Funds Flow Provided by Operations        | 2%     | 2%     | 1%     |
| Enterprise Value (\$ millions) <sup>(1)(2)(3)</sup>               | 1,872  | 2,119  | 1,631  |
| NEO Compensation as % of Enterprise Value                         | 0.4%   | 0.5%   | 0.7%   |
| Annual Shareholder Return   | (27)%  | 23%    | (7)%   |
| FX Rate USD-CAD at December 31                                    | 1.2732 | 1.2678 | 1.3544 |

- Notes:
- (1) Components in the calculation of funds flow provided by operations and enterprise value were converted from USD to CAD using the closing foreign exchange rate of 1.2732 for December 31, 2020, 1.2678 for December 31, 2021 and 1.3544 for December 31, 2022.
  - (2) "Capital management measure". Please see "Advisories – Non-GAAP and Other Financial Measures Advisory".
  - (3) Enterprise value is a "Supplementary financial measure," which is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See "Advisories -Non-GAAP and Other Financial Measures Advisory."

## Termination and Change of Control Benefits and Payments

The Company recognizes that its Executives are critical to Parex's ongoing business. It is therefore vital for the Company to retain the services of each Executive, support them in the event of employment interruption caused by a change in control of the Company, and to treat them in a fair and equitable manner. The Company has an employment agreement (the "**Employment Agreements**") with each of Mr. Mohsen, Mr. Pinsky, Mr. Furlan, Mr. Kruchten and Mr. Ferreiro.

The Employment Agreements provide for payment of compensation in the event of termination of the Executive's employment by the Company without cause, upon resignation of employment by the Executive for reason of constructive dismissal, upon resignation of employment by the Executive for good reason in the event of a change of control of the Company, or for Messrs. Mohsen, Pinsky, Furlan, Kruchten and Ferreiro upon resignation of employment by the Executive in the event of a triggering change of control of the Company, as shown in the chart below.

Termination without cause refers to termination of the Executive's employment by the Company for reasons other than for just cause, mutual agreement or the death of the Executive.

For Messrs. Mohsen, Pinsky, Furlan, Kruchten and Ferreiro, a change of control includes, but is not limited to, any acquisition of Common Shares or other securities of the Company that carry the right to cast more than 50% of the votes attaching to all Common Shares in the capital of the Company, the sale, lease or other disposition of all or substantially all of the assets of the Company to a third party, the liquidation or dissolution of the Company and the Company ceasing to be publicly traded on a recognized exchange. For Messrs. Pinsky, Furlan, and Kruchten, a triggering change of control is a change of control that results from an unsolicited offer in response to which the Board publishes a circular recommending rejection of the offer and continues to recommend rejection of the offer up to the closing date of such transaction.

Resignation for reason of constructive dismissal refers to the resignation of employment by the Executive due to circumstances constituting constructive dismissal at common law, including any material reduction in benefits or remuneration paid by the Company to the Executive, or an adverse change in the Executive's position, duties, responsibilities, title or office.

| Termination Event         | Name  | Incremental Compensation  |
|---------------------------|---|---|
| Termination Without Cause | Imad Mohsen<br>Kenneth Pinsky<br>Eric Furlan<br>Michael Kruchten<br>Daniel Ferreiro | Retiring allowance equal to two (2) times the sum of: (i) the Executive's annual base salary; plus (ii) the average of any cash bonuses paid in the two years preceding the termination date; plus (iii) an amount equal to the lesser of fifteen percent of the Executive's annual base salary or \$50,000 to compensate for loss of benefits.   |
|                           |   | Pursuant to the Option Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, the Executive may exercise any Options that were vested by the date of termination of employment for up to ninety (90) days following that date or the expiration date of the Options, whichever occurs first. All other Options would be terminated. |
|                           |   | Pursuant to the Cash/Share Settled RSU Plan, If the Executive's employment is terminated by the Company without cause, then a pro rata portion of the unvested CosRSUs and CosPSUs shall be deemed to have vested immediately prior to the forfeiture date. All other Cash/Share Settled RSUs and Cash/Share Settled PSUs would be terminated.  |

|  |   |  |
|--|---|--|
| Change of Control and Good Reason                | Imad Mohsen<br>Kenneth Pinsky<br>Eric Furlan<br>Michael Kruchten<br>Daniel Ferreiro | <p>All applicable incremental payments for Messrs. Mohsen, Pinsky, Furlan, Kruchten and Ferreiro are calculated as specified above for termination without cause.</p> <p>Pursuant to the Option Plan, in the event of a change in control of the Company, all unvested Options for each Executive shall vest and all issued and outstanding Options will immediately be exercisable for up to 30 days after the occurrence of such change of control.</p> <p>Pursuant to the Cash/Share Settle RSU Plan, the Cash/Share Settle RSU Plan provides for accelerated vesting of CosRUSs and CosPSUs in the event of a termination of employment on a change of control as described in Appendix "E" to this Information Circular.</p>  |
| Triggering Change of Control                     | Kenneth Pinsky<br>Eric Furlan<br>Michael Kruchten                                   | <p>All applicable incremental payments for Messrs. Pinsky, Furlan, and Kruchten are calculated as specified above for termination without cause.</p> <p>Pursuant to the Option Plan, in the event of a change in control of the Company, all unvested Options for each Executive shall vest and all issued and outstanding Options will immediately be exercisable for up to 30 days after the occurrence of such change of control.</p> <p>Pursuant to the Cash/Share Settle RSU Plan, the Cash/Share Settle RSU Plan provides for accelerated vesting of CosRUSs and CosPSUs in the event of a termination of employment on a Change of Control or in the 12 months following a Change of Control.</p>   |
| Resignation For Reason of Constructive Dismissal | Imad Mohsen<br>Kenneth Pinsky<br>Eric Furlan<br>Michael Kruchten<br>Daniel Ferreiro | All applicable incremental payments for Messrs. Mohsen, Pinsky, Furlan, Kruchten and Ferreiro are calculated as specified above for termination without cause.   |
| Retirement                                       | Imad Mohsen<br>Kenneth Pinsky<br>Eric Furlan<br>Michael Kruchten<br>Daniel Ferreiro | <p>Provided none of the above events have been triggered, and the following retirement conditions have been met the vesting schedule for all outstanding vested and unvested awards granted under the Option and Cash/Share Settled RSU Plan continue to vest as per their original vesting schedule.</p> <p>The date that a Participant who is an officer reaches the age of sixty (60) and voluntarily ceases to be an officer, provided that the Participant: (A) has, at such time, provided continuous services to the Corporation or a Subsidiary for a minimum of ten (10) years or since November 2, 2009; (B) has provided the Corporation with six (6) months prior written notice of the Participant's intention to retire; and (C) is offered by the Corporation the opportunity to and enters into an agreement (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants including the immediate termination of all outstanding Options) with the Corporation.</p> <p>Pursuant to the Option Plan as a result of the Participant's Retirement, the terms, including, with restriction, the Termination Date, of all Options held by such Participant shall not change as a result of such Retirement.</p> <p>Pursuant to the Cash/Share Settled RSU Plan, as a result of the Participant's Retirement, the terms of all RSUs held by such Participant, including, with restriction, the term during which such RSUs may be outstanding, shall not change as a result of such Retirement</p> |

Under the Employment Agreements for Messrs. Pinsky, Furlan and Kruchten, in the event of a change of control or a triggering change of control, the Executive, at the Company's request, agrees to remain employed by the Company for up to two months following the change of control to assist with the orderly transition of management.

The Company has attempted to remain abreast of trends in employment law, such that changes in the Employment Agreements and employment contracts, which are made from time to time, reflect what the Company believes to be competitive terms, as at the time of each Executive's hiring.

In exchange for payments received upon termination of employment, the Executive agrees to sign and provide to the Company a full and final release (releasing the Company and its affiliates) in a form that is satisfactory to the Company.

The table below discloses the estimated incremental payments, payables and benefits to our Executives that are triggered by or result from termination without cause, resignation for good reason, change of control or triggering change of control effective December 31, 2022.

### Estimated Incremental Compensation on Termination Without Cause, Resignation by Reason of Constructive Dismissal (based on hypothetical termination as at December 31, 2022)

| Name             | Compensation Components   |                            |   |                         |                             |                          |                          |                             |                             |            |
|------------------|---------------------------|----------------------------|---|-------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|------------|
|                  | Severance Period (months) | 2X Annual Base Salary (\$) | 2X Average of Last 2 Incentive Bonus Payments <sup>(1)</sup> (\$) | 2X Annual Benefits (\$) | Options <sup>(2)</sup> (\$) | RSUs <sup>(3)</sup> (\$) | PSUs <sup>(3)</sup> (\$) | CosRSUs <sup>(4)</sup> (\$) | CosPSUs <sup>(4)</sup> (\$) | Total (\$) |
| Imad Mohsen      | 24                        | 1,300,000                  | 1,232,604   | 100,000                 | —                           | —                        | —                        | 457,427                     | 987,157                     | 4,077,188  |
| Kenneth Pinsky   | 24                        | 782,000                    | 460,613   | 100,000                 | 20,834                      | —                        | —                        | 299,591                     | 1,271,955                   | 2,934,993  |
| Eric Furlan      | 24                        | 768,000                    | 483,143   | 100,000                 | —                           | —                        | —                        | 53,484                      | 1,187,795                   | 2,592,422  |
| Michael Kruchten | 24                        | 674,000                    | 397,910   | 100,000                 | —                           | —                        | —                        | 232,642                     | 990,138                     | 2,394,690  |
| Daniel Ferreira  | 24                        | 646,000                    | 406,680   | 129,200                 | 7,421                       | 201,400                  | —                        | 314,345                     | 406,212                     | 2,111,258  |

- Notes:
- (1) The annual incentive plan bonuses for 2022 were not paid until February 2023, as previously disclosed in Note (7) to the NEO Summary Compensation Table. However, the 2022 bonus amounts are included in the incentive bonus calculations for the above table based on the assumption that they would have been included in the NEOs incremental compensation should there have been a termination on December 31, 2022 due to termination without cause, resignation for good reason or upon a change of control.
  - (2) Pursuant to the Option Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, the Executive may exercise any Options that were vested by the date of termination of employment for up to ninety (90) days following that date or the expiration date of the Options, whichever occurs first. All other Options would be terminated.
  - (3) Pursuant to the RSU Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, any Common Shares corresponding to any remaining vested grant of RSUs or PSUs shall be delivered to the Executive upon payment by the Executive of the exercise price of \$0.01 per RSU and PSU and in any case shall be delivered to the former Participant or his authorized legal representative, as applicable, by no later than 90 days from the Forfeiture Date (as defined in the RSU Plan) (and whether or not a notice of exercise or payment of the exercise price has been received by the Company). In addition, if the Executive's employment is terminated by the Company without cause, then a pro rata portion of the unvested RSUs and PSUs shall be deemed to have vested immediately prior to the Forfeiture Date, which pro rata portion of unvested RSUs will be calculated as set forth in Appendix "C". All other RSUs and PSUs would be terminated.
  - (4) Pursuant to the Cash/Share Settled RSU Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, any Common Shares corresponding to any remaining vested grant of Cash/Share Settled RSUs or Cash/Share Settled PSUs shall be delivered to the Executive as soon as practicable. In addition, if the Executive's employment is terminated by the Company without cause, then a pro rata portion of the unvested CosRSUs and CosPSUs shall be deemed to have vested immediately prior to the Forfeiture Date, which pro rata portion of unvested RSUs will be calculated as set forth under "Statement of Executive Compensation – Executive Compensation Components - Long-Term Incentives - Cash/Share Settled RSU and Cash/Share Settles PSUs". All other Cash/Share Settled RSUs and Cash/Share Settled PSUs would be terminated.

