

**Parex Resources Inc.**  
**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**") in the exercise of its duties. By virtue of approving this Mandate, the Board affirms its ongoing responsibility for the stewardship of Parex Resources Inc. (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**"), 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:
  - (i) To manage or supervise the business and affairs of the Corporation.
  - (ii) To act honestly and in good faith with a view to the best interests of the Corporation.
  - (iii) 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 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:
  - (i) Appoint 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.
  - (ii) Selecting the Chair for each meeting of the Board, or an acting Chair, if the Chair is absent from the meeting.
  - (iii) Recruiting strong independent directors.
  - (iv) Nominating candidates for election to the Board.
  - (v) Review 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 Chairman of the Board following:
  - (i) Change in personal circumstances which would reasonably interfere with the ability to serve as a director.

- (ii) Change in personal circumstances which would reasonably reflect poorly on the Corporation (for example, conviction under the *Criminal Code* or securities legislation).
- (iii) 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**

- (a) The Board shall, prior to nominating any directors on behalf of the Corporation:
  - (i) Consider what competencies and skills the Board, as a whole, should possess; and
  - (ii) 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:

- (i) 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.
- (ii) Be responsible for plans being made for Management succession and development, including in respect of the CEO.
- (iii) 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:

- (i) 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.
- (ii) Establish a formal process for determining officers' compensation, in part, by using established criteria and objectives for measuring performance.
- (iii) 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:

- (i) Oversee the development and approval of the mission of the Corporation.
- (ii) Review, with Management, and approve the strategic plan for the Corporation and update such strategic plan at least annually.
- (iii) 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.
- (iv) Approve the establishment of credit facilities and borrowings.

- (v) Approve issuances of additional shares or other securities.
- (vi) Approve the repurchase of common shares in accordance with applicable securities laws.
- (vii) Consider ESG (as defined below)-related issues, including as identified by Board committees, ESG 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.
- (viii) 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.
- (ix) Be responsible for congruence between the strategic plan, stakeholder expectations and Management's performance.
- (x) 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:

- (i) In collaboration with the Board committees, the ESG 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**").
- (ii) In collaboration with the Board committees, the ESG 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**").
- (iii) 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.
- (iv) In collaboration with the Board committees, the ESG 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.

- (v) Together with the Board committees, the ESG 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.
- (vi) 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.
- (vii) 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:

- (i) 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.
- (ii) Review at least annually, the Corporation's property portfolio management strategy and complete a quarterly review of any major projects, as applicable.
- (iii) Review the Corporation's exploration plans, results versus expectations and material exploration efforts.

(f) **Policies and Procedures**

The Board has the responsibility to:

- (i) Approve and monitor compliance with all significant policies and procedures which govern the Corporation's operations.
- (ii) 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:

- (i) Monitor the Corporation's progress towards its goals and objectives, and to revise and alter its direction through Management in light of changing circumstances.
- (ii) Approve the Corporation's payment of dividends.
- (iii) Direct Management to ensure systems are in place for the implementation and integrity of the Corporation's internal control and management information systems.

- (iv) 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.
  - (v) Implement adequate measures for receiving feedback from the Corporation's stakeholders.
- (h) **Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- (i) Oversee that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis.
- (ii) Oversee that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles.
- (iii) 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.
- (iv) 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.
- (v) Report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).
- (vi) Oversee that the Corporation has in place a policy to enable the Corporation to communicate effectively with its shareholders and the public generally.
- (vii) 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 Chairman.
- (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 Chairman

of the Board, and if the Chairman is not independent, the independent directors will also meet in camera under the leadership of the Lead Director without the Chairman present.

**12. Mandate Review**

Parex' Corporate Governance and Nominating Committee will review this Mandate annually, 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 of Directors of Parex Resources Inc. this 30th day of October, 2009 as amended November 9, 2011, November 13, 2013, October 4, 2017, February 7, 2019, and February 4, 2021.

          "Wayne Foo"            
Wayne Foo  
Chairman of the Board of Directors  
Parex Resources Inc.