



2024 **Notice of Annual General & Special Meeting & Management Proxy Circular**

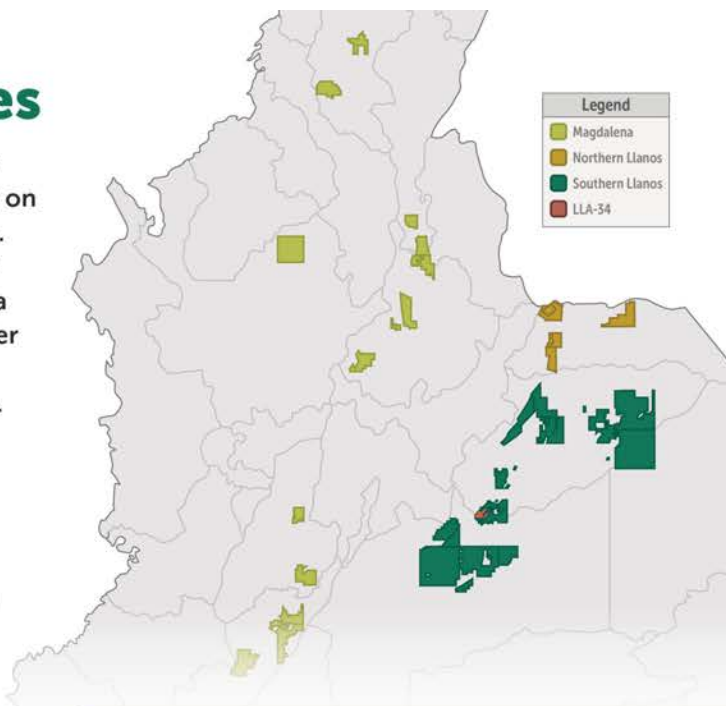
Annual General & Special Meeting

May 9, 2024

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 enhancing capital efficiency. As the largest independent land holder in Colombia, we are developing sustainable assets, while providing exposure to high-impact exploration targets.¹



2023 Operating & Financial Highlights

54,356 boe/d record average production ²	US\$668 million Funds flow provided by operations ³
12% production per share growth ⁴	US\$224 million returned to shareholders ⁴
C\$1.50 per share annualized dividend ⁴	5.6 million shares repurchased

2023 ESG Highlights

<p>GHG emissions 39% reduction in intensity since 2019</p>	<p>Environment Avoided ~5,300 tCO₂e through Cabrestero electricity grid connection; now supplying ~17% of the field's energy demand</p>
<p>Strong 85% participation in Employee Engagement Survey</p>	<p>Work for Taxes Granted ~US\$33 million to deliver five community projects by 2026</p>
<p>Over 40% of directors identify as diverse⁵</p>	<p>50% of Board Committee chairs are female</p>

Business Fundamentals

<p>Leverage Colombia advantage & ESG performance</p>	<p>Drive Safe & sustainable operations</p>	<p>Strategic Transformational upside</p>	<p>Deliver Return of capital</p>
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¹Parex Resources is the largest independent land holder in Colombia when compared against independent Colombian oil and gas producers.
²For the year ended December 31, 2023 (Light & medium crude oil: 8,417 bbl/d, heavy crude oil: 45,163 bbl/d, conventional natural gas: 4,656 mcf/d).
³Capital 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.
⁴Supplementary financial measure. Please see "Advisories – Non-GAAP and other Financial Measures Advisory" for the composition of such measure.
⁵Directors self-identified as diverse based on either ethnic, gender and/or racial background.

Board Chair's Message

On behalf of the Board of Directors (the "Board") and Management team of Parex Resources ("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 9, 2024, at 11:00 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/MFWYXAV>. The accompanying Management Information Circular includes important information about the meeting and how to vote.

Throughout Parex's history, the Company has prided itself on effectively navigating the Colombian political environment by building relationships with stakeholders and reinforcing the shared benefits derived from resource development. In 2023, Management effectively navigated some significant complexities, illustrating the team's adaptability and resilience, which is a key differentiator in enabling growth and success for the Company.

Diversifying the portfolio into new, operated blocks is a core element for enabling the Company to deliver on its growth strategy. 2023 marked a year of great progress in this regard, with the Company commencing operations at the Arauca block, spudding its first two wells and delivering a discovery at Arauca-8. This notable accomplishment took extensive collaboration with community stakeholders and government, and represents the first time since the 1980s that an operator has successfully worked in the region. With activity planned for 2024 and beyond, the Company is eager to continue growing its operations in the region.

Building on investments made in 2022, Management continued to strategically import and apply proven technology to enhance operational efficiency, mitigate decline rates and improve recovery factors. In 2023, the team delivered strong well performance from its horizontal program, initiated the Company's first polymer flood pilot and continued to achieve results through waterflood application.

Combined, this activity allowed Parex to continue the delivery of competitive shareholder returns during the year. In 2023, the Company returned US\$119 million or C\$1.50 per share to shareholders through dividends, and US\$105 million of share buybacks, achieving a 34%⁽¹⁾ return on funds flow provided by operations. Notably, in February of 2023, the Board approved a 50% increase to its regular quarterly dividend, originally introduced in 2021, to C\$0.375 per share from C\$0.25 per share for the fourth quarter of 2022, demonstrating its confidence in the long-term sustainability of the business.

The Company also progressed its leadership in environmental, social and governance ("ESG") performance, gaining external recognition from Morningstar Sustainalytics, who listed Parex on its 2023 ESG Industry Top Rated list, and Morgan Stanley Capital International ("MSCI"), who maintained the Company's "AA" rating. As part of the Company's ESG journey, this year Parex's directors voluntarily self-disclosed their ethnic and racial identity. When combined with gender diversity, 40% of the Parex Board identifies as diverse (i.e. gender, racial and/or ethnicity).

As I mentioned, creating shared benefits is foundational to Parex. I am pleased to note that in 2023, the Company made meaningful social investments of approximately US\$21.5 million through a combination of direct community investment as well as execution under Colombia's Work for Taxes Program, where Parex's investments are helping support infrastructure development in the local community.

In closing, I want to recognize changes that occurred at the Board and Executive level during the year. With succession in mind, Glenn McNamara has taken on the role of Vice Chair and Lead Director. I want to thank Bob Engbloom for his valuable counsel and contributions over the past seven years in the role of Lead Director. After 15 years helping build the Company's financial strength, Ken Pinsky retired as Chief Financial Officer, and I speak for the Board and Management team in thanking him for his dedication and service. In October 2023, following a thorough search, Parex welcomed Sanjay Bishnoi as the Company's new CFO; I am confident that with his expertise in strategy, corporate finance, and leadership, he will be a strong asset to the Parex team.

On behalf of the Board and Management team, I would like to thank all of our stakeholders for your continued support and confidence.