### Estimated Incremental Compensation Upon a Triggering Change of Control, Upon a Change of Control with Good Reason (based on hypothetical change of control as at December 31, 2022)

| Name             | Compensation Components   |                            |  |                         |                             |                          |                          |                             |                             |            |
|------------------|---------------------------|----------------------------|--|-------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|------------|
|                  | Severance Period (months) | 2X Annual Base Salary (\$) | 2X Average of Last 2 Incentive Bonus Payments (\$) | 2X Annual Benefits (\$) | Options <sup>(2)</sup> (\$) | RSUs <sup>(3)</sup> (\$) | PSUs <sup>(3)</sup> (\$) | CosRSUs <sup>(4)</sup> (\$) | CosPSUs <sup>(4)</sup> (\$) | Total (\$) |
| Imad Mohsen      | 24                        | 1,300,000                  | 1,232,604  | 100,000                 | —                           | —                        | —                        | 1,139,649                   | 2,070,822                   | 5,843,075  |
| Kenneth Pinsky   | 24                        | 782,000                    | 460,613  | 100,000                 | 52,095                      | —                        | —                        | 605,939                     | 1,884,637                   | 3,885,284  |
| Eric Furlan      | 24                        | 768,000                    | 483,143  | 100,000                 | —                           | —                        | —                        | 87,424                      | 1,761,612                   | 3,200,179  |
| Michael Kruchten | 24                        | 674,000                    | 397,910  | 100,000                 | —                           | —                        | —                        | 470,272                     | 1,465,391                   | 3,107,573  |
| Daniel Ferreira  | 24                        | 646,000                    | 406,680  | 129,200                 | 26,000                      | 201,400                  | —                        | 516,627                     | 810,747                     | 2,736,654  |

- Notes:
- (1) The above table denotes the incremental compensation each executive would be entitled to in the event of a Change of Control With Good Reason, and for Messrs. Pinsky, Furlan, and Kruchten the entitlement for a Triggering Change of Control.
  - (2) In accordance with the Option Plan, in the event of a change in control of the Company, all unvested Options for each Executive shall vest and all issued and outstanding Options will immediately be exercisable for up to 30 days after the occurrence of such change of control, or at such earlier time as may be established by the Board. Based on a hypothetical change of control as at December 31, 2022 and based on the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15.
  - (3) The RSU Plan also provides for accelerated vesting of RSUs and PSUs upon a Change of Control (as defined in the RSU Plan) as described under "Description of the RSU Plan – Change of Control" in Appendix "C". Based on a hypothetical change of control as at December 31, 2022 and based on the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 and assuming a PSU payout multiplier approved by the Board of 1.0.
  - (4) Pursuant to the Cash/Share Settled RSU Plan, the Cash/Share Settled RSU Plan also provides for accelerated vesting of CosRSUs and CosPSUs upon a Change of Control (as defined in the Cash/Share Settled RSU Plan) as described under "Statement of Executive Compensation – Executive Compensation Components - Long-Term Incentives - Cash/Share Settled RSU and Cash/Share Settles PSUs". Based on a hypothetical change of control as at December 31, 2022 and based on the closing price of the Common Shares on the TSX on December 31, 2022 of \$20.15 and PSU payout multiplier approved by the Board of 1.0.

## Other Disclosure

### Indebtedness of Directors and Senior Officers

As at the date hereof there is no indebtedness outstanding by directors, executive officers or former directors and executive officers of the Company to the Company or its subsidiaries and there has been no such indebtedness at any time since incorporation.

### Interest of Certain Persons and Companies in Matters to be Acted Upon

Management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer or anyone who has held office as such since the beginning of the Company's last financial year, any proposed nominee for election as a director of the Company or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors or as disclosed herein.

### Interest of Informed Persons in Material Transactions

There are no material interests, direct or indirect, of any informed person of the Company (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), any proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as disclosed herein.

### Additional information

Additional information respecting the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information respecting the Company is provided in the Company's comparative annual financial statements and MD&A for its most recently completed financial year. Shareholders can access this information on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or by request to the Chief Financial Officer of the Company at 2700 Eighth Avenue Place, West Tower, 585 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1 or Fax (403) 265-8216. The Board of Directors can be contacted at [BoardofDirectors@parexresources.com](mailto:BoardofDirectors@parexresources.com).

# Appendix “A”

## Mandate of the Board of Directors

### 1. Purpose of the Mandate of the Board of Directors

- a) The purpose of this Mandate is to assist the Board of Directors (the "**Board**") of Parex Resources Inc. (the "**Corporation**") in the exercise of its duties. By virtue of approving this Mandate, the Board affirms its ongoing responsibility for the stewardship of the Corporation.
- b) The Board wishes to emphasize that the substance of good corporate governance is more important than its form; adoption of a set of guidelines and principles or any particular practice or policy is not a substitute for, and does not itself assure, good corporate governance.

### 2. Purpose of the Board of Directors

- a) The primary responsibility of the Board is to foster the long-term success of the Corporation.
- b) In overseeing the conduct of the business of the Corporation, the Board, through the Chief Executive Officer ("**CEO**") of the Corporation, shall set the standards of conduct for the Corporation.

### 3. General Legal Obligations of the Board

- a) The *Business Corporations Act* (Alberta) identifies the following as legal requirements for the Board:
  - 1) To manage or supervise the management of the business and affairs of the Corporation.
  - 2) To act honestly and in good faith with a view to the best interests of the Corporation.
  - 3) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- b) The Board has the responsibility to oversee the conduct of the business of the Corporation and to oversee management of the Corporation ("**Management**") which is responsible for the day-to-day conduct of business. In performing its functions, the Board also considers the legitimate interests which other stakeholders such as shareholders, employees, regulators, surface rights owners, indigenous persons, industry associations, suppliers, customers and communities may have in the Corporation.
- c) The Board is responsible for directing Management to ensure that legal requirements have been met, and that documents and records have been properly prepared, approved and maintained.

### 4. Procedures and Organization

The Board operates by delegating certain of its authorities, including spending authorizations, to Management and by reserving certain powers to itself. The current spending authorizations have been put in place by the Board through the passage of a resolution delegating authority to the CEO and Management (referred to as the "**Authority Grid**").

- a) The Board retains the responsibility for managing its own affairs including:
  - 1) Appointing a Chair of the Board who is not a member of Management and is otherwise "independent" pursuant to securities policies or, failing that, ensuring that an independent "lead director" is appointed.
  - 2) Selecting the Chair for each meeting of the Board, or an acting Chair, if the Chair is absent from the meeting.
  - 3) Recruiting strong independent directors.
  - 4) Nominating candidates for election to the Board.
  - 5) Reviewing annually director compensation.
- b) Subject to the Articles of the Corporation and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice or recommendations of and delegate powers, duties and responsibilities to Board committees.

### 5. Expectations of Management

- a) The Board expects Management to work diligently towards enhancing the Corporation's performance by ensuring that existing operations are managed prudently and that new business development opportunities are sought.
- b) The Board expects Management to provide the Board with all pertinent information regarding the operations and corporate development activities of the Corporation in order for the Board to properly assess whether the Corporation's goals are being met. Management is expected to provide as much information as is required or requested so that the Board can participate actively in important discussions on the Corporation's future, strategic planning and performance assessments. The Board expects Management to be completely forthcoming with respect to its assessment of opportunities and performance to allow the Board to make reasoned decisions.

## 6. Board Size

- a) The Board shall consist of such number of directors within the range set forth in the Corporation's articles of incorporation as the Board deems appropriate in order to facilitate effective decision-making. The Board delegates to the Corporate Governance and Nominating Committee the responsibility of considering and making recommendations to the Board with respect to the appropriate Board size.
- b) Members of the Board should offer their resignation from the Board to the Chair of the Board following:
  - 1) Change in personal circumstances which would reasonably interfere with the ability to serve as a director.
  - 2) Change in personal circumstances which would reasonably reflect poorly on the Corporation (for example, conviction under the *Criminal Code* or securities legislation).
  - 3) If applicable, in accordance with the Corporation's majority voting policy, should a board member receive a greater number of votes "withheld" from his or her election than votes "for" his or her election.

## 7. Independence

- a) The Board must develop and voice objective judgment on corporate affairs, independently of Management. Practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent directors (as defined in Section 1.4 of National Instrument 52-110 – *Audit Committees* (as amended or replaced from time to time) of the Canadian Securities Administrators). Certain tasks suited to independent judgments will be delegated to specialized Board committees that are comprised of a majority or entirely of independent directors. The Board will develop broad standards to determine whether directors are independent and will conduct, on at least an annual basis, a determination of the independence of each of its members. The Board will disclose both the standards and the annual determinations as required by law.
- b) Any director who is not independent or whose circumstances change such that he or she might be considered to be no longer independent shall promptly advise the Board of the change in circumstances.

## 8. Performance

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance, and pursue a self-evaluation process for evaluating overall Board performance.

## 9. Nomination

The Board shall, prior to nominating any directors on behalf of the Corporation:

- 1) Consider what competencies and skills the Board, as a whole, should possess; and
- 2) Assess what competencies and skills each existing director possesses.

In carrying out these functions, the Board shall consider the advice and input of the Corporate Governance and Nominating Committee.

## 10. Duties and Responsibilities

In keeping with generally accepted corporate governance practices and, as part of the overall stewardship responsibility, the Board explicitly assumes responsibility for the following:

### a) Selection of Management & Succession Planning

The Board has the responsibility to:

- 1) Appoint and replace the CEO, to monitor CEO performance, to approve CEO compensation and to provide advice and counsel to the CEO in the execution of the CEO's duties.
- 2) Be responsible for plans being made for Management succession and development, including in respect of the CEO.
- 3) Assess and approve the entering into of agreements (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants) with the Corporation respecting the retirement from any employment with the Corporation or a subsidiary by a director or officer of the Corporation or a subsidiary.

### b) Oversight of Management

The Board has the responsibility to:

- 1) Assess each officer's contribution to the implementation and achievement of the Corporation's strategic plan measured by performance against objectives established by the Board.
- 2) Establish a formal process for determining officers' compensation, in part, by using established criteria and objectives for measuring performance.
- 3) Acting upon the advice of the CEO, and the recommendation of the Corporate Governance and Nominating Committee, the Board has the responsibility to approve the appointment and remuneration of all officers.

### c) Strategic Operating and Capital Plans

While the leadership for the strategic planning process comes from the Management of the Corporation, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by Management as it evolves.

