

Parex Resources Inc.
Human Resources & Compensation Committee Mandate

1. Overall Purpose & Objectives

A standing committee of the Board of Directors (the "**Board**") of Parex Resources Inc. (the "**Corporation**") consisting of members of the Board is hereby appointed by the Board from amongst its members and complying with all other legislation, regulations, agreements, articles and policies to which the Corporation and its business is subject is hereby established and designated as the Human Resources and Compensation Committee (the "**Committee**").

In addition to any other duties and responsibilities specifically delegated to it by the Board, the Committee has the general responsibility for developing the Corporation's approach to matters concerning human resources and compensation and, from to time, will review and make recommendations to the Board as to such matters consistent with applicable regulatory requirements and guidelines.

The Committee will assist the Board in fulfilling its oversight responsibilities, by:

- monitoring, assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention programs to ensure the Corporation's compensation programs are competitive and that the Corporation is in a position to attract, motivate and retain the quality of personnel required to meet its business objectives;
- encouraging alignment between the tactical performance of the officers and the Corporation and the strategic objectives and goals of the Corporation; and
- establishing a process for identifying, recruiting and appointing officers of the Corporation.

As the Corporation is a reporting issuer under applicable securities laws the Board adopts this Mandate for the Committee which reflects, among other things, compliance with stock exchange and legal requirements and guidelines for disclosure of compensation practices.

2. Composition

- (a) The Committee shall be composed of at least three individuals appointed by the Board from amongst its members. The Board shall appoint one member of the Committee as Chair of the Committee (the "**Chair**").
- (b) All members of the Committee shall be Board members who are not members of management of the Corporation ("**Management**"). Subject to certain exemptions that may be available under applicable securities legislation, all members of the Committee must be "independent", as defined in National Instrument 52-110 – *Audit Committees* (as amended or replaced from time to time) of the Canadian Securities Administrators.
- (c) Members of the Committee should have or obtain sufficient knowledge of the Corporation's business, operations, and risks as well as the objectives and goals as detailed in the Corporation's strategic plan as well as the Corporation's human resource policies, procedures and guidelines, including but not limited to benefit plans to assist in providing advice and counsel on human resource issues.

- (d) A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation or upon ceasing to be "independent".

3. Meetings

- (a) The Committee shall meet as deemed appropriate by the Chair, but in any event, no less than semi-annually. Special meetings may be convened as required upon the request of the Committee or the officers of the Corporation.
- (b) A quorum shall be a majority of the members of the Committee.
- (c) Effective agendas, with input from Management, shall be circulated to Committee members and relevant Management personnel along with background information on a timely basis prior to the Committee meetings.
- (d) Minutes of each meeting shall be prepared.
- (e) The meetings and proceedings of the Committee shall be governed by the provisions of the by-laws of the Corporation that regulate meetings and proceedings of the Board.
- (f) The Committee may invite such officers, directors and employees of the Corporation, any external advisors or consultants as it may see fit, from time to time, to attend its meetings and take part in the discussion and consideration of the matters being considered by the Committee.

4. Reporting / Authority

- (a) Following each meeting, the Chair will report to the Board and provide a summary of the meeting.
- (b) Copies of the minutes from all meetings, as well as information and supporting schedules reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board or any director upon request to the Chair.
- (c) The Committee shall have the authority to investigate any activity of the Corporation falling within the terms of this Mandate, and may request any employee of the Corporation to cooperate with any request made by the Committee.
- (d) The Committee may retain external persons having special expertise and obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation and approve the terms of retainer and the fees payable to such parties.

5. Duties and Responsibilities

(a) Executive Appointments and Compensation

- (i) Review and, after having received input from the appropriate members of Management, recommend to the Board:
 - (A) appointments of the officers of the Corporation, including through internal promotions and new hires;

- (B) the approval of termination of the employment of, and severance arrangements for, officers;
 - (C) the approval of officers' (other than the Chief Executive Officer of the Corporation ("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) the approval of annual compensation and benefits packages for the employees of the Corporation, employment contracts and other related terms of employment, including the forms of incentive compensation payable; and
 - (E) overall budget salary increases for the Corporation's employees (including officers, other than the CEO of the Corporation), including cash compensation consisting of salary and bonuses, and any grants of securities under the Incentive Plans (as defined below) and the corporate performance goals and objectives relevant to such compensation.
- (ii) Review and recommend 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;
 - (C) overall budget salary increases for the CEO, including cash compensation consisting of salary and bonuses, and any grants of securities under the Incentive Plans (as defined below) and the corporate performance goals and objectives relevant to such compensation.
- (iii) Review competitive market data from third party sources for compensation of directors and review annually in conjunction with the Corporate Governance and Nominating Committee of the Corporation the adequacy and form of directors' compensation to see if it reflects the responsibilities and risks of membership on the Board and its committees and make recommendations relating to the director's compensation.
- (iv) Recommend to the Board the approval of incentive compensation to be paid under previously approved compensation policies, plan and programs.
- (v) Review annually the Corporation's compensation policies and practices and, in conjunction with receiving input from Management:
- (A) consider the risks associated with such policies and practices;