Yours Truly,



"Wayne Foo"

Wayne Foo
Chair of the Board of Directors

Note:

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

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Date & Time:	May 9, 2024 at 11:00 a.m. (MST)
Place:	The Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1
Record Date:	March 21, 2024

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 9, 2024 at 11:00 a.m. (MST) for the following purposes:

1. to receive and consider the financial statements of the Company for the year ended December 31, 2023, 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 re-approving the Company's amended and restated shareholder protection rights plan agreement, as more particularly described in the management information circular of the Company dated March 25, 2024 (the "**Information Circular**");
6. to consider and, if deemed advisable, to pass, an ordinary resolution ratifying the new restricted share unit plan (longer duration) of the Company and ratifying the previous grant of 143,031 restricted share units ("**RSUs**") and 190,522 performance RSUs pursuant to such plan, as more particularly described in the Information Circular;
7. 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
8. 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 21, 2024 (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. Participation at virtual Shareholder meetings enables 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, we are happy to offer a hybrid meeting for 2024. 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.

The in-person Meeting for this year 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/MFWYXAV>. 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:

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

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 25th day of March, 2024
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 9, 2024

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/MFWYXAV> on May 9, 2024 at 11:00 a.m. (MST), 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 21, 2024 (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 March 25, 2024. **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. 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, we are happy to offer a hybrid meeting for 2024. 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.

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 (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 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.

For any assistance, Shareholders may contact Kingsdale Advisors, by telephone at 1-855-476-6890 (toll-free in North America) or 1-437-561-5026 (text and call enabled outside North America), or by email at contactus@kingsdaleadvisors.com.

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 11:00 a.m. (MST) on May 7, 2024 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 11:00 a.m. (MST) on May 7, 2024 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 before 11:00 a.m. (MST) on May 7, 2024 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 a hybrid format meeting, 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/MFWYXAV> 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.

Beneficial Shareholders are asked to consider signing up for electronic delivery ("E-delivery") of the Meeting materials. E-delivery has become a convenient way to make distribution of materials more efficient and is an environmentally responsible alternative by eliminating the use of printed paper and the carbon footprint of the associated mail delivery process. Signing up is quick and easy, go to www.proxyvote.com and sign in with your control number, vote for the resolutions being considered at the Meeting and following your vote confirmation, you will be able to select the electronic delivery box and provide an email address. Having registered for electronic delivery, going forward you will receive your Meeting materials by email and will be able to vote on your device by simply following a link in the email sent by your financial intermediary, provided your intermediary supports this service.

(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 prior to 11:00 a.m. (MST) on May 7, 2024 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*").

Beneficial Shareholders who do not object to their name being made known to the Company may be contacted by Kingsdale to assist in conveniently voting their Parex Common Shares directly by telephone. Parex may also utilize the Broadridge QuickVote™ service to assist such Shareholders with voting their Parex Common Shares.

(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 before 11:00 a.m. (MST) on May 7, 2024 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.

For assistance, Shareholders may contact Kingsdale Advisors, by telephone at 1-855-476-6890 (toll-free in North America) or 1-437-561-5026 (text and call enabled outside North America), or by email at contactus@kingsdaleadvisors.com.

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/MFWYXAV> 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.

Parex has retained Kingsdale Advisors to provide a broad array of strategic advisory, governance, strategic communications, digital and investor campaign services on a global retainer basis in addition to certain fees accrued during the life of the engagement upon the discretion and direction of Parex.

Shareholders may contact Kingsdale Advisors, by telephone at 1-855-476-6890 (toll-free in North America) or 1-437-561-5026 (text and call enabled outside North America), or by email at contactus@kingsdaleadvisors.com.

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. 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.

The Company will answer written questions submitted during the Meeting through <https://meetnow.global/MFWYXAV> (using the control number included on the form of proxy for Shareholders participating virtually. Only Shareholders and duly appointed proxyholders may submit questions at the Meeting. Guests will not be able to submit questions at the Meeting. It is recommended that Shareholders and duly appointed proxyholders attending the Meeting virtually submit their questions as soon as possible during the Meeting so that they can be addressed at the appropriate time.

Questions related to the matters of business will be addressed at the time such matter is being discussed. Other questions will be addressed during the question and answer period after the business of the Meeting has been completed. Questions on the same topic or otherwise substantially similar may be grouped, summarized and addressed at the same time to avoid repetition. The Chair of the Meeting reserves the right to edit questions or to reject questions that are inappropriate. Any questions pertinent to the Meeting that cannot be answered during the Meeting due to time constraints will be posted and answered on Parex's website. Questions and answers will be available as soon as practicable after the Meeting and will remain available until one week after posting.

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 some of these 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 ("**bbbl**") 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 - *Non-GAAP and Other Financial Measures Disclosure*). 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, 2023 and 2022 dated February 29, 2024 ("**MD&A**") under "Non-GAAP and Other Financial Measures Advisory", which is available at the Company's website at www.parexresources.com and on the Company's profile on SEDAR+ at www.sedarplus.ca 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.

Return on funds flow provided by operations is comprised of dividends declared and Common Shares repurchased during the period, divided by funds flow provided by operations.

Total shareholder return or total return is a supplementary financial measure that is comprised of dividends declared and Common Shares repurchased during the period.

Production per share is a supplementary financial measure comprised of the Company's total oil and natural gas production volumes divided by the weighted average number of basic shares outstanding, whereby per share amounts are calculated using weighted-average shares outstanding, consistent with the calculation of earnings per share. Growth is determined in comparison to the comparative 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 29, 2024 and effective December 31, 2023 and an evaluation prepared by GLJ dated February 2, 2023 and effective December 31, 2022. 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, 2023 reserves presented are based on GLJ's forecast pricing effective January 1, 2024 and all December 31, 2022 reserves presented are based on GLJ's forecast pricing effective January 1, 2023.

"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; Parex's growth strategy of diversifying its portfolio into new, operated blocks; Parex's expectations that it will continue to grow its operations in Colombia; that Parex will continue to deliver on its track record of strong returns of capital; 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 2023 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; the anticipated benefits to be derived from Parex's cybersecurity program; Parex's expectations of near-term growth and upside potential in Arauca; Parex's focus on high grading its portfolio and delivering meaningful exploitation and exploration volumes; the anticipated changes to Parex's compensation design in 2024 and the anticipated benefits to be derived therefrom; the anticipated benefits to be derived from Parex's agreements with local communities; the anticipated benefits to be derived from Parex's interactions with its Shareholders; the anticipated benefits to be derived from Parex's refined leadership program; 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 may diversify its portfolio into new, operated areas; the risk that Parex may not grow its operations in Colombia; the risk that Parex's cybersecurity program may not mitigate cybersecurity risks, 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 2023 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 may not realize near-term growth in Arauca; the risk that Parex may not high grade its portfolio or deliver meaningful exploitation and exploration volumes; the risk that Parex's 2024 compensation design may not lead to the benefits anticipated; the risk that the Board may not declare dividends in the future or that Parex's dividend policy changes; the risk that Parex's interactions with Shareholders may not align the interests of Shareholders with the interests of the Board and management team; the risk that Parex's refined leadership team program may not enhance capability and skill building; 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 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: 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.