The Board has the responsibility to:

- 1) Oversee the development and approval of the mission of the Corporation.
- 2) Review, with Management, and approve the strategic plan for the Corporation and update such strategic plan at least annually.
- 3) Approve the annual operating and capital plans and budgets and review status of these plans and budgets at least quarterly including:
  - Capital spending;
  - Funds flow and working capital;
  - Operating and transportation cost; and
  - Production.
- 4) Approve the establishment of credit facilities and borrowings.
- 5) Approve issuances of additional shares or other securities.
- 6) Approve the repurchase of common shares in accordance with applicable securities laws.
- 7) Consider ESG (as defined below)-related issues, including as identified by Board committees, Environmental, Social and Governance Management Steering Committee (the “**ESG Management Steering Committee**”) and Management when reviewing and approving the Corporation's strategic plan, annual operating and capital plans and budgets, acquisition and divestiture activities, investor relations activities and general corporate strategy.
- 8) Be responsible for Management ensuring it has identified the principal risks of the Corporation's business and has taken reasonable steps to ensure that Management has implemented appropriate systems to effectively monitor and manage these risks with a view to the long-term viability of the Corporation and its assets, and that it conduct an annual review of the associated risks.
- 9) Be responsible for congruence between the strategic plan, stakeholder expectations and Management's performance.
- 10) Delegate to the appropriate Board committee the responsibility to review and assess the identification and management of Enterprise Risk Management matters pertaining to the applicable committee.

### d) Environmental, Social and Governance

The Board has the responsibility to:

- 1) In collaboration with the Board committees, the ESG Management Steering Committee and Management, establish procedures and processes to identify, manage, measure and assess risks and opportunities related to climate change, environmental and social factors relevant to the Corporation and the conduct of its business in a safe, socially responsible, ethical and transparent manner for the benefit of all stakeholders and the communities in which it operates, including physical and transition climate related risks, plausible future climate related macro scenarios, land and water use, human capital management, employee engagement, diversity and inclusion and health and safety (“**E&S**”).
- 2) In collaboration with the Board committees, the ESG Management Steering Committee and Management, establish E&S governance policies, procedures and practices for the Corporation (such governance factors, together with E&S, being referred to as “**ESG**”).
- 3) Review with Management on a regular basis ESG-related issues, risks and opportunities relevant to the Corporation's business, strategy and risk management processes and be responsible for assigning ESG-related responsibilities to Management, Board committees and the ESG Steering Committee, as applicable.
- 4) In collaboration with the Board committees, the ESG Management Steering Committee and Management, determine the reporting structure within the Corporation for ESG matters, and review and monitor the effectiveness of the reporting structure on a regular basis.
- 5) Together with the Board committees, the ESG Management Steering Committee and Management, review and assess the Corporation's performance against ESG metrics, targets, benchmarks and goals established by the Corporation from time to time.
- 6) Regularly review the Corporation's public disclosure and reporting and external communication practices pertaining to ESG issues, including the use of reporting frameworks and standards and assessments of materiality.

7) Review and approve the Corporation's annual ESG report and other ESG related public disclosure documents.

e) **New Business Development and Exploration**

The Board has the responsibility to:

- 1) Review proposed material acquisitions and divestments, including a review of the technical due diligence conducted, and be satisfied that the Corporation has in place an adequate process to review all material acquisitions and divestments.
- 2) Review at least annually, the Corporation's property portfolio management strategy and complete a quarterly review of any major projects, as applicable.
- 3) Review the Corporation's exploration plans, results versus expectations and material exploration efforts.

f) **Policies and Procedures**

The Board has the responsibility to:

- 1) Approve and monitor compliance with all significant policies and procedures which govern the Corporation's operations.
- 2) Direct Management to implement systems which are designed to ensure that the Corporation operates at all times within applicable laws and regulations.

g) **Monitoring and Acting**

The Board has the responsibility to:

- 1) Monitor the Corporation's progress towards its goals and objectives, and to revise and alter its direction through Management in light of changing circumstances.
- 2) Approve the Corporation's payment of dividends.
- 3) Direct Management to ensure systems are in place for the implementation and integrity of the Corporation's internal control and management information systems.
- 4) Be responsible for having an audit process in place for the Corporation, which can inform the Board of the integrity of the financial data and compliance of the financial information with generally accepted accounting principles.
- 5) Implement adequate measures for receiving feedback from the Corporation's stakeholders.

h) **Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- 1) Oversee that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis.
- 2) Oversee that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles.
- 3) Oversee that procedures are in place to effect the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.
- 4) Review, consider and where required, approve, the reports required under National Instrument 51-101 – *Standards for Disclosure of Oil and Gas Activities* (as amended or replaced from time to time) of the Canadian Securities Administrators.
- 5) Report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).
- 6) Oversee that the Corporation has in place a policy to enable the Corporation to communicate effectively with its shareholders and the public generally.
- 7) Recommend to shareholders of the Corporation a firm of chartered professional accountants to be appointed as the Corporation's auditors.

## 11. Meetings

- a) The Board shall meet at least once in each fiscal quarter, either in person or by teleconference. Additional meetings can be scheduled as required, at the discretion of the Board. Each director has a responsibility to attend and participate in Board meetings. Telephone or videoconference attendance is permissible with approval from the Chair.
- b) Minutes of each meeting of the Board will be prepared by the Corporate Secretary. Following each meeting, the Corporate Secretary will provide draft copies of the minutes of the meeting to the Board.
- c) The CEO and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

- d) At each Board meeting, there shall be a private session of the independent directors from which the non-independent directors will be excused, under the leadership of the Chair of the Board, and if the Chair is not independent, the independent directors will also meet in camera under the leadership of the Lead Director without the Chair present.

## **12. Mandate Review**

Parex's Corporate Governance and Nominating Committee shall review this Mandate every other year, or more frequently as may be determined necessary by the Corporate Governance and Nominating Committee, to ensure the Board is achieving its purpose.

## **13. Authorization**

This Mandate of the Board of Directors is hereby approved on behalf of the Board . this 30th day of October, 2009 as amended on November 9, 2011, November 13, 2013, October 4, 2017, February 7, 2019, February 4, 2021, and August 3, 2022.

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Wayne Foo  
Chair of the Board of Directors  
Parex Resources Inc.

## Appendix "B"

### Option Plan

The Company has a "rolling" Option Plan reserving a maximum of 5.0% of the issued and outstanding Common Shares for issuance pursuant to Options, provided that the maximum number of Common Shares issuable pursuant to outstanding Options and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 5.0% of the Common Shares outstanding from time to time.

The purpose of the Option Plan is to provide directors, officers and employees of Parex an incentive to achieve the longer term objectives of Parex; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of Parex; and to attract and retain in the employ of Parex or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in Parex.

#### Description of the Option Plan

##### Eligibility

The Option Plan provides for the granting of Options to purchase Common Shares of Parex to directors, officers and key employees of Parex and its subsidiaries.

##### Administration

The Option Plan is administered by the Board and the Board may, subject to applicable law, delegate its powers to administer the Option Plan to a committee of the Board. Options may be granted at the discretion of the Board, in such number that may be determined at the time of grant, subject to the limits set out in the Option Plan.

##### Exercise Price

The exercise price of Options granted under the Option Plan will be fixed by the Board at the time of grant, provided that the exercise price shall be not less than the closing trading price per Common Share on the TSX (or if the Common Shares are not listed on the TSX, on such stock exchange as the Common Shares are then traded) on the last trading day preceding: (i) the issuance of news release in respect of the Option grant, or (ii) if a news release is not issued announcing the Option grant, the date of grant, or in all cases, if the Common Shares are not listed at the applicable time on any stock exchange, a price determined by the Board.

##### Maximum Percentage of Common Shares Reserved

The aggregate maximum number of Common Shares that may be issued pursuant to the exercise of Options awarded under the Option Plan and all other share compensation arrangements of Parex is 5.0% of the Common Shares outstanding from time to time, subject to the following limitations:

1. the aggregate number of Common Shares reserved for issuance to any one person under the Option Plan, together with all other share compensation arrangements of Parex, within a 12-month period, must not exceed 5.0% of the outstanding issue of Common Shares (on a non-diluted basis);
2. the aggregate number of Common Shares reserved for issuance to any one Insider (as defined in the Option Plan) pursuant to the Option Plan, together with all other share compensation arrangements of Parex, must not exceed 5.0% of the outstanding issue of Common Shares;
3. the aggregate number of Common Shares issued to insiders pursuant to the Option Plan, together with all other share compensation arrangements of Parex, within a 12 month period, must not exceed 5.0% of the outstanding issue of Common Shares;
4. the aggregate number of Common Shares reserved for issuance to Insiders pursuant to the Option Plan, together with all other share compensation arrangements, at any time, must not exceed 5.0% of the issue of Common Shares;
5. the aggregate number of Common Shares reserved for issuance pursuant to the Option Plan to any one participant employed to provide investor relations activities (as defined in the Option Plan) within a 12 month period, must not exceed 2.0% of the outstanding issue of Common Shares;
6. the aggregate number of Common Shares reserved for issuance to all non-management directors pursuant to the Option Plan cannot exceed 1.0% of the outstanding issue of Common Shares; and
7. the aggregate value of all Options (calculated as of the date of grant) granted pursuant to the Option Plan to any non-management director cannot exceed \$100,000 in any 12-month period.

Non-management directors were not granted any Options in 2018, 2019 or 2020.

### Transferability

The Options are not assignable or transferable by an optionee, except for a limited right of assignment in the event of the death of the optionee.

### Term and Vesting

The term of Options granted shall be determined by the Board in its discretion, to a maximum of five years from the date of the grant of the Option. The vesting period or periods within this period during which an Option or a portion thereof may be exercised shall be determined by the Board. In the absence of any determination by the Board as to vesting, vesting shall be as to one third on each of the first, second and third anniversaries of the date of grant. Further, the Board may, in exceptional circumstances and in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of vesting of Options previously granted.

### Early Expiration

Unless otherwise provided in an agreement evidencing the grant of Options, Options shall terminate at the earlier of (the "**Termination Date**"): (a) the close of business 90 days after the optionee ceasing (other than by reason of death or Retirement (as defined below) but including termination with or without cause) to be at least one of an officer, director or employee (in active employment carrying out regular and normal duties) of Parex or a subsidiary of Parex, as the case may be; (b) the close of business 90 days after the optionee has been provided with written notice of dismissal related to (a) above; and (c) the original expiry date of the Option. If before the expiry of an Option in accordance with the terms thereof a participant ceases to be an employee, officer or director by reason of the death of the participant, any unvested portion of such Option shall immediately vest. In addition, such Option may, subject to the terms thereof and any other terms of the Option Plan, be exercised by the legal personal representative(s) of the participant's estate or at any time before 5:00 p.m. (Calgary time) up to one year after the date of death of the participant, or until the original expiry date of the Option, if earlier.

If before the expiry of an Option in accordance with the terms thereof an optionee ceases to be an employee or officer of the Company or a subsidiary of the Company, as the case may be, as a result of the optionee's Retirement, then the terms, including, with restriction, the Termination Date, of all Options held by such optionee will not change as a result of such Retirement, subject to the terms of the Retirement Agreement (as defined below) entered into by the optionee and the Company.

For the purposes of the Option Plan, "**Retirement**" means: (a) the date that an optionee who is an officer or bona fide employee of the Company or a subsidiary reaches the age of sixty (60) and voluntarily ceases to be an officer or bona fide employee of the Company or a subsidiary, provided that the optionee: (i) has, at such time, provided continuous services to Company or a subsidiary for a minimum of ten (10) years or since November 2, 2009; (ii) has provided the Company with six (6) months prior written notice of the optionee's intention to retire; and (iii) is offered by the Company the opportunity to and enters into an agreement (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants including the immediate termination of all outstanding Options notwithstanding the provisions noted above in respect of such Retirement) with the Company respecting such optionee's retirement from any employment with the Company or a subsidiary in a form that is acceptable to the Company (a "Retirement Agreement"); or (b) such other meaning as the CEO of the Company in the case of an optionee who is not an officer of the Company or a subsidiary, and the Board in all other cases, may determine from time to time.