- (B) report any inappropriate or excessive risks that are identified to the Board; and
 - (C) verify, with Management, that compensation policies and practices meet the Corporation's stated corporate performance goals and objectives.
- (vi) Support compliance with regulatory requirements relating to Canadian labour law, and other matters not specifically covered by the mandates of the Corporate Governance and Nominating Committee or the Finance & Audit Committee.
 - (vii) Consider with Management and, if thought fit, endorse the engagement by the Corporation, from time to time, of an independent compensation consultant to advise Management and the Committee (either directly or indirectly via Management) on such human resources and compensation matters as determined by Management and the Committee, which may include:
 - (A) executive compensation best practices and benchmarking;
 - (B) executive compensation program design and the elements of such program;
 - (C) development of peer group recommendations;
 - (D) regulatory changes in respect of executive compensation;
 - (E) proxy advisory services in respect of executive compensation;
 - (F) the Corporation's disclosure of executive compensation required pursuant to and in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* (as amended or replaced from time to time) of the Canadian Securities Administrators; and
 - (G) director compensation benchmarking and best practices.
 - (viii) If an independent compensation consultant is engaged by the Corporation for the purpose of reviewing director compensation, work with such consultant and the Corporate Governance and Nominating Committee to review director compensation and make any applicable recommendations to the Board for changes to such compensation.
 - (ix) As required by the Board from time to time, assist with Management succession planning.
- (b) **Human Resources**
- (i) Review overall human resource policies and procedures including recruitment, performance management, compensation, benefit programs, resignations/terminations, employee relations, corporate culture, training and development, human rights best practices and organizational planning and design, and, as deemed appropriate by the Committee, work with Management with respect to the foregoing.

- (ii) Be responsible for the Corporation having in place programs to train and develop its staff.
- (iii) Be responsible for having objectives in place against which performance of the officers of the Corporation can be measured and assessed.
- (iv) Consider and, if thought fit, approve requests from directors or committees of directors of the engagement of special advisors from time to time in respect of human resources matters.
- (v) Assess the adequacy of, and monitor compliance with, policies of the Corporation which govern employee diversity and inclusion.

(c) **Incentive Plans**

- (i) Recommend to the Board:
 - (A) the approval of the terms of the Stock Option Plan, the Restricted Share Unit Plan, the Deferred Share Unit Plan, the Cash or Share Settled Restricted Share Unit Plan, any other security based compensation plans, and the annual bonus plan, of the Corporation (collectively, "**Incentive Plans**") and any amendments thereto;
 - (B) approval of grants to be awarded under the Incentive Plans;
 - (C) the approval of corporate performance goals, objectives, measures and targets used to calculate annual bonus payments under the annual bonus plan; and
 - (D) the approval of the Payout Multiplier to be applied at the time of vesting of "performance" restricted share units under the Corporation's Restricted Share Unit Plan and Cash or Share Settled Restricted Share Unit Plan.
- (ii) Oversee proper administration of the Incentive Plans by the Corporation.
- (iii) Review annually, the potential future liability and/or dilution to the Corporation of the outstanding grants under the Incentive Plans.
- (iv) Review periodically:
 - (A) the current status of grants awarded under the Incentive Plans and the current and cumulative exercise status and current and cumulative liability status thereof; and
 - (B) external consultant reports in respect of the control systems employed to protect the integrity of the Incentive Plans, including methodology of calculating awards made under the Incentive Plans.

(d) **Disclosure**

- (i) Annually review, and recommend to the Board for approval, the Corporation's disclosure of executive compensation required pursuant to and in accordance

with National Instrument 51-102 – *Continuous Disclosure Obligations* (as amended or replaced from time to time) of the Canadian Securities Administrators and be responsible for overseeing the preparation of such documents to determine that they comply with applicable laws and regulation, including, without limitation, making sure that the Compensation Discussion and Analysis in the Corporation's annual management proxy circular includes, as applicable, disclosure relating to:

- (A) the Committee's consideration of the risks associated with the Corporation's compensation policies and practices; and
- (B) the name of and a summary of the mandate provided to any consultant engaged to assist the Committee in determining compensation for any of the Corporation's officers.

(e) **Performance Assessment**

- (i) Oversee the annual evaluation of the performance of Management as a whole, including its processes and effectiveness.
- (ii) Review annually with the CEO of the Corporation, the performance of the officers of the Corporation.

6. Enterprise Risk Management ("ERM")

- (a) Review and assess the identification and management of ERM matters pertaining to the Committee.

7. Environmental, Social and Governance ("ESG")

- (a) Review the Corporation's annual ESG report and other ESG related disclosures in furtherance of executing on the Committee's duties and responsibilities set forth in this Mandate.

8. Other Duties and Responsibilities

- (a) The responsibilities, practices and duties of the Committee outlined herein are not intended to be comprehensive. The Board may, from time to time, charge the Committee with the responsibility of reviewing items of a compensation disclosure, human resources, or executive development in nature.
- (b) The Committee shall periodically report to the Board the results of reviews undertaken and any associated recommendations.
- (c) The Committee shall take the steps necessary to address and resolve all complaints reported to the Corporation and/or the Committee, as delegated by the Board of Directors, and in accordance with the Corporation's Whistleblower Policy.

9. Compensation and Human Resources Committee Evaluation

Periodically in conjunction with the Corporate Governance and Nominating Committee:

- (a) assess individual Committee member and Chair performance and evaluate the performance of the Committee as a whole, including its processes and effectiveness; and
- (b) develop and approve Committee member eligibility criteria, identify directors qualified to become Committee members and recommend appointments to and removals from the Committee.

10. Mandate Review

Parex' 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 verify that the Committee is achieving its purpose.

Authorization

This Committee Mandate is hereby approved on behalf of the Board this 30th day of October, 2009 as amended on November 9, 2011, November 13, 2013, November 2, 2015, October 4, 2017, February 7, 2019, February 4, 2021 and August 3, 2022.

Lisa Colnett
Chair of the Human Resources and Compensation Committee
Parex Resources Inc.

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