Information Regarding Public Issuer Counterparties

Certain information contained in this Circular relating to the Company's public issuer counterparties or public issuers forming part of the peer group and the nature of their respective businesses is taken from and based solely upon information published by such issuers. The Company has not independently verified the accuracy or completeness of any such information.

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 21, 2024, the Record Date of the Meeting, there were 102,973,986 Common Shares issued and outstanding.

As at March 25, 2024, there were 102,933,986 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 21, 2024.

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 *Business Corporations Act* (Alberta) ("**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, 2023 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. 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	G.R. (Bob) MacDougall
Lisa Colnett	Glenn McNamara
Sigmund Cornelius	Imad Mohsen
Robert Engbloom	Carmen Sylvain
Wayne Foo	

2023 Voting Results

Motions	Outcome of Vote	Votes For		Against/Withheld	
		Number	Percentage	Number	Percentage
Fixing the number of directors at nine (9)	Approved	79,976,705	99.98	17,281	0.02
Election of the following nominees as directors:					
Lynn Azar	Elected	79,107,498	98.89	886,488	1.11
Lisa Colnett	Elected	78,853,969	98.57	1,140,017	1.43
Sigmund Cornelius	Elected	69,050,586	86.32	10,943,400	13.68
Robert Engbloom	Elected	78,542,553	98.19	1,451,433	1.81
Wayne Foo	Elected	76,505,501	95.64	3,488,485	4.36
G. R. (Bob) MacDougall	Elected	79,117,266	98.90	876,720	1.10
Glenn McNamara	Elected	79,302,225	99.14	691,761	0.86
Imad Mohsen	Elected	79,733,018	99.67	260,968	0.33
Carmen Sylvain	Elected	78,991,360	98.75	1,002,626	1.25
Appointment of Auditors	Approved	66,067,033	82.59	13,926,953	17.41
Approval of unallocated options	Approved	71,148,449	88.94	8,845,537	11.06
Advisory vote on executive compensation	Approved	75,937,792	94.93	4,056,194	5.07

Board of Directors At-a-Glance

Director Nominees



Wayne Foo
Chair of the Board



Glenn McNamara
Vice Chair & Lead Director
Committee: ●●



Lynn Azar
Committee: ●●



Lisa Colnett
Committee: ●●



Sigmund Cornelius
Committee: ●●



Robert Engbloom
Committee: ●



G.R. (Bob) MacDougall
Committee: ●●



Imad Mohsen
President & Chief
Executive Officer



Carmen Sylvain
Committee: ●●

Committees

Finance & Audit Committee

Key responsibilities:
Financial & enterprise risk cybersecurity
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 & Reserves Committee

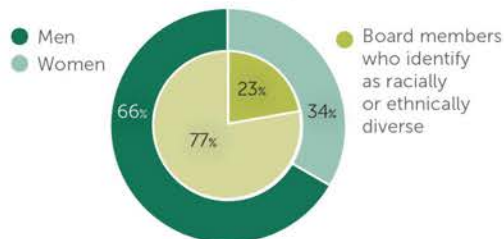
Key responsibilities:
Oil & gas reserves
Disclosure, safety & operational performance
ESG (GHG emissions management)

Board Diversity

Age



Diversity



Tenure



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: 44 | **Residence:** The Hague, Netherlands | **Director since:** July 13, 2022⁽¹⁾ | Independent

Parex Board and Committees:

Board of Directors
Finance and Audit
HSE and Reserves

Meeting Attendance:

9/9 Board of Directors (100%)
5/5 Finance and Audit (100%)
2/2 HSE and Reserves (100%)⁽⁵⁾

Key Experience and/or Expertise

- Financial Experience
- Financial Literacy
- International Operations

Other Public Boards

None

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.

Annual General Meeting Voting Results		Share Ownership Requirement ⁽⁶⁾		
Year	% of votes For	Target Level (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	—	\$292,500	0 times	Comply
2023	98.89	\$390,000	0.6 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	841	\$ 20,983	—	\$ —
Options	—	\$ —	—	\$ —
DSUs	4,924	\$ 122,854	2,092	\$ 42,154
CosRSUs	4,056	\$ 101,197	2,092	\$ 42,154
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 245,034		\$ 84,308



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: 66 | **Residence:** Ontario, Canada | **Director since:** May 12, 2015⁽¹⁾ | Independent

Parex Board and Committees:

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

Meeting Attendance:

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

Key Experience and/or Expertise

- International Operations
- Risk Management
- Corporate Governance
- Human Resources
- Strategy

Other Public Boards:

Parkland Corporation
Northland Power Inc.

Ms. Colnett is currently a Director at 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 at Northland Power Inc., 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 (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	99.21	\$360,000	3.3 times	Comply
2023	98.57	\$480,000	3.3 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	4,457	\$ 111,202	4,457	\$ 89,809
Options	—	\$ —	—	\$ —
DSUs	54,425	\$ 1,357,904	49,063	\$ 988,619
CosRSUs	5,093	\$ 127,070	5,385	\$ 108,508
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 1,596,176		\$ 1,186,936



Mr. Cornelius brings over 40 years of financial and strategic leadership experience in the energy industry to Parex. He currently serves as Chair of the Finance and Audit Committee for Parex and has previously served on numerous public and privately held companies.

Sigmund Cornelius

Age: 69 | Residence: Texas, USA | Director since: May 14, 2020⁽¹⁾ | Independent

Parex Board and Committees:

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

Meeting Attendance:

9/9 Board of Directors (100%)
5/5 Finance and Audit (100%)
2/2 HSE and Reserves (100%)⁽⁵⁾

Key Experience and/or Expertise

- Financial Literacy
- Financial Experience
- Capital Markets

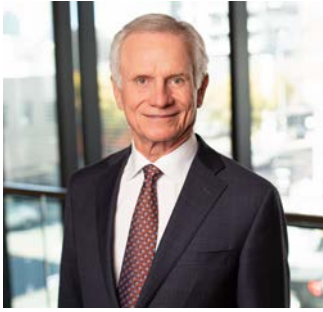
Other Public Boards:

None

Mr. Cornelius joined the Parex Board of Directors in 2020 and serves as Chair of the Finance and Audit Committee and is a member of the HSE and Reserves Committee. Mr. Cornelius brings over 40 years of leadership in finance and strategic management to the Board. Most recently he was President of Freeport LNG Development L.P., a company based in Houston, Texas and from 1980 to 2010, he held various senior leadership 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 Phillips Chemical Co.