### *Change of Control and Take-Over Acceleration Right*

In the event of a Change of Control (as defined in the Option Plan) occurring, all Options which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the Options for a period of time ending on the earlier of the expiry time of the Option and the thirtieth (30th) day following the Change of Control.

If approved by the Board, Options may provide that, whenever the Company's Shareholders receive a Take-over Proposal (as defined in the Option Plan), such Option may be exercised as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of Options not otherwise vested at such time) by the holder of such Option (the "**Take-over Acceleration Right**"), but any such Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-Over Proposal. If for any reason any such Common Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Common Shares so purchased by the participant shall be and shall be deemed to be cancelled and returned to the treasury of the Company, and shall be added back to the number of Common Shares, if any, remaining unexercised under the Option (and shall thus be available for exercise of the Option in accordance with the terms thereof) and upon presentation to the Company of share certificates representing such Common Shares properly endorsed for transfer back to the Company, the Company shall refund to the participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

### Voluntary Black Out Periods

Pursuant to the Option Plan, the expiration of the term of any Options that would fall during a voluntary black out period or within 10 business days following the termination of a voluntary black out period will be extended for a period of 10 business days following the expiry of such black out period such that all optionees will always have a maximum of 10 business days following a voluntary black out period to exercise Options. This provision applies to all optionees.

### Adjustments in Common Shares

Appropriate adjustments in the number of Common Shares subject to the Option Plan and, as regards Options granted or to be granted, in the number of Common Shares optioned and in the exercise price, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Company, which changes occur subsequent to the approval of the Option Plan by the Board.

### Amendments to Options

The Option Plan provides that the Option Plan and any Options granted pursuant to the Option Plan may be amended, modified or terminated by the Board without approval of the Shareholders subject to any required approval of the TSX. Notwithstanding the foregoing, the Option Plan or any Options may not be amended without Shareholder approval to: (a) increase the number of Common Shares reserved for issuance under the Option Plan or the Option Plan maximum; (b) reduce the exercise price of any Option granted pursuant to the Option Plan; (c) extend the term of any outstanding Options beyond the original expiry date of the Option, other than as permitted pursuant to the Option Plan; (d) amend the Option Plan to increase the entitlements of non-management directors under the Option Plan; (e) permit an optionee to transfer or assign Options to a new beneficial holder, other than for estate settlement purposes; (f) any amendment to increase the number of Common Shares that may be issued to insiders above the restrictions contained in the Option Plan; or (g) amend the amendment provisions in the Option Plan.

In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the optionee, if it adversely alters or impairs the rights of any optionee in respect of any Option previously granted to such optionee under the Option Plan.

Further, neither the Option Plan nor any Options may be amended without Shareholder approval to cancel any Options and issue the holder of such Options a new Option or other entitlement in replacement thereof or to amend such provision in the Option Plan.

On March 31, 2023, the Parex Board approved the following amendments to the Option Plan, which amendments did not require Shareholder approval:

- adding a cashless exercise option to the Option Plan;
- other amendments that were housekeeping in nature.



# Appendix "C"

## RSU Plan

On October 16, 2012, the Board approved the adoption by Parex of the RSU Plan, which RSU Plan was approved by Shareholders on May 22, 2013. The RSU Plan allows the Board to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting and exercise results in the holder thereof being issued a Common Share for a nominal exercise price. Prior to the adoption of the Cash/Share Settled RSU Plan, the RSU Plan was one of the Company's primary forms of long-term incentive compensation. While no new awards could be made under the RSU Plan, it remained in place until such time as all outstanding RSUs and PSUs issued under it had been exercised, are cancelled or expired by their terms which occurred in March 2023. As of the date hereof, there are no RSUs or PSUs issued or outstanding.

### Description of the RSU Plan

#### Purpose of the RSU Plan

The purpose of the RSU Plan is to aid in attracting, retaining and motivating the directors, officers, and employees (collectively, "**Service Providers**") of the Company and any entity that is a subsidiary of the Company from time to time, and any other entity designated by the Board from time to time (and, for greater certainty, including any successor entity of any of the aforementioned entities) (collectively, the "**Parex Group**") in the growth and development of the Parex Group by providing them with the opportunity through RSUs to acquire Common Shares.

#### Administration of the RSU Plan

The Board administers the RSU Plan. The Board has the discretion to determine which Service Providers will be eligible to participate in the RSU Plan (each such Service Provider a "**Participant**"); provided that after April 1, 2016, non-management directors will not be eligible to receive new grants of RSUs pursuant to the RSU Plan. The Board may delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under the RSU Plan. The Board or the Committee may also delegate or sub-delegate to any director or officer of the Company the whole or any part of the administration of the RSU Plan.

#### Limits on Issuances

The RSU Plan provides that:

- (a) the maximum number of Common Shares issuable pursuant to outstanding RSUs at any time shall be limited to 4.0% of the aggregate number of issued and outstanding Common Shares, provided that the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 9.0% of the Common Shares outstanding from time to time;
- (b) the number of Common Shares reserved for issuance to any one Participant under all security based compensation arrangements will not exceed 5.0% of the issued and outstanding Common Shares;
- (c) the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements, shall not exceed 9.0% of the issued and outstanding Common Shares;
- (d) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, shall not exceed 9.0% of the issued and outstanding Common Shares; and
- (e) the number of Common Shares issued to non-management directors, in aggregate, at any time, under all security-based compensation arrangements, shall not exceed 1.0% of the issued and outstanding Common Shares.

A grant of RSUs is made, and the number of such RSUs granted is credited to each Service Provider's account (the "**Participant's Account**"), effective as of a particular date determined by the Board (the "**Grant Date**"). The number of RSUs to be offered to each Participant is determined by the Board, or the Committee delegated by the Board to do so. The Board or the Committee may, in its sole discretion, determine: (a) the time during which RSUs shall vest and whether there shall be any other conditions or performance criteria to vesting; (b) the method of vesting; or (c) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary, RSUs will vest and be exercisable as to one-third of the total number of RSUs granted on each of the first, second and third anniversaries of the Grant Date (computed in each case to the nearest whole Common Share). Notwithstanding the foregoing, the Board or the Committee may, at its sole discretion at any time or in the agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted. Prior to a vesting date in respect of any PSU, the Board will assess the performance of Parex for the applicable period based upon the performance measures, as determined by the Board. The corporate performance measures considered by the Board include, but are not limited to: (a) total shareholder return, absolute or relative; (b) the market price of the Common Shares from time to time; (c) the financial performance or results of Parex; (d) other operational or performance criteria relating to Parex; (e) activities related to the growth of Parex; (f) health and safety performance of Parex; (g) the execution of Parex's strategic plan as determined by the Board; and (h) such additional or other measures as the Board will consider appropriate in the circumstances. The weighting of individual measures comprising the performance measures will be determined by the Board in its sole discretion having regard to the principal purposes of the RSU Plan and upon such assessment, the Board will determine the applicable payout multiplier, which will not be less than 0 and not more than 2 (the "**Payout Multiplier**"). Upon determination of the Payout Multiplier, the number of Common Shares issuable pursuant to a vested PSU will be adjusted by multiplying the number of vested PSUs by the applicable Payout Multiplier. Except as required by law and the terms of the RSU Plan, the rights of a Participant under the RSU Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

## Term of RSUs

The term during which an RSU may be outstanding is, subject to the provisions of the RSU Plan requiring or permitting the acceleration or the extension of the term, such period, not in excess of five years, as is determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be the date that is five years from the Grant Date. In addition, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of any of the entities comprising the Parex Group for any reason whatsoever including, without limitation, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision of the RSU Plan: (a) such Participant shall cease to be a participant in the RSU Plan as of the Forfeiture Date (as defined in the RSU Plan); (b) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (c) any Common Shares corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with the RSU Plan as soon as practicable after the Forfeiture Date (or, in the case of death, to the legal representative of the deceased former Participant's estate as soon as practicable after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant) and upon payment of the exercise price of \$0.01 per RSU; and (d) the former Participant shall not be entitled to any further issuance of Common Shares or any payment in respect of the RSU Plan.

Notwithstanding the preceding paragraph, if a Participant ceases to be a director or officer of or be in the employ of, or other Service Provider to, any of the entities comprising the Parex Group due to the death of the Participant, any unvested grants respecting RSUs in the deceased Participant's Account effective as at the time of the Participant's death are deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested grants respecting RSUs. In respect of PSUs, if a Participant's death occurs within 90 days of the next vesting date applicable to unvested Performance RSUs (with such vesting date having been determined at the time of grant of the PSUs), the vesting date for such unvested PSUs shall be deemed to be that vesting date, and the Payout Multiplier for such unvested PSUs shall be determined as of such vesting date. Otherwise, the unvested Performance RSUs shall be deemed to have vested immediately prior to the Forfeiture Date and the Payout Multiplier will be deemed to be 1.

Notwithstanding the foregoing or anything else contained in the RSU Plan to the contrary, if a Participant shall cease to be an officer of or be in the employ of, or other Service Provider to, any of the entities comprising the Parex Group as a result of the Participant's Retirement (as defined below), then the terms of all RSUs held by such Participant, including, with restriction, the term during which such RSUs may be outstanding, will not change as a result of such Retirement, subject to the terms of the Retirement Agreement (as defined below) entered into by the Participant and the Company.

For the purposes of the RSU Plan, "**Retirement**" means: (a) the date that a Participant who is an officer or employee of the Parex Group reaches the age of sixty (60) and voluntarily ceases to be a Service Provider, provided that the Participant: (i) has, at such time, provided continuous services to the Parex Group for a minimum of ten (10) years or since November 2, 2009; (ii) has provided the Company with six (6) months prior written notice of the Participant's intention to retire; and (iii) is offered by the Company the opportunity to and enters into an agreement (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants including the immediate termination of all outstanding RSUs notwithstanding the above provisions in respect of such Retirement) with the Company respecting such Participant's retirement from any employment with the Parex Group in a form that is acceptable to the Company (a "**Retirement Agreement**"); or (b) such other meaning as the CEO of the Company in the case of a Participant who is not an officer of the Company or the Parex Group, and the Board in all other cases, may determine from time to time.

Notwithstanding the foregoing, if a Participant shall cease to be in the employ of any of the entities comprising the Parex Group as a result of the termination of employment by the applicable Parex Group entity, other than termination for cause, then a pro rata portion of the unvested RSUs (including unvested PSUs) in such Participant's Account effective immediately prior to the Forfeiture Date shall be deemed to have vested immediately prior to the Forfeiture Date, which pro rata portion of unvested RSUs shall be calculated as follows: (a) for each applicable separate grant of PSUs to such Participant, by multiplying the total number of PSUs in such grant by the quotient obtained from dividing the number of days from the Grant Date of such PSUs to the Forfeiture Date by 1,095; and (b) for each applicable separate grant of RSUs other than PSUs, by multiplying the total number of RSUs in such grant (vested and unvested) by the quotient obtained from dividing the number of days from the Grant Date of such RSUs to the Forfeiture Date by 1,095 and then subtracting the number of RSUs in such grant that have vested prior to the Forfeiture Date. Any unvested RSUs (including PSUs) in the Participant's Account that are not vested as aforesaid shall not vest and shall be forfeited by the Participant effective as of the Forfeiture Date. In respect of PSUs that vest as aforesaid, the Payout Multiplier in respect of such PSUs shall be determined, in good faith, as of the Forfeiture Date, provided that if no such determination is made by the Board or the Committee, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1).

