

PAREX RESOURCES INC.

TERMS OF REFERENCE FOR THE LEAD DIRECTOR

I. INTRODUCTION

The Chair of the Board (the "**Chair**") along with the Board of Directors (the "**Board**"), assumes responsibility for the stewardship of Parex Resources Inc. (the "**Corporation**"). The Board may appoint an independent Director as Lead Director (the "**Lead Director**") if the Chair is not independent, as determined by the Board pursuant to applicable Canadian securities laws and policies. The Lead Director shall provide an independent perspective to the Board and independent advice to the Chair in support of the Chair managing the affairs of the Board. The Lead Director will also assist and support the Chair in setting the "tone" for the Board so as to foster ethical and responsible decision making, appropriate oversight of management and best practices in corporate governance.

II. QUALIFICATIONS

To serve as Lead Director, a director must qualify under Section 105 of the *Business Corporations Act* (Alberta) and must be an independent director as determined by the Board pursuant to applicable Canadian securities law and policies. As such, the Lead Director shall be free of any interest or business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation.

III. DUTIES AND RESPONSIBILITIES

The Lead Director's duties, responsibilities and obligations include, but are not limited, to the following. The Lead Director shall:

- A. Work closely with, and in an advisory capacity to, the Chair to provide the Board with an independent perspective pertaining to its oversight activities; and shall aid and assist the Chair in managing the affairs of the Board, including being satisfied that the Board is organized properly, functions effectively and independently of management and meets its obligations and responsibilities relating to corporate governance matters.
- B. In conjunction with the Chair, be satisfied that the responsibilities of the Board are effectively carried out in compliance with the Board's mandate and that the functions of the Board delegated to the committees of the Board are effectively carried out and reported to the Board.
- C. Consult with the independent Directors and represent such Directors in discussions with management and non-independent Directors on corporate governance and other matters, and be satisfied that the questions and comments of independent Directors are heard and addressed.
- D. Act as a liaison between the Chair and independent Directors on sensitive issues and review with the Chair items of particular importance for consideration by the Board.
- E. In conjunction with the Chair as appropriate, review conflict of interest issues with respect to members of the Board as they arise.
- F. Ensure that independent Directors have the opportunity, at each regularly scheduled Board meeting, to meet separately without non-independent Directors and management personnel

present; shall chair such in-camera sessions, taking reasonable measures to promote discussion and allow for the effective review of the issues submitted to independent directors; and meet with the non-independent Chair and the President and Chief Executive Officer of the Corporation ("**President and CEO**") to discuss the results of any such in-camera portions of Board meetings.

- G. Recommend, where necessary, the holding of special meetings of the Board, including of independent directors only, and review with the non-independent Chair and the President and CEO the determinations of such meetings.
- H. Act as Deputy Chair, in the absence of the Chair or when there is a conflict or potential conflict involving the Chair, of Board meetings; and in such role provide overall leadership to enhance the effectiveness of the Board, encourage open questions and discussion, promote a spirit of collegiality, and foster ethical and responsible decision making and a healthy governance culture.
- I. With the Chair and the Chair of the Compensation & Human Resources Committee (the "**Compensation Committee**") of the Board, actively participate in and oversee the administration of the annual evaluation of performance and effectiveness of the Board, Board Committees and Committee Chairs, other than that of the Lead Director. In conjunction with the Chair and the relevant committees of the Board, review and assess Director attendance, compensation and size, Board and Committee composition and effectiveness and make recommendations to the Board for consideration.
- J. In conjunction with the Chair, support the recruitment and orientation of new, and the continued education of incumbent, Directors.
- K. Take reasonable steps to be satisfied that an annual performance evaluation of the Board Chair is conducted, soliciting input from all Directors and appropriate members of Management.
- L. Once or more annually, as the Compensation Committee decides, ensure that this Position Description is fully evaluated and updates recommended to the Board for consideration.