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	% of votes For	Target Level (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	96.56	\$382,500	2.0 times	Comply
2023	86.32	\$510,000	2.1 times	Comply

	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Securities Held				
Common Shares	25,416	\$ 634,129	21,410	\$ 431,412
Options	—	\$ —	—	\$ —
DSUs	20,564	\$ 513,072	14,994	\$ 302,129
CosRSUs	—	\$ —	1,463	\$ 29,479
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 1,147,201		\$ 763,020



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: 74 | Residence: Alberta, Canada | Director since: September 29, 2009⁽¹⁾ | Independent

Parex Board and Committees:

Board of Directors
Corporate Governance & Nominating

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
- Human Resources

Other Public Boards:

None

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. From March, 1999 to October, 2023, Mr. Engbloom held various positions as Senior Partner, Deputy Chair and Counsel, with Norton Rose Fulbright Canada LLP, or it's predecessor firms. Norton Rose Fulbright Canada LLP is a national law firm in Canada and a member of the global Norton Rose Fulbright Group.

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	% of votes For	Target Level (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	80.64	\$427,500	4.5 times	Comply
2023	98.19	\$390,000	5.8 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	30,000	\$ 748,500	40,000	\$ 806,000
Options	—	\$ —	—	\$ —
DSUs	58,739	\$ 1,465,538	52,950	\$ 1,066,943
CosRSUs	2,505	\$ 62,500	1,644	\$ 33,127
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 2,276,538		\$ 1,906,070



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: 67 | Residence: Alberta, Canada | Director since: August 28, 2009⁽¹⁾ | 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
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Literacy

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 (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	99.27	\$495,000	62.0 times	Comply
2023	95.64	\$690,000	54.4 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	1,459,479	\$ 36,414,001	1,479,479	\$ 29,811,502
Options	—	\$ —	—	\$ —
DSUs	37,696	\$ 940,515	32,961	\$ 664,164
CosRSUs	6,041	\$ 150,723	7,423	\$ 149,573
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 37,505,239		\$ 30,625,239



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: 60 | **Residence:** Alberta, Canada | **Director since:** October 4, 2016⁽¹⁾ | Independent

Parex Board and Committees:

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

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
- Government Relations
- Human Resources
- Corporate Governance
- ESG / Sustainability

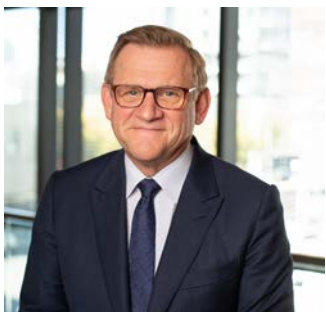
Other Public Boards:

None

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 (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	96.57	\$360,000	3.8 times	Comply
2023	98.90	\$480,000	3.8 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	26,460	\$ 660,177	26,460	\$ 533,169
Options	—	\$ —	—	\$ —
DSUs	46,437	\$ 1,158,603	39,357	\$ 793,044
CosRSUs	—	\$ —	1,463	\$ 29,479
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 1,818,780		\$ 1,355,692



Mr. McNamara brings significant industry and leadership experience to Parex, having led numerous oil and gas companies throughout his career. Mr. McNamara is currently the Vice Chair and Lead Director of the Board of Directors at Parex.

Glenn McNamara

Age: 71 | **Residence:** Alberta, Canada | **Director since:** October 4, 2016⁽¹⁾ | Independent

Parex Board and Committees:

Board of Directors (Vice Chair & Lead Director)
Human Resources and Compensation
Corporate Governance & Nominating

Other Public Boards:

Whitecap Resources Inc.
PrairieSky Royalty Ltd.

Meeting Attendance:

8/9 Board of Directors (89%)
4/4 Human Resources and Compensation (100%)
2/2 HSE and Reserves (100%)⁽⁷⁾
3/3 Corporate Governance & Nominating (100%)⁽⁷⁾

Key Experience and/or Expertise

- General Oil and Gas Industry
- Health, Safety and Environment
- International Operations
- Mergers and Acquisitions
- Strategy

Mr. McNamara joined the Parex Board of Directors in 2016, and is currently the Board's Vice Chair and Lead Director. Prior to retirement in 2023, Mr. McNamara was 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 boards of Whitecap Resources Inc., and PrairieSky Royalty Ltd., 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 (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	99.85	\$292,500	3.0 times	Comply
2023	99.14	\$600,000	2.2 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	9,061	\$ 226,072	5,735	\$ 115,560
Options	—	\$ —	—	\$ —
DSUs	38,481	\$ 960,101	34,050	\$ 686,108
CosRSUs	5,093	\$ 127,070	5,695	\$ 114,754
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 1,313,243		\$ 916,422



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: 50 | **Residence:** Alberta, Canada | **Director since:** February 4, 2021⁽¹⁾ | 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
- Government Relations
- Mergers and Acquisitions
- Strategy
- 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.

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 NOGEPA (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 (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	99.62	\$2,600,000	1.4 times	Comply
2023	99.67	\$3,375,000	1.8 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	27,717	\$ 691,539	22,529	\$ 453,959
Options	94,372	\$ 187,145	59,364	\$ —
DSUs	—	\$ —	—	\$ —
CosRSUs	66,660	\$ 1,663,167	61,712	\$ 1,243,497
CosPSUs	173,510	\$ 4,329,075	97,617	\$ 1,966,983
Total:		\$ 6,870,926		\$ 3,664,439



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

Carmen Sylvain

Age: 63 | **Residence:** Quebec, Canada | **Director since:** July 7, 2017⁽¹⁾ | Independent

Parex Board and Committees:

Board of Directors
Corporate Governance and Nominating (Chair)
Human Resources and Compensation

Meeting Attendance:

9/9 Board of Directors (100%)
5/5 Corporate Governance and Nominating (100%)
4/4 Human Resources and Compensation (100%)

Key Experience and/or Expertise

- Risk Management
- Strategy
- Government Relations
- Corporate Governance
- Geopolitical

Other Public Boards:

None

Ms. Sylvain is a former Canadian Ambassador and Assistant Deputy Minister with 30 years of combined experience in foreign affairs, international trade and investment. She was Canada's 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, the (DCRO) Qualified Risk Directors Program and the (DCRO Certificate in Cyber Risk Governance).