If Common Shares may not be issued pursuant to any RSUs due to any Black-Out Period (as defined below) at any time (the "**Restricted RSUs**") and the expiry date of a RSU occurs during or within the three business day period prior to the Black-Out Period, the expiry date of such Restricted RSU shall be extended to a date which is seven business days following the end of the Black-Out Period (or such longer period as permitted by the Exchange (as defined in the RSU Plan) and approved by the Board or the Committee). For greater certainty, no Restricted RSUs may be exercised during a Black-Out Period. For the purposes of the RSU Plan, "**Black-Out Period**" means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any Participant that holds an RSU.

### Exercise of RSUs

The Company will, as soon as practicable after the vesting and exercise of any RSUs, issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's RSUs. The Participant may exercise any vested RSU by delivering to the Company a notice of exercise in writing stating the Participant's intention to exercise a particular RSU together with payment of the exercise price of \$0.01 per RSU so exercised. Upon receipt of the exercise notice and aggregate exercise price from the Participant, the Company will cause the Common Shares in respect of which the RSU has been exercised to be issued to the Participant.

### Adjustments in Connection with an Alteration of the Common Shares

In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to all or substantially all Shareholders to purchase Common Shares at prices substantially below Fair Market Value (as defined in the RSU Plan) as the Grant Date; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; then the Board may make such adjustments to the RSU Plan, to any RSUs and to any RSU agreements outstanding under the RSU Plan as the Board may, in its sole discretion, and if applicable, subject to TSX approval, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants thereunder and/or to provide for the Participants to receive and accept such other securities or property in lieu of Common Shares, and the Participants shall be bound by any such determination.

### Adjustment in Connection with Certain Corporate Events

If the Company shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity, or if a take-over bid is made for the Common Shares and such take-over bid is completed, or if the Company shall sell the whole or substantially the whole of its assets to another corporation or other entity, including without limitation a transaction which constitutes a Change of Control, the Company shall make provision that any unvested RSUs held by Participants on the effective date of such merger, amalgamation, take-over bid, sale or other transaction, shall be replaced with similar share units or other securities of the continuing successor corporation or other entity in such merger or amalgamation or take-over bid or of the purchasing corporation or other entity, which such similar share units or other securities shall be in in such amounts and shall have such terms and conditions that fully reflect the terms and conditions of all unvested RSUs held by the Participants, including the terms of this Plan and any applicable RSU Agreement, provided that the foregoing shall be without restriction to the Board's power to administer this Plan pursuant to the terms hereof.

If approved by the Board, whenever the Company's Shareholders receive a Take-over Proposal, (as defined below) RSUs may be exercised as to all or any of the Common Shares in respect of which an RSU has not previously been exercised (including in respect of some or all of the Common Shares not otherwise vested at such time) by the Participant (the "**Take-over Acceleration Right**"), provided that any such RSU not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-Over Proposal. If for any reason any such Common Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Common Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Company, and shall be added back to the number of Common Shares, if any, remaining unexercised under the RSU (and shall thus be available for exercise of the RSU in accordance with the terms thereof) and upon presentation of the Company of share certificates representing such Common Shares properly endorsed for transfer back to the Company, the Company shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. If and to the extent approved by the Board, the Take-over Acceleration Right shall commence at such time as is determined by the Board (the "**Take-over Proposal Accelerated Vesting Date**"), provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Proposal Accelerated Vesting Date will be, and the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the RSU and the tenth day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested PSUs, the Payout Multiplier in respect of such PSUs shall be determined as of the Take-over Proposal Accelerated Vesting Date.

A "**Take-over Proposal**" is defined in the RSU Plan as: (i) any proposal or offer by a third party, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Company's outstanding Common Shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third party to acquire in any manner, directly or indirectly, more than 50% of its outstanding Common Shares; or (ii) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization or similar transaction or other business combination involving the Company.

## Change of Control

Notwithstanding any other provision in the RSU Plan or the terms of any RSU agreement: (a) if on or immediately following the effective date of a Change of Control, a Participant shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination of employment for cause, all RSUs held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable and, subject to RSU Plan, the Company shall upon the due exercise of such RSUs and no later than immediately following the effective date of the Change of Control, issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's RSUs. With respect to any unvested PSUs which vest, the Payout Multiplier in respect of such PSUs shall be determined immediately prior to the effective date of the Change of Control, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1); or (b) if following the Change of Control a Participant continues to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity and in the period ending twelve (12) months from the effective date of the Change of Control, such Participant either: (i) shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination for cause; or (ii) voluntarily ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity, with good reason, all RSUs (and/or similar securities of the continuing successor corporation or entity issued in replacement of RSUs) held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable and, subject to the RSU Plan, the Company shall upon the due exercise of such RSUs promptly issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's RSUs. With respect to any unvested PSUs which vest, the Payout Multiplier in respect of such PSUs shall be determined, in good faith, as of the date the Participant ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as aforesaid, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1).

A "Change of Control" is defined in the RSU Plan as: (i) the purchase or acquisition of any Common Shares or any securities convertible or exchangeable into Common Shares or carrying the right or obligation to acquire Common Shares ("**Convertible Securities**") by a Holder (as defined in the RSU Plan) which results in the Holder beneficially owning, or exercising control or direction over, Common Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Common Shares carrying the right to cast more than 50% of the votes attaching to all Common Shares, but excluding any issue or sale of Common Shares of the Company to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or (ii) the Company completes an amalgamation, arrangement, merger or other consolidation or combination of the Company with another corporation which requires approval of the Shareholders of the Company pursuant to its statute of incorporation and pursuant to which the Shareholders of the Company immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or (iii) the election at a meeting of the Company's Shareholders of that number of persons which would represent a majority of the Board, as directors of the Company who are not included in the slate for election as directors proposed to the Company's Shareholders by the Company; or (iv) the liquidation, dissolution or winding-up of the Company; or (v) the sale, lease or other disposition of all or substantially all of the assets of the Company; or (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares of the Company, in the ownership of the Company's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company.

## Amendment or Discontinuance of the RSU Plan

The Board may amend or discontinue the RSU Plan or amend any RSU or RSU agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU agreement, except as otherwise permitted by the RSU Plan. In addition, the Board may, by resolution, amend the RSU Plan and any RSU granted under it (together with any related RSU agreement) without Shareholder approval, provided however, that at any time while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the RSU Plan or any RSU granted under it without Shareholder and, if applicable, TSX approval: (a) to increase the maximum number of Common Shares issuable pursuant to the RSU Plan; (b) to reduce the exercise price of an RSU or cancel an RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (c) to extend the term of an RSU; (d) to permit the assignment or transfer of an RSU other than as provided for in the RSU Plan; (e) to add to the categories of persons eligible to participate in the RSU Plan; (f) to remove or amend the restrictions on RSUs held by insiders; (g) to remove or amend the matters described in this paragraph; or (h) in any other circumstances where TSX and Shareholder approval is required by the TSX. Without limitation of the foregoing, the Board may correct any defect or supply any omission or reconcile any inconsistency in the RSU Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the RSU Plan, and may make such determinations as it deems necessary or desirable for the administration of the RSU Plan.

On termination of the RSU Plan, any outstanding grants of RSUs will immediately vest and the number of Common Shares corresponding to the RSUs that have been granted will be delivered to the Participant in accordance with and upon compliance with the terms of the RSU Plan. The RSU Plan will finally cease to operate for all purposes when: (a) the last remaining Participant receives delivery of all Common Shares corresponding to RSUs credited to the Participant's Account; or (b) all unexercised RSUs expire in accordance with the terms of the RSU Plan and the relevant RSU agreements.

## Appendix "D"

### DSU Plan

The DSU Plan allows the Board or the HR&C Committee to grant DSUs, each of which is a unit that is equivalent in value to a Common Share. DSUs will be fully vested upon grant and a DSU Participant (as defined below) will have the right to receive a Cash Payment (as defined below) on the Separation Date (as defined below) or such later date as the DSU Participant may elect by written notice delivered to the CFO (as defined herein) of the Company prior to the Separation Date. The purpose of the DSU Plan is to provide non-employee directors of the Company with the opportunity to acquire DSUs in order to allow them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of Shareholders. Any individual who is a member of the Board (an "Eligible Director") but who is not also an employee of the Company or any entity that is a subsidiary of the Company from time to time, any entity that is related to the Company for purposes of the Income Tax Act (Canada), and any other entity designated by the Board from time to time as a member of the "Parex Group" for the purposes of the DSU Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities) (the "Parex Group") is eligible to participate in the DSU Plan.

The DSU Plan is administered by the HR&C Committee, which, from time to time in its sole discretion, will grant DSUs to Eligible Directors ("DSU Participants"). In respect of each grant of DSUs, the HR&C Committee will determine, among other things, the number of DSUs allocated to the DSU Participant and such other terms and conditions of the DSUs applicable to each grant.

DSUs will be fully vested upon being granted and credited to an account maintained by the Company for each DSU Participant by means of a book-keeping entry ("Account"). The term during which a DSU may be outstanding will, subject to the provisions of the DSU Plan which require or permit the acceleration or the extension of the term, be such period as may be determined from time to time by the Board or the HR&C Committee.

Except as required by law, the rights of a DSU Participant under the DSU Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the DSU Participant.

Notwithstanding any other provision of the DSU Plan, the aggregate value of all DSUs (calculated as of the date of grant) granted pursuant to the DSU Plan in any calendar year (from January 1 to December 31 of such year) to any non-management director cannot exceed \$150,000 (excluding any DSU's granted in a one-time initial grant to a non-management director upon appointment to the Board provided the value of the DSU's granted in any such initial grant is not in excess of \$150,000).

A DSU Participant will receive a Cash Payment in respect of DSUs recorded in the DSU Participant's Account, on one or more of the following dates (the "Distribution Date"): (a) in one payment after the date on which the DSU Participant ceases to be a director of any member of, and is not at that time an employee or officer of any member of, the Parex Group (the "Separation Date") in respect of all of the DSUs recorded in the Participant's Account; or (b) provided the DSU Participant provides written notice to the CFO of the Company prior to the Separation Date that the Participant wishes to receive Cash Payments (and, for clarity, does not wish to receive a single Cash Payment for all of the DSUs recorded in the Participant's Account on the Separation Date), on up to four (4) different dates, each such date occurring on or after the Separation Date and on or prior to December 1 of the calendar year following the calendar year in which the Separation Date applicable to such DSU Participant occurs (December 1, the "Final Payout Date"), and in such event the following provisions shall apply: (i) the DSU Participant shall be required to select, by one or more additional written notices to the CFO of the Company (a "Distribution Date Selection Notice"), each date, (each a "**Distribution Date**") on which a Cash Payment in respect of Deferred Share Units recorded in the DSU Participant's Account is to occur and shall be required to deliver each Distribution Date Selection Notice no later than five (5) clear trading days (being days that the TSX is open for trading) prior to each corresponding Distribution Date (ii) the DSU Participant shall be required to include in each Distribution Date Selection Notice the number of DSUs recorded in the DSU Participant's Account in respect of which a Cash Payment is to be made on the applicable Distribution Date, provided that the number of DSUs that are the subject of a Distribution Date Selection Notice shall not be less than 10% of the aggregate number of DSUs recorded in the DSU Participant's Account at the Separation Date; and (iii) to the extent the aggregate number of DSUs that are the subject of all Distribution Date Selection Notices provided by the DSU Participant no later than five (5) clear trading days before the Final Payout Date is less than all of the DSUs recorded in such DSU Participant's Account at the Separation Date (the difference being the "Remaining Deferred Share Units"), such DSU Participant shall receive a Cash Payment in respect of the Remaining Deferred Share Units on the Final Payout Date.