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	% of votes For	Target Level (\$) ⁽⁴⁾	Current holding as multiple of Target	Status
2022	96.28	\$292,500	2.0 times	Comply
2023	98.75	\$480,000	2.1 times	Comply

Securities Held	2023		2022	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	7,470	\$ 186,377	3,194	\$ 64,359
Options	—	\$ —	—	\$ —
DSUs	31,076	\$ 775,346	24,893	\$ 501,594
CosRSUs	2,773	\$ 69,186	5,842	\$ 117,716
CosPSUs	—	\$ —	—	\$ —
Total:		\$ 1,030,909		\$ 683,669

- Notes:
- (1) Parex's 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 2023 is the number of Common Shares held by each nominee as of December 31, 2023 multiplied by the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95. 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, 2023 of \$24.95 and the exercise price of the Options multiplied by the number of Common Shares issuable on exercise of such Options as of December 31, 2023. 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 2023 is the number of DSUs held by each nominee as of December 31, 2023 multiplied by the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95. The value of CosRSUs and CosPSUs for 2023 is the number of CosRSUs and CosPSUs held by each nominee as of December 31, 2023 multiplied by the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95. The value of CosPSUs assumes a payout multiplier of 1x.
 - (3) 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, 2023. 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 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 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.

- (4) Target Level is determined by multiplying the director's base annual retainer as a Board member and committee chair by 6.0 times at December 31, 2023 and 4.5 times at December 31, 2022, pursuant to the share ownership policy. The qualifying value for independent directors will be calculated using any mix of Common Shares, deferred share units, and unvested CosRSUs. Refer to "Share Ownership Policy" in this Information Circular for the named executive officer share ownership requirement for Mr. Mohsen.
- (5) Ms. Azar, and Mr. Cornelius joined the HSE and Reserves Committee following the May 11, 2023 Parex Shareholder meeting and attended 100% of the HSE and Reserve 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.
- (7) Mr. McNamara transitioned from the HSE and Reserves Committee to the Governance and Nominating Committee following the May 11, 2023 Parex Shareholder meeting, and as a result he attended 100% of meetings for the HSE and Reserves Committee prior to the May 11, 2023, Parex Shareholder meeting and 100% of the Governance and Nominating Committee meetings following the May 11, 2023 Parex Shareholder meeting. On November 7, 2023, Mr. McNamara became Vice Chair and Lead Director, replacing Bob Engbloom who had held the role of Lead Director since 2017.

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 March 25, 2024, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 1,850,811 Common Shares constituting approximately 1.8% 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.

In 2021, the Company engaged PricewaterhouseCoopers LLP to assist with a one-time human resource information system implementation 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 2022 and 2023. This one-time human resource information system implementation engagement was subject to a competitive tender process and was awarded to PricewaterhouseCoopers LLP based on their unique qualifications and experience. In 2023, non-audit fees were reduced as PricewaterhouseCoopers LLP completed this engagement in early 2023 and the Company engaged another provider.

Nature of Services	Fees Paid to Auditor in the Year Ended December 31, 2023	Fees Paid to Auditor in the Year Ended December 31, 2022
Audit Fees ⁽¹⁾	\$608,264	\$501,917
Audit-Related Fees ⁽²⁾	—	—
Tax Fees - Compliance ⁽³⁾	\$77,921	\$152,684
Tax Fees - Consulting ⁽⁴⁾	\$94,039	\$166,373
All Other Fees ⁽⁵⁾	\$99,822	\$424,583
Total	<u>\$880,046</u>	<u>\$1,245,557</u>

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 LLP to assist with a one-time human resource information system implementation, which was 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 2022 and 2023. This one-time human resource information system implementation engagement was subject to a competitive tender process and was awarded to PricewaterhouseCoopers LLP based on their unique qualifications and experience. In 2023, non-audit fees were reduced as PricewaterhouseCoopers LLP completed their engagement for the one-time human resource information 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, 2023, an electronic copy of which is available on the Company's SEDAR+ profile at www.sedarplus.ca

Approval of Shareholder Rights Plan

General

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to re-approve the amended and restated shareholder protection rights plan agreement of Parex (the "**Rights Plan**"), which was approved by the Shareholders on May 9, 2018 and reconfirmed by the Shareholders at the annual Shareholder meeting held in 2021. If the Rights Plan is approved at the Meeting, such Rights Plan will be effective until the close of business of the annual general meeting of shareholders of Parex held in 2027, unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms. If the Rights Plan is not approved at the Meeting, the Rights Plan will expire at the close of business on the date of the Meeting (unless it is earlier terminated in accordance with its terms).

Summary of Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified by and is subject to the full terms and conditions of the Rights Plan, a copy of which is attached to this Information Circular as Appendix "C". Except as otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Rights Plan.

Objectives of the Rights Plan

The fundamental objectives of the Rights Plan are to provide adequate time for Parex' directors and shareholders to assess an unsolicited take-over bid for Parex, to provide the directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid. The Rights Plan also prevents "creeping bids" (the accumulation of 20% or more of the Common Shares through purchases exempt from Canadian take-over bid rules) and prevents a potential acquirer from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a "Permitted Bid" (described below), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the directors of Parex. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the directors, the Rights Plan provides that holders of Common Shares, other than the acquirer, will be able to purchase additional Common Shares at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings.

It is not the intention of the directors in recommending the confirmation and ratification of the Rights Plan to either secure the continuance of the directors or management of Parex or to preclude a take-over bid for control of Parex. The Rights Plan provides that shareholders could tender to take-over bids as long as they meet the Permitted Bid criteria. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the directors are always bound by their fiduciary duty to consider any take-over bid for Parex and consider whether or not they should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the directors will be obligated to act honestly and in good faith and in the best interests of Parex and the shareholders.

The continuation of the existing outstanding Rights and the issuance of additional Rights in the future will not in any way alter the financial condition of Parex, impede its business plans, or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a "Flip-in Event" (described below) occurs and the Rights separate from the Common Shares as described below, reported earnings per Common Share and reported cash flow per Common Share on a fully-diluted or non-diluted basis may be affected. In addition, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

Issue of Rights

Pursuant to the Rights Plan, one right ("**Right**") is issued and attached to each outstanding Common Share of Parex, any other securities or voting interests of Parex entitled to vote generally in the election of directors, and any securities convertible, exercisable or exchangeable into Common Shares. One Right will also be issued and attach to each Common Share issued hereafter, subject to the limitations set forth in the Rights Plan.

Acquiring Person

Transactions that are exempt from the operation of the Rights Plan include those whereby any person becomes the beneficial owner of 20% or more of the Common Shares as a result of, among other things: (i) an acquisition or redemption by Parex or a subsidiary of Parex of Common Shares which, by reducing the number of Common Shares outstanding or which may be voted, increases the proportionate number of Common Shares beneficially owned by any person; (ii) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid (as described below); (iii) a share acquisition to which the application of the Rights Plan has been waived by the Board; (iv) a share acquisition pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure having similar effect which has been approved by the holders of Common Shares by the requisite majority or majorities of the holders of Common Shares at a meeting of such holders duly called and held for such purpose; and (v) an acquisition of Common Shares as a result of: an acquisition pursuant to a dividend reinvestment plan; a stock dividend, a stock split or other event pursuant to which a person becomes beneficial owner of Common Shares on the same pro rata basis as all other holders of Common Shares; the acquisition or exercise by such person of rights to purchase Common Shares distributed to such person in the course of a distribution to all holders of Common Shares pursuant to a rights offering or pursuant to a prospectus; or a distribution of Common Shares or securities convertible into or exchangeable for Common Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or a distribution by way of a private placement.