A DSU Participant (or in the event of the DSU Participant's death, his beneficiary or legal representative) will receive a payment (the "Cash Payment") equal in value to the number of DSUs recorded in the DSU Participant's Account on the Separation Date (or, as applicable, equal in value to the number of DSUs specified in the applicable Distribution Date Selection Notice) multiplied by the Fair Market Value (as defined below) per Common Share (the "Distribution Value") on the Distribution Date, as applicable, less any applicable withholding taxes, within ten (10) business days after the Separation Date, as applicable. Upon payment in full of the Cash Payment less any withholding taxes, the DSUs will be cancelled and no further payments will be made to the DSU Participant under the DSU Plan.

For the purposes of the DSU Plan, "Fair Market Value" with respect to a Common Share, as at any date, means the weighted average of the prices at which the Common Shares traded on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Common Shares occurs) for the five (5) trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith.

Upon the death of a DSU Participant prior to the distribution of the DSUs credited to the Account of such DSU Participant under the DSU Plan, a Cash Payment shall be made to the estate of such DSU Participant on or about the thirtieth (30th) day after the Company is notified of the death of the DSU Participant or on a later date elected by the DSU Participant's estate in the form prescribed for such purposes by the Company and delivered to the CFO of the Company not later than twenty (20) days after the Company is notified of the death of the DSU Participant, provided that such elected date is no later than the last business day of the calendar year following the calendar year in which the DSU Participant dies so that payment can be made on or before such last business day. Such Cash Payment shall be equivalent to the amount which would have been paid to the DSU Participant pursuant to and subject to applicable withholding taxes, calculated on the basis that the day on which the DSU Participant dies, or the date elected by the estate, as applicable, is the Distribution Date.

Each DSU in a Participant's Account shall be credited with the equivalent amount of a dividend paid on a common share ("**Dividend Equivalents**") in the form of additional DSUs as of each dividend payment date in respect of which normal cash dividends are paid on the Common Shares. Such Dividend Equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of DSUs recorded in the DSU Participant's Account on the record date for the payment of such dividend, by (b) the "**Dividend Market Value**" (being the Fair Market Value per Common Share on the dividend record date), with fractions computed to three decimal places.

The Board may amend, suspend or terminate the DSU Plan or any portion thereof and any DSU granted under it (together with any related agreement in respect of a DSU) at any time without prior notice. However, no such amendment, suspension or termination may materially adversely affect any DSU, or any rights pursuant thereto, granted previously to any DSU Participant without the consent of that DSU Participant.

## Appendix "E"

### Cash/Share Settled RSU Plan

The Cash/Share Settled RSU Plan allows the Board to grant Cash/Share Settled RSUs (also referred to as "**CosRSUs**") (including performance cash or share settled RSUs ("**CosPSUs**")), each of which is a right to receive a Cash Payment (as defined below) or Common Shares purchased on the open market by the Plan Agent (as defined in the Cash/Share Settled RSU Plan). The purpose of the Cash/Share Settled RSU Plan is to: (a) aid in attracting, retaining and motivating directors, officers and employees (collectively, the "Service Providers") of the Parex Group by providing them Cash/Share Settled RSUs; (b) more closely align Service Providers interests with those of Parex's Shareholders; (c) focus such Service Providers on operational and financial performance and long-term Shareholder value; and (d) motivate and reward Service Providers for their performance and contributions to the Company's long-term success.

The Board administers the Cash/Share Settled RSU Plan and has the authority to: (a) determine the Service Providers to whom Cash/Share Settled RSUs may be granted (each a "**Participant**"); and (b) grant Cash/Share Settled RSUs on such terms and conditions as it determines. The Board may delegate to a committee (the "Committee") of the Board or any director or officer of the Company all or any of the powers conferred on the Board under the Cash/Share Settled RSU Plan.

The Board or the Committee may, in its sole discretion, determine: (a) the time during which Cash/Share Settled RSUs shall vest and whether there shall be any other conditions or performance criteria to vesting; (b) the method of vesting; or (c) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary, Cash/Share Settled RSUs will vest and be exercisable as to one-third of the total number of Cash/Share Settled RSUs granted on each of the first, second and third anniversaries of the Grant Date, and all Cash/Share Settled PSUs will vest on the third anniversary of the Grant Date thereof. Notwithstanding the foregoing, the Board or the Committee may, at its sole discretion at any time or in the agreement in respect of any Cash/Share Settled RSUs granted, accelerate or provide for the acceleration of vesting of Cash/Share Settled RSUs previously granted.

Prior to a vesting date in respect of any Cash/Share Settled PSU, the Board will assess the performance of Parex for the applicable period based upon the performance measures, as determined by the Board. The corporate performance measures considered by the Board may include, but are not limited to: (a) total shareholder return, absolute or relative; (b) the market price of the Common Shares from time to time; (c) the financial performance or results of Parex; (d) other operational or performance criteria relating to Parex; (e) activities related to the growth of Parex; (f) health and safety performance of Parex; (g) the execution of Parex's strategic plan as determined by the Board; and (h) such additional or other measures as the Board will consider appropriate in the circumstances. The weighting of individual measures comprising the performance measures will be determined by the Board in its sole discretion having regard to the principal purposes of the Cash/Share Settled RSU Plan and upon such assessment, the Board will determine the applicable payout multiplier, which will not be less than 0 and not more than 2 (the "**Payout Multiplier**"). Any determination of a Payout Multiplier shall occur at a time when a Black Out Period (as defined in the Cash/Share Settled RSU Plan) is not in effect. The actual performance measures that determined the payout multiplier for the 2019 Cash/Share Settled PSU awards that vested in March 2022 are detailed in this Information Circular under "Executive Compensation".

In the event the Participant elects (or is deemed to elect) to receive a cash payment for all of the vested CosRSU's held by such Participant: (a) as of each vesting date a Participant shall be automatically entitled to receive a payment (a "**Cash Payment**") equal in value to: (i) the number of vested CosRSU's for which the Participant elected to receive a Cash Payment, less the number of vested CosPSU's recorded in the Participant's Account multiplied by the Fair Market Value (as defined below) of a Common Share on the vesting date; plus (ii) the number of vested CosPSU's recorded in the Participant's Account for which the Participant elected to receive a Cash Payment multiplied by the payout multiplier (calculated as discussed below), with such product multiplied by the Fair Market Value of a Common Share on the vesting date, less any applicable withholding taxes. For the purposes of the CosRSU Plan, "Fair Market Value" with respect to a Common Share, as at any date, means the weighted average of the prices at which the Common Shares traded on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Common Shares occurs) for the three (3) trading days on which the Common Shares traded on the said exchange immediately prior to and inclusive of such date, provided that for the purposes of Section 4.4 (Distribution of Cash Payment) and Section 4.5 (Distribution of Payment Shares) of the Cash/Share Settled RSU Plan if any of such three (3) trading days during a Black Out Period, for only those trading days (not to be less than one (1) trading day, which day may be the vesting date) that are not during a Black Out Period. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith.

Except as required by law and the terms of the Cash/Share Settled RSU Plan, the rights of a Participant (as defined in the Cash/Share Settled RSU Plan) under the Cash/Share Settled RSU Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The term during which a Cash/Share Settled RSU may be outstanding is, such period, not in excess of three years plus the time period required to settle the vested Cash/Share Settled RSUs.

If a Participant ceases to be in the employ of any of the entities comprising the Parex Group (as defined in the Cash/Share Settled RSU Plan) for any reason whatsoever, including, without limitation, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting Cash/Share Settled RSUs credited to the Participant's Account (as defined in the Cash/Share Settled RSU Plan) have vested or are forfeited pursuant to any other provision of the Cash/Share Settled RSU Plan, the former Participant shall forfeit all unvested grants respecting Cash/Share Settled RSUs in the Participant's Account effective as at the Forfeiture Date (as defined in the Cash/Share Settled RSU Plan). Notwithstanding the foregoing, if a Participant ceases to be in the employ of any of the entities of the Parex Group as a result of the termination of employment by the applicable Parex Group entity, other than termination for cause, then a pro rata portion of the unvested Cash/Share Settled RSUs credited to the Participant's Account will be deemed to have vested immediately prior to the Forfeiture Date. The pro rata portion of unvested Cash/Share Settled RSUs shall be calculated for each applicable separate grant of Cash/Share Settled RSUs, by multiplying the total number of CosRSUs in such grant (vested and unvested) by the quotient obtained from dividing the number of days from the date of grant of such CosRSUs to the Forfeiture Date by 1,095 and then subtracting the number of CosRSUs in such grant that have vested prior to the Forfeiture Date. The pro rata portion of unvested Cash/Share Settled PSUs shall be calculated for each applicable separate grant of Cash/Share Settled PSUs, by multiplying the total number of Cash/Share Settled PSUs in such grant by the quotient obtained from dividing the number of days from the Grant Date of such Performance RSUs to the Forfeiture Date by 1,095. Any unvested CosRSUs (including CosPSUs) in the Participant's Account that are not vested as aforesaid shall not vest and shall be forfeited by the Participant effective as of the Forfeiture Date. In respect of CosPSUs that vest as aforesaid, the Payout Multiplier in respect of such CosPSUs shall be determined, in good faith, as of the Forfeiture Date, utilizing, for this purpose, the data and information, including any peer group information, as at the end of the most recently ended fiscal quarter (or as at the end of the most recently completed fiscal year to the extent such quarterly information is not available) provided that if no such determination is made by the Board, the Payout Multiplier in respect of such CosPSUs shall be deemed to be one (1).

Notwithstanding the preceding paragraph, if a Participant ceases to be a director or officer of or be in the employ of, or other Service Provider to, any of the entities comprising the Parex Group due to the death of the Participant, any unvested grants respecting Cash/Share Settled RSUs in the deceased Participant's Account effective as at the time of the Participant's death are deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested grants respecting Cash/Share Settled RSUs.

If a Participant retires from the Parex Group, the terms of all Cash/Share Settled RSUs held by such Participant will not change as a result of such Retirement (as defined in the Cash/Share Settled RSU Plan), subject to any terms in a retirement agreement entered into by the Participant and the Company.