Also excluded from the definition of Acquiring Person is a person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Common Shares on the date of original implementation of the Rights Plan on May 12, 2015; provided further, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the date of implementation of the Rights Plan, become the Beneficial Owner of more than 1.0% of the number of Common Shares then outstanding in addition to those Common Shares already held by such person, other than through: (i) specified acquisitions of securities of Parex (including the issuance or exercise of securities convertible, exercisable or exchangeable into Common Shares); (ii) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid (as described below); (iii) specified distributions of securities of Parex; (iv) certain other specified exempt acquisitions (including for portfolio managers, mutual funds, companies and other similar entities with no present intention to take control of Parex); and (v) transactions to which the application of the Rights Plan has been waived by the Board.

Lock-Up Agreements

An offeror may enter into lock-up agreements with one or more shareholders of the Company whereby such shareholders agree to deposit or tender their Common Shares to the take-over bid that is a Permitted Bid (the "**Subject Bid**") without a Flip-in Event occurring. Any such agreement must either: (i) permit the shareholder to withdraw the Common Shares from the lock-up to tender to another take-over bid or to support another transaction that in either case will provide greater value to the shareholder than the Subject Bid; or (ii) permit the shareholder to withdraw from the agreement in order to tender or deposit the Common Shares to another transaction or to support another transaction that contains an offering price that exceeds the value of the Subject Bid by as much or more than a specified amount as long as the agreement does not provide for a specified amount that exceeds 7% of the value of the Subject Bid.

Rights Exercise Privilege

The Rights will separate from the Common Shares to which they are attached and will become exercisable at the close of business (the "**Separation Time**") on the tenth business day after the earliest of: (a) the first date of public announcement that a person and/or others associated, affiliated or otherwise connected to such person, or acting in concert with such person, have become an Acquiring Person; (b) the date of commencement of, or first public announcement of the intent of any person to commence, a take-over bid, other than a Permitted Bid or a Competing Permitted Bid; or (c) such later date as the directors may determine in good faith. Subject to adjustment as provided in the Rights Plan, each Right will entitle the holder to purchase one Common Share at a price (the "**Exercise Price**") equal to C\$50.00. At any time prior to the Rights becoming exercisable, the Parex Board of Directors may waive the operation of the Rights Plan with respect to certain events before they occur.

A transaction in which a person becomes an Acquiring Person is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by Parex or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. After the close of business on the tenth business day after the first public announcement of the occurrence of a Flip-in Event, each Right (other than those held by the Acquiring Person) will entitle the holder to purchase, for the exercise price, that number of Common Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event) equal to four times the Exercise Price.

Impact Once Rights Plan is Triggered

Upon a Flip-in Event occurring and the Rights separating from the attached Common Shares, reported earnings per common share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Common Shares at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the voting securities of Parex other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the Board waives the application of the Rights Plan. Certificates and Transferability

Before the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate.

Prior to the Separation Time, Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares. Shareholders will receive no other proof of or document of ownership of the Right.

Permitted Bids

The Rights Plan is not triggered if an offer to acquire Common Shares would allow sufficient time for the shareholders to consider and react to the offer and would allow shareholders to decide to tender or not tender without the concern that they will be left with illiquid Common Shares should they not tender.

A "**Permitted Bid**" is a take-over bid where the bid is made by way of a take-over bid circular and: (i) is made to all holders of Common Shares, other than the offeror, for all or a portion of the Common Shares held by those holders; (ii) the bid must not permit Common Shares tendered pursuant to the bid to be taken up until not less than 105 days following the bid or such shorter minimum deposit period that a take-over bid (which is not exempt from the general take-over bid requirements under applicable securities laws (including, for greater certainty, Part 2 of NI 62-104)) must remain open for deposits of securities thereunder, in the applicable circumstances as such time, pursuant to applicable securities laws and only if, at such time, more than 50% of the Common Shares held by shareholders other than the bidder, its affiliates and Persons acting jointly or in concert with the bidder have been tendered pursuant to the take-over bid and not withdrawn; and (iii) if the condition set forth in subparagraph (ii) is satisfied, the offeror must make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Common Shares for not less than ten business days from the date of such public announcement.

A "**Competing Permitted Bid**" is a take-over bid that: (a) is made while another Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid; (b) satisfies all of the provisions of a Permitted Bid other than set forth in (ii) in the above paragraph; and (c) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Common Shares will be taken up or paid for pursuant to the take-over bid prior to the close of business on the date that is no earlier than the date which is the last day of the minimum initial deposit period that such take-over bid must remain open for deposits of securities thereunder pursuant to applicable securities laws after the date of the take-over bid constituting the Competing Permitted Bid.

A Permitted Bid or a Competing Permitted Bid are not required to be approved by the Board and such bids may be made directly to Shareholders. Acquisitions of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

Waiver and Redemption

The Board may, before the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event that would occur as a result of a take-over bid made under a circular prepared in accordance with applicable securities laws to all holders of Common Shares. In such event, the Board shall be deemed to also have waived the application of the Rights Plan to any other Flip in Event occurring as a result of any other takeover bid made under a circular prepared in accordance with applicable securities laws to all holders of Common Shares prior to the expiry of any take-over bid for which the Rights Plan has been waived or deemed to have been waived.

The Board may also waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that the person who became an Acquiring Person in the Flip-in Event reduces its Beneficial Ownership of Common Shares such that it is not an Acquiring Person within 10 days of the determination of the Board (or any earlier or later time specified by the Board).

Subject to the prior consent of the holders of Common Shares or Rights, until the occurrence of a Flip-in Event, the directors may elect to redeem all but not less than all of the then outstanding Rights at C\$0.00001 per Right. In the event that a person acquires Common Shares pursuant to a Permitted Bid or a Competing Permitted Bid, then the directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

Supplement and Amendments

Parex may, without the approval of the holders of Common Shares or Rights, make amendments: (i) to correct clerical or typographical errors; (ii) which are required to maintain the validity of the Rights Plans as a result of any change in applicable legislation, regulations or rules thereunder; and (iii) as otherwise specifically contemplated therein. Any amendment referred to in (ii) must, if made before the Separation Time, be submitted for approval to the holders of Common Shares at the next meeting of shareholders and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

At any time before the Separation Date, Parex may, with prior consent of the Independent Shareholders (as defined in the Rights Plan) received at a special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights. At any time after the Separation Date, Parex may, with prior consent of the holders of Rights (other than Rights which are void pursuant to the provisions of the Rights Plan or those Rights which, prior to the Separation Time, are held by Shareholders other than Independent Shareholders) received at a meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the Rights generally.

Shareholder Approval

Shareholders will be asked at the Meeting to consider and, if thought advisable, to approve the Rights Plan. Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, that:

1. the amended and restated shareholder protection rights plan of the Company (the "Rights Plan"), on the terms described in the information circular – proxy statement of the Company dated March 25, 2024, be and the same is hereby ratified, confirmed and approved until the termination of the annual general meeting of the shareholders of the Company held in 2027, unless at such meeting shareholders have reconfirmed the Rights Plan for an additional period of time, and the Company is authorized to continue to issue Rights pursuant thereto;
2. any one director or officer of the Company be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; 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 foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting on such resolution.

It is the intention of the management to vote proxies in favour of the ordinary resolution above, unless otherwise directed.

Approval of Restricted Share Unit Plan (Longer Duration) and Grants Made Thereunder

At the Meeting, Shareholders will be asked to consider and approve the Restricted Share Unit Plan (Longer Duration) ("**RSU Plan**"). The Board has approved the RSU Plan. As at the date hereof, the maximum number of Treasury Shares (as defined below) reserved for issuance under the RSU Plan and issuable pursuant to outstanding restricted share units (also referred to as "**RSUs**" which includes performance RSUs ("**PSUs**")), at any time shall be 4,000,000 Treasury Shares, provided that the maximum number of Treasury Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements, will not exceed 5.0% of the Common Shares outstanding from time to time. RSUs that are cancelled, terminated or expire shall result in the Treasury Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to the RSU Plan to the extent of any Treasury Shares issuable thereunder that are not issued under such cancelled, terminated or expired RSUs. As at the date hereof, the Company has 143,931 RSUs and 190,522 PSUs outstanding under the RSU Plan to acquire 334,453 Common Shares, representing 0.32% of the issued and outstanding Common Shares as at that date, leaving up to 3,665,547 Common Shares available for future grants under the RSU Plan before taking into account grants under the Option Plan which further reduces the entitlements under the RSU Plan. The foregoing numbers of Common Shares assume a performance multiplier for the PSUs of one and assume that the holders of all outstanding RSUs and PSUs elect to receive Treasury Shares on exercise of all RSUs and PSUs. The 143,931 RSUs will vest at various points through 2025, 2026 and 2027 and all PSUs will all vest in 2027 on the third anniversary of the date of grant. All of the RSUs and PSUs have been granted to officers of the Company. The 143,931 RSUs and 190,522 PSUs cannot be exercised until such time the Shareholders have ratified the RSU Plan and the grants made thereunder. In the event Shareholders do not ratify the RSU Plan and the grants made thereunder, each of the officers who were granted RSUs and PSUs will be deemed to have been granted an equivalent number of CosRSUs and CosPSUs under the Cash/Share Settled RSU Plan, the RSU Plan shall terminate and the 143,931 RSUs and 190,522 PSUs granted under the RSU Plan will be cancelled. For a description of the terms of the Cash/Share Settled RSU Plan, see "Appendix "E" - Cash/Share Settled RSU Plan" in this Information Circular.

As at the date hereof, the Company had Options outstanding to acquire 658,911 Common Shares outstanding under the Option Plan, representing an aggregate of 0.6% of the issued and outstanding Common Shares as at that date, leaving up to 4,153,335 Common Shares, being 4.0% of the issued and outstanding Common Shares, available for future grants under the RSU Plan (subject to the 4,000,000 limit on Treasury Shares) and all other security based compensation arrangements, (including the Option Plan), based on the number of Common Shares outstanding as at that date. The foregoing reference to 4,153,335 Common Shares assumes a performance multiplier for the PSUs of one and assumes that holders of all outstanding RSUs and PSUs elect to receive Treasury Shares on exercise of all RSUs and PSUs.

The RSU Plan has been conditionally approved by the TSX, subject to Shareholder approval. A summary of the RSU Plan is provided below and the full text of the RSU Plan is attached hereto as Appendix "F".

RSU Plan

The RSU Plan allows the Board to grant RSUs, each of which is a right to receive a Cash Payment (as defined below), Common Shares purchased on the open market by the Plan Agent (as defined in the RSU Plan) ("**Payment Shares**"), or Common Shares issued from treasury ("**Treasury Shares**"). The purpose of the RSU Plan is to: (a) aid in attracting, retaining and motivating officers and employees (collectively, the "**Service Providers**") of the Parex Group by providing them 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 RSU Plan and has the authority to: (a) determine the Service Providers to whom RSUs may be granted (each a "**Participant**"); and (b) grant RSUs on such terms and conditions, and in such numbers, 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 RSU Plan.

The maximum number of Treasury Shares reserved for issuance under the RSU Plan pursuant to outstanding RSUs at any time shall be 4,000,000 Common Shares. The number of Treasury Shares (a) issuable pursuant to outstanding RSUs and all other security based compensation arrangements will not exceed 5.0% of the Common Shares outstanding from time to time; (b) 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) issuable to Insiders (as defined in the RSU Plan), at any time, under all security based compensation arrangements will not exceed 5.0% of the issued and outstanding Common Shares; and (d) issued to Insiders, within any one year period, under all security based compensation arrangements, will not exceed 5.0% of the issued and outstanding Common Shares. Any RSUs which are granted that otherwise would result in any of the foregoing limitations being exceeded shall be null and void and deemed to not have been granted. Any increase in the issued and outstanding Common Shares (whether as a result of the issue of Treasury Shares pursuant to vested and exercised RSUs or otherwise) will result in an increase in the number of Treasury Shares that may be issued under each of (a), (b), (c) and (d) in this paragraph, including pursuant to RSUs outstanding at any time.

The term of an RSU shall, subject to the provisions of the RSU Plan requiring or permitting the acceleration or the extension of the term (including, without restriction, section 4.11 of the RSU Plan), be such period, not in excess of ten (10) years from the grant date, as may be determined from time to time by the Board and in the absence of any determination to the contrary will be the time period that is ten (10) years from the grant date (such time period being the "**Term**"), and the time that an RSU shall be outstanding shall be the Term plus the time period required to settle the Cash Payment, Payment Shares or Treasury Shares in respect of vested RSUs which have been, or have been deemed to be, exercised under the RSU Plan (including the period required for the Performance Multiplier (as defined below) to be determined by the Board in the normal course).

RSUs that are cancelled, terminated or expire shall result in the Treasury Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to the RSU Plan to the extent of any Treasury Shares issuable thereunder that are not issued under such cancelled, terminated or expired RSUs.