Notwithstanding any other provision in the Cash/Share Settled RSU Plan or the terms of any CosRSU agreement: (a) if on or immediately following the effective date of a Change of Control (as defined below), a Participant shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination of employment for cause, all CosRSUs held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest, such Participant shall not be entitled to make an election (as described below) for such vested CosRSUs and the cash payment for such CosRSUs shall be made or delivered, and no later than immediately following the effective date of the Change of Control. With respect to any unvested CosPSUs which vest, the Payout Multiplier in respect of such CosPSUs shall be determined immediately prior to the effective date of the Change of Control, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such CosPSUs shall be deemed to be one (1); or (b) if following the Change of Control a Participant continues to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity and in the period ending twelve (12) months from the effective date of the Change of Control, such Participant either: (i) shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination for cause; or (ii) voluntarily ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity, with good reason, all CosRSUs (and/or similar securities of the continuing successor corporation or entity issued in replacement of CosRSUs) held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest, such Participant shall not be entitled to make an election (as described below) for such vested CosRSUs and the cash payment, for such CosRSU shall be made as soon as practical thereafter, less applicable withholdings. With respect to any unvested CosPSUs which vest, the Payout Multiplier in respect of such CosPSUs shall be determined, in good faith, as of the date the Participant ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as aforesaid, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1).

A "Change of Control" is defined in the Cash/Share Settled RSU Plan as: (i) the purchase or acquisition of any Common Shares or Convertible Securities (as defined in the Cash/Share Settled RSU Plan) by a Holder (as defined in the Cash/Share Settled RSU Plan) which results in the Holder beneficially owning, or exercising control or direction over, Common Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Common Shares carrying the right to cast more than 50% of the votes attaching to all Common Shares, but excluding any issue or sale of Common Shares of the Company to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or (ii) the Company completes an amalgamation, arrangement, merger or other consolidation or combination of the Company with another corporation which requires approval of the Shareholders of the Company pursuant to its statute of incorporation

and pursuant to which the Shareholders of the Company immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or (iii) the election at a meeting of the Company's Shareholders of that number of persons which would represent a majority of the Board, as directors of the Company who are not included in the slate for election as directors proposed to the Company's Shareholders by the Company; or (iv) the liquidation, dissolution or winding-up of the Company; or (v) the sale, lease or other disposition of all or substantially all of the assets of the Company; or (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares of the Company, in the ownership of the Company's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company.

Prior to each vesting date, Participants will be required to make an election for all vested Cash/Share Settled RSUs recorded in the Participant's Account to receive one (but not a combination) of a cash payment or Common Shares purchased on the open market by the Plan Agent. If a Participant would be making an election during a Black Out Period, the making of such election will be delayed to a date which is two business days following the end of the Black Out Period (or such longer period as approved by the Board or the Committee). In the event a Participant fails to submit an election notice in accordance with the Cash/Share Settled RSU Plan, such Participant will be entitled to receive a cash payment for all vested Cash/Share Settled RSUs recorded in the Participant's Account on such vesting date and shall not be entitled to receive Common Shares purchased on the open market.

If vesting date of a Cash/Share Settled RSUs occurs during a Black Out Period, such vesting date will be extended to a date which is three (3) business days following the end of the Black Out Period (or such longer period as approved by the Board or the Committee). If Common Shares would otherwise be purchased by the Plan Agent, on behalf of a Participant, pursuant to any vested Cash/Share Settled RSUs during a Black Out Period, such Common Share purchases will be delayed to a date which is three (3) business days following the end of the Black Out Period (or such longer period as approved by the Board or the Committee) and the Company will advise the Plan Agent in a timely fashion of any such delay.

Each cash or share settled RSU in a Participant's Account shall be credited with the equivalent amount of a dividend paid on a common share ("**Dividend Equivalents**") in the form of additional Cash/Share Settled RSUs as of each dividend payment date in respect of which normal cash dividends are paid on the Common Shares. Such Dividend Equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of Cash/Share Settled RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Fair Market Value (as defined in the cash or share settled RSU Plan), per Common Share on the record date for the payment of such dividend, with fractions computed to three decimal places. For certainty, upon a Cash/Share Settled RSU vesting pursuant to the terms of the Cash/Share Settled RSU Plan, all Dividend Equivalents (in the form of additional Cash/Share Settled RSUs) credited to a Participant in respect of such vested Cash/Share Settled RSU shall similarly and contemporaneously vest, regardless of the date on which the Dividend Equivalent was so credited to a Participant and notwithstanding anything else in the Cash/Share Settled RSU Plan to the contrary.

The Board may amend or discontinue the Cash/Share Settled RSU Plan or amend any Cash/Share Settled RSU or Cash/Share Settled RSU agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any Cash/Share Settled RSU previously granted under the Cash/Share Settled RSU Plan or any related Cash/Share Settled RSU agreement, except as otherwise permitted by the Cash/Share Settled RSU Plan.

# Appendix "F"

## Option Plan

### 1. Purpose of the Plan

- a. The purpose of the Plan is to provide certain directors, officers and employees of the Corporation or a Subsidiary with an opportunity to purchase Shares and to benefit from the appreciation thereof. This will provide an increased incentive for these directors, officers and employees to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

### 2. Defined Terms

2.1 Where used herein, the following terms shall have the following meanings, respectively:

- a. **"Blackout Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- b. **"Board"** means the board of directors of the Corporation;
- c. **"Change of Control"** means any of the following:
  - i. the purchase or acquisition of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, but excluding any issue or sale of Voting Shares of the Corporation to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or
  - ii. the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation and pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or
  - iii. the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
  - iv. the liquidation, dissolution or winding-up of the Corporation; or
  - v. the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
  - vi. the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or
  - vii. a determination by the Board that there has been a change, whether by way of a change in the holding of the Voting Shares of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- d. **"Convertible Securities"** means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
- e. **"Corporation"** means Parex Resources Inc., and includes any successor corporation thereof;
- f. **"Disinterested Shareholder Approval"** means approval by a majority of the votes cast by all shareholders of the Corporation at a meeting of shareholders of the Corporation, excluding votes attaching to Shares beneficially owned by: (i) Insiders to whom Options may be granted under this Plan; and (ii) Associates (as defined in the policies of the Exchange) of persons referred to in (i);
- g. **"Effective Date"** has the meaning ascribed thereto in Article 21 hereof;
- h. **"Exchange"** means the TSX or, if the Shares are not listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, such stock exchange as the Shares are then listed and posted for trading as selected by the Board;
- i. **"Exercise Price"** means the price per share at which Shares may be purchased under the Option, as the same may be adjusted in accordance with Articles 4 and 6 hereof;
- j. **"Holder"** means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

- k. **"Insider"** means an insider as defined in subsection 1(aa) of the *Securities Act* (Alberta) and includes an associate, as defined in subsection 1(c) of the *Securities Act* (Alberta), as such provisions are from time to time amended, varied or re enacted, of any insider;
- l. **"Investor Relations Activities"** means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
- i. the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
    - a. to promote the sale of products or services of the Corporation; or
    - b. to raise public awareness of the Corporation;
 that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
  - ii. activities or communications necessary to comply with the requirements of:
    - a. applicable securities laws; or
    - b. exchange Requirements (as defined in the policies of the Exchange) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
  - iii. communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
    - a. the communication is only through the newspaper, magazine or publication; and
    - b. the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - iv. activities or communications that may be otherwise specified by the Exchange.
- m. **"Market Price"** means, as at any date, the closing trading price per Share on the Exchange on the last trading day preceding such date, provided that for the purposes of Section 4.3 hereof means the last trading day on the Exchange preceding: (i) the issuance of a news release in respect of the Option grant, or (ii) if a news release is not issued announcing the Option grant, the date of grant; or, in all cases, if the Shares are not listed on any stock exchange at the applicable time, means a price determined by the Board;
- n. **"Option"** means an option to purchase Shares granted by the Board to certain directors, officers or employees of the Corporation or a Subsidiary, subject to the provisions contained herein;
- o. **"Participants"** means certain directors, officers, or *bona fide* employees of the Corporation or a Subsidiary to whom Options are granted and which Options or a portion thereof remain unexercised, and where applicable, former directors, officers or *bona fide* employees of the Corporation or a Subsidiary deemed eligible to continue to participate in the Plan in accordance with Article 8 hereof;
- p. **"Plan"** means this stock option plan of the Corporation, as the same may be amended or varied from time to time;
- q. **"Retirement"** means:
  - i. the date that a Participant who is an officer or *bona fide* employee of the Corporation or a Subsidiary reaches the age of sixty (60) and voluntarily ceases to be an officer or *bona fide* employee of the Corporation or a Subsidiary, provided that the Participant: (A) has, at such time, provided continuous services to the Corporation or a Subsidiary for a minimum of ten (10) years; (B) has provided the Corporation with six (6) months prior written notice of the Participant's intention to retire; and (C) is offered by the Corporation the opportunity to and enters into an agreement (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants including the immediate termination of all outstanding Options notwithstanding the provisions of Section 8.3 in respect of such Retirement) with the Corporation respecting such Participant's retirement from any employment with the Corporation or a Subsidiary in a form that is acceptable to the Corporation (a **"Retirement Agreement"**); or
  - ii. such other meaning as the Chief Executive Officer of the Corporation in the case of a Participant who is not an officer of the Corporation or a Subsidiary, and the Board in all other cases, may determine from time to time;
- r. **"Shares"** means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Article 6 hereof, such other Shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- s. **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act* (Alberta) as from time to time amended, supplemented or reenacted;
- t. **"Take-over Proposal"** means (i) any proposal or offer by a third person, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Corporation's outstanding Voting Shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third person to acquire in any manner,

directly or indirectly, more than 50% of its outstanding Voting Shares, or (ii) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction or other business combination involving the Corporation;

- u. "TSX" means the Toronto Stock Exchange; and
- v. "Voting Shares" means any securities of the Corporation ordinarily carrying the right to vote at elections of directors.

### 3. Administration of the Plan

3.1 The Plan shall be administered by the Board. The Corporation shall effect the grant of Options under the Plan, in accordance with determinations made by the Board pursuant to the provisions of the Plan as to:

- a. the directors, officers and employees of the Corporation and, if applicable, any Subsidiaries to whom Options will be granted; and
  - b. the number of Shares which shall be the subject of each Option;
- by the execution and delivery of instruments in writing in the form approved by the Board.

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

### 4. Granting of Options

4.1 The Board from time to time shall grant Options to certain directors, officers and employees of the Corporation or a Subsidiary. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.

4.2 The aggregate maximum number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other share compensation arrangements of the Corporation is 5% of the Shares outstanding from time to time, subject to the following limitations:

- a. the aggregate number of Shares reserved for issuance to any one person under the Plan, together with all other share compensation arrangements of the Corporation, within a 12-month period, must not exceed 5% of the outstanding issue of Shares (on a non diluted basis);
- b. the aggregate number of Shares reserved for issuance to any one Insider pursuant to the Plan, together with all other share compensation arrangements of the Corporation, must not exceed 5% of the outstanding issue of Shares;
- c. the aggregate number of Shares issued to Insiders pursuant to the Plan, together with all other share compensation arrangements of the Corporation, within a 12-month period, must not exceed 5% of the outstanding issue of Shares;
- d. the aggregate number of Shares reserved for issuance to Insiders pursuant to the Plan, together with all other share compensation arrangements, at any time, must not exceed 5% of the issue of Shares;
- e. the aggregate number of Shares reserved for issuance pursuant to the Plan to any one Participant employed to provide Investor Relations Activities within a 12-month period, must not exceed 2% of the outstanding issue of Shares;
- f. the aggregate number of Shares reserved for issuance to all non-management directors pursuant to the Plan cannot exceed 1.0% of the outstanding issue of Shares; and
- g. the aggregate value of all Options (calculated as of the date of grant) granted pursuant to the Plan to any non-management director, after the Effective Date, cannot exceed \$100,000 in any 12 month period.

The Shares in respect of which Options are not exercised shall be available for subsequent Options. This prescribed maximum may be subsequently increased to any other specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. If any Options granted under this Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, any unpurchased Shares to which such Options relate shall be available for the purposes of the granting of further Options under this Plan. No fractional shares may be purchased or issued hereunder.

4.3 Subject to the policies of the Exchange, the Exercise Price of any Option shall be fixed by the Board when such Option is granted, provided that such price shall not be less than the Market Price of the Shares. The Exercise Price as fixed by the Board is intended to be the fair market value of the Shares at the date of grant and, subject to the approval of the Board, the Exchange and the shareholders of the Corporation (where required), the Exercise Price may be adjusted if necessary to achieve that result. Disinterested Shareholder Approval will be required for the reduction of the Exercise Price of any Options held by persons who are Insiders of the Corporation at the time of the proposed amendment.

4.4 The term of Options granted shall be determined by the Board in its discretion, to a maximum of five years from the date of the grant of the Option. The vesting period or periods within this period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. In the absence of any determination by the Board as to vesting, vesting shall be as to one-third on each of the first, second and third anniversaries of the date of grant. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted. In the case of options granted on February 29th of any year, the "anniversary date" shall be deemed to be February 28th of each of the subsequent years.

4.5 If the original expiry date of any Option (the "**Restricted Options**") falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) ("**Business Day**") following the end of any Blackout Period, then the expiry date of such Restricted Options shall, without any further action, be extended to the date that is 10 Business Days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 10 hereof.

## 5. Exercise of Option

5.1 Subject to the Plan, a Participant (or his or her legal personal representative) may exercise an Option from time to time by the delivery to the Corporation, at its head office in Calgary, Alberta, or as otherwise directed by the Corporation, of a written notice of exercise ("**Exercise Notice**") specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full in cash of the purchase price of the Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the Participant a certificate or certificates, representing such Shares in the name of the Participant or the Participant's legal personal representative or otherwise as the Participant may or they may in writing direct. Unless otherwise authorized by the Board and permitted by the Exchange, no financial assistance shall be provided by the Corporation to any Participant to facilitate the exercise of Options granted pursuant to the Plan.

5.2 Subject to the Plan, a Participant (or his or her legal personal representative) may elect to exercise an Option by surrendering such Option in exchange for the issuance of Shares equal to the number determined by dividing the Market Price (as at the date of exercise) into the difference (if positive) between the Market Price (as at the date of exercise) and the Exercise Price of such Option. An Option may be exercised pursuant to this Section 5.2 from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying that the Participant wishes to surrender his or her Option on the basis described in this Section 5.2 and the number of Options to be so exercised. The Board has the sole discretion to consent to or reject the election of such Participant to exercise an Option to receive Shares pursuant to this Section 5.2. The Corporation will not be required, upon the exercise of any Options pursuant to this Section 5.2 to issue fractions of Shares or to distribute certificates representing fractional Shares. In lieu of fractional Shares, there will be paid to the Participant by the Corporation upon the exercise of such Options pursuant to this Section 5.2 within 10 Business Days after the exercise date, an amount equal to the then fair market value of such fractional interest (as determined by the Board), provided that the Corporation will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon due exercise of an Option in accordance with the foregoing provisions of this Section 5.2 the Option in respect of which the exercise relates shall be deemed to be terminated and shall cease to grant the Participant any further rights thereunder.

5.3 Subject to the Plan, a Participant (or his or her legal personal representative) may elect to exercise an Option by surrendering such Option in exchange for a cash amount equal to the difference (if positive) between the Market Price (as at the date of exercise) less the Exercise Price of such Option. An Option may be exercised pursuant to this Section 5.3 from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying that the Participant wishes to surrender his or her Option on the basis described in this Section 5.3 and the number of Options to be so exercised. The Board has the sole discretion to consent to or reject the election of such Participant to exercise an Option to receive a cash amount pursuant to this Section 5.3. Upon due exercise of an Option in accordance the foregoing provisions of this Section 5.3 the Option in respect of which the exercise relates shall be deemed to be terminated and shall cease to grant the Participant any further rights thereunder.

## 6. Adjustments in Shares

6.1 Appropriate adjustments in the number of Shares subject to the Plan and, as regards Options granted or to be granted, in the number of Shares optioned and in the Exercise Price, shall be made by the Board, subject to any required Exchange approvals, to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

6.2 Options granted to Participants hereunder are non-assignable and non-transferable, except in the case of the death of a Participant (which is provided for in Section 8), and are exercisable only by the Participant to whom the Option has been granted.

## 7. Decisions of the Board

7.1 All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers and employees eligible under the provisions of the Plan to participate therein.

## 8. Termination of Employment/Death

8.1 Unless otherwise provided in the agreement evidencing the grant of Options, Options shall terminate at the earlier of (the "**Termination Date**"): (i) the close of business 90 days after the Participant ceasing (other than by reason of death or Retirement but including termination with or without cause) to be at least one of an officer, director or employee of the Corporation or a Subsidiary of the Corporation, as the case may be; (ii) the close of business 90 days after the Participant has been provided with written notice of dismissal related to (i) above; and (iii) the original expiry date of the Option, provided that the number of Shares that the Participant shall be entitled to purchase until the Termination Date shall be the number of Shares which the Participant was entitled to purchase on the date the Participant ceased to be an officer, director or employee of the Corporation or a Subsidiary of the Corporation, as the case may be.

8.2 If before the expiry of an Option in accordance with the terms thereof a Participant ceases to be an employee, officer or director by reason of the death of the Participant, any unvested portion of such Option shall immediately vest. In addition, such Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal personal representative(s) of the Participant's estate at any time before 5:00 p.m. Calgary time up to one year after the date of death of the Participant, or until the original expiry date of the Option, if earlier.

8.3 If before the expiry of an Option in accordance with the terms thereof a Participant ceases to be an employee or officer of the Corporation or a Subsidiary of the Corporation, as the case may be, as a result of the Participant's Retirement, then the terms, including, with restriction, the Termination Date, of all Options held by such Participant shall not change as a result of such Retirement, subject to the terms of the Retirement Agreement entered into by the Participant and the Corporation.

8.4 The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere in any way with the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment at any time.

8.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

## 9. Change of Control

9.1 In the event of a Change of Control occurring, all Options which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the Options or the Plan for a period of time ending on the earlier of the expiry time of the Option and the thirtieth (30th) day following the Change of Control.

9.2 If approved by the Board, Options may provide that, whenever the Corporation's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the Shares in respect of which such Option has not previously been exercised (including in respect of Options not otherwise vested at such time) by the Participant (the "**Take-over Acceleration Right**"), but any such Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-Over Proposal. If for any reason any such Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Shares, if any, remaining unexercised under the Option (and shall thus be available for exercise of the Option in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

## 10. Amendment or Discontinuance of Plan

10.1 This Plan and any Options granted pursuant to the Plan may be amended, modified or terminated by the Board without approval of the shareholders subject to any required approval of the Exchange. Notwithstanding the foregoing, the Plan or any Options may not be amended without shareholder approval to:

- a. increase the number of Shares reserved for issuance under the Plan or the Plan maximum pursuant to Section 4 hereof;

- b. reduce the Exercise Price of any Option granted pursuant to the Plan;
- c. extend the term of any outstanding Options beyond the original expiry date of the Option, other than as permitted pursuant to the Plan;
- d. amend Section 4.2(f) or (g) to increase the entitlements of non-management directors under the Plan;
- e. permit a Participant to transfer or assign Options to a new beneficial holder, other than for estate settlement purposes;
- f. any amendment to increase the number of Shares that may be issued to Insiders above the restrictions contained in Section 4; or
- i. amend this Section 10.1.

In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Participant, if it adversely alters or impairs the rights of any Participant in respect of any Option previously granted to such Participant under the Plan.

10.2 Notwithstanding any other provision in the Plan, the Plan or any Options may not be amended without shareholder approval to cancel any Options and issue the holder of such Options a new option or other entitlement in replacement thereof or to amend this Section 10.2.

## **11. Government Regulation**

11.1 The Corporation's obligation to issue and deliver Shares under any Option is subject to:

- a. the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- b. the admission of such Shares to listing on any Exchange on which such Shares may then be listed; and
- c. the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any Exchange on which such Shares are then listed.

## **12. Participants' Rights**

12.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Shares represented by such certificate or certificates.

## **13. Option Agreement**

13.1 The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder will be in writing and will set out the number of Shares subject to option, the Exercise Price, the vesting dates, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options under the income tax or other applicable or relevant laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

## **14. Independent Advice**

14.1 Participants are encouraged to seek tax advice in respect of the grant and exercise of Options and the issuance of the resulting Shares.

## **15. Hold Period**

15.1 In addition to any resale restrictions imposed under applicable securities laws, if required by the Exchange or any other regulatory authority, Options granted under the Plan and Shares issued on exercise of such Options may be required to be legended evidencing that the Options and the Shares issued upon exercise of the Options are subject to a hold period or restricted period as required by the Exchange or other applicable regulatory authority and the Participant by accepting the Option agrees to comply therewith.

## 16. VOTING Shares Duly Issued

16.1 Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefore in accordance with the terms of the Option, and the issuance of Shares thereunder will not require a resolution or approval of the Board.

## 17. Mergers, Amalgamation and Sale

17.1 If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 17, make provision that, upon exercise of an Option after the effective date of such merger, amalgamation or sale, the Participant shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Participant would have received as a result of such merger, amalgamation or sale if the Participant had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Participant in respect of the Shares subject to the Option shall terminate and be at an end and the Participant shall cease to have any further rights in respect thereof. Adjustments under this section or any determinations as to fair market value of any securities shall be made by the Board, and any reasonable determination made by the Board shall be binding and conclusive.

## 18. Tax Withholding and designations

18.1 The Corporation shall have the power and the right to deduct or withhold, or require a Participant to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to, and the Participant consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Participant (whether arising pursuant to the Participant's relationship as a director, officer or employee of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Participant and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares.

18.2 If a Share to be issued to a Participant under an Option is a "non-qualified security" for purposes of the *Income Tax Act* (Canada), the Corporation shall notify the Participant and the Minister of National Revenue in writing as required by the *Income Tax Act* (Canada) and comply with such other related reporting obligations associated with the grant or exercise of such Options.

## 19. No Guarantees Regarding Tax Treatment

19.1 Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, nor any of its employees or representatives shall have any liability to a Participant with respect thereto.

## 20. Effective Date

20.1 This Plan is effective as of October 30, 2009, as amended effective November 9, 2011, as further amended effective March 14, 2014 (the "**Effective Date**"), as further amended effective May 13, 2014, March 7, 2017, April 3, 2017, March 10, 2020, April 2, 2020 and April 2, 2023 and as amended from time to time thereafter.

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