The Board 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 RSU vesting; (b) the method of vesting; or (c) that no RSU vesting restriction shall exist. In the absence of any determination by the Board to the contrary, RSUs (other than PSUs) 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 date of grant, and all PSUs will vest on the third anniversary of the date of grant thereof. Notwithstanding the foregoing, the Board 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.

In connection with each grant of PSUs, the Board shall, in its sole discretion and without restriction (having regard to the principal purposes of the RSU Plan), determine: (i) the minimum and maximum amounts of the "**Performance Multiplier**" (as defined in the RSU Plan) to be used in respect of each such grant, which minimum shall not be less than zero (0) and which maximum shall not be greater than two (2), unless, in each case, otherwise determined by the Board, and (ii) the individual measures comprising the Performance Measures (as defined in the RSU Plan) and the weighting of each such measure. In respect of each vesting date in respect of any PSU, the Board will assess the performance of Parex for the applicable period based upon the Performance Measures applicable to such PSUs, in its sole discretion, and, upon the assessment of all Performance Measures and any other factors deemed relevant by the Board, the Board shall determine the applicable Performance Multiplier for such vested PSUs, in its sole discretion.

The Participant may exercise any vested RSUs by delivering to the Company on a Trading Day the Exercise and Election Notice stating the Participant's intention to exercise some or all vested RSUs recorded in the Participant's Account at the date of such Exercise and Election Notice and specifying the number of vested RSUs to be exercised and making an election for all of the vested RSUs that are to be exercised to receive one (but not more than one) of a Cash Payment, Payment Shares or Treasury Shares. At any time after (but not later than five (5) Trading Days after) a Participant delivers, or is deemed to deliver, an Exercise and Election Notice in respect of any vested RSUs electing a Cash Payment or electing Payment Shares, each in accordance with the RSU Plan, the Board may, in its sole discretion, determine that such election shall instead be, in the case of an election for a Cash Payment, an election for Payment Shares or for Treasury Shares, or, in the case of an election for Payment Shares, an election for Treasury Shares. In the event the Board exercises its discretion as aforesaid, the Participant will be deemed to have made, in the Exercise and Election Notice delivered or deemed to be delivered by the Participant, the election as so determined by the Board, effective as at the exercise date.

Upon a Participant submitting (or being deemed to submit) a notice of exercise in writing (an "**Exercise and Election Notice**") electing to exercise vested RSUs and receive a cash payment for some or all of the vested RSUs recorded in such Participant's Account (as defined in the RSU Plan) as of the exercise date: (a) a Participant shall be entitled to receive a payment ("**Cash Payment**") equal in value to: (i) the number of vested RSU's that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the exercise date and other than the PSUs, multiplied by the Fair Market Value (as defined below) of a Common Share on the exercise date; plus (ii) the number of vested PSU's that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as at the Exercise Date multiplied by the Performance Multiplier (calculated as discussed herein), with such product multiplied by the Fair Market Value of a Common Share on the exercise date; less any applicable withholding taxes.

For the purposes of the RSU Plan, "Fair Market Value" with respect to a Common Share, as at any date, means closing trading price per Common Share 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) on the last Trading Day (as defined in the RSU Plan) 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 a Participant submitting (or being deemed to submit) an Exercise and Election Notice electing to exercise vested RSUs and receive Payment Shares for some or all of the vested RSUs recorded in such Participant's Account as of the exercise date a Participant shall be entitled to receive: (i) for each vested RSU that is being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the exercise date and other than vested PSUs, cash that will be used by the Plan Agent to purchase one (1) Common Share on behalf of the Participant; and (ii) for all vested PSUs that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the exercise date, cash that will be used by the Plan Agent to purchase, on behalf of the Participant, the number of Common Shares that is equal to the number of vested PSUs that are being exercised as aforesaid multiplied by the Performance Multiplier. Following the exercise date the Company will pay to the Plan Agent the amount of cash required for the Plan Agent to purchase the Payment Shares on behalf of the Participant and the Plan Agent will use all of the cash paid to it as aforesaid and will purchase the Payment Shares on a securities exchange on which the Common Shares are listed and traded at the then prevailing market rates. The Plan Agent will deliver to the Participant the Payment Shares purchased on behalf of each Participant. Participants shall be responsible for all taxes, and fees owing

to the Plan Agent, with respect to the payment of cash to the Plan Agent by the Company on their behalf, the purchase on their behalf of Payment Shares by the Plan Agent, or the receipt by them of Payment Shares.

Upon a Participant submitting (or being deemed to submit) an Exercise and Election Notice electing to exercise vested RSUs and receive Treasury Shares for some or all of the vested RSUs recorded in such Participant's Account as of the exercise date a Participant shall be entitled to receive: (i) for each vested RSU that is being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the exercise date and other than vested PSUs, one (1) Common Shares; and (ii) for all vested PSUs that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the exercise date, the number of Common Shares that is equal to the number of vested PSUs that are being exercised as aforesaid multiplied by the Performance Multiplier. Following the exercise date the Company will cause the Treasury Shares in respect of which the vested RSUs have been exercised to be issued to the Participant. Participants shall be responsible for all taxes with respect to the issuance of Treasury Shares to the Participant or the receipt by them of Treasury Shares.

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.

Unless otherwise determined by the Board or unless the Company and a Participant otherwise agree in writing, if a Participant ceases to be an officer of or be in the employ of any of the entities comprising the Parex Group (as defined in the 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 RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision of the RSU Plan, the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date (as defined in the RSU Plan) and shall be deemed to exercise all vested RSUs as at such date and elect to receive the Cash Payment for such vested RSUs. 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, and subject to the Participant signing a full and final reason of the Parex Group, then a pro rata portion of the unvested RSUs (including unvested PSUs) credited to the Participant's Account will be deemed to have vested immediately prior to the Forfeiture Date. The pro rata portion of unvested RSUs shall be calculated for each applicable separate grant of PSUs, by multiplying the total number of PSUs in such grant by the quotient obtained from dividing the number of days from the date of grant of such PSUs to the Forfeiture Date by 1,095 and 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 date of grant 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 Performance Multiplier in respect of such PSUs shall be determined by the Board as of the Forfeiture Date, provided that if no such determination is made by the Board, the Performance Multiplier in respect of such PSUs shall be deemed to be one (1).

Notwithstanding the preceding paragraph, if a Participant ceases to be an 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 PSUs (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 Performance 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 Performance Multiplier will be deemed to be one. The deceased former Participant shall be deemed to have submitted an Exercise and Election Notice for all vested RSUs in the Participant's Account and electing to receive the Cash Payment (less applicable withholdings) corresponding to all such vested RSUs.

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 in the RSU Plan) by reason of Retirement (65) (as defined in the RSU Plan), then the Participant shall remain a Participant under the RSU Plan, and terms of all RSUs held by such Participant, including, with restriction, the Term and time during which such RSUs may be outstanding, will not change as a result of such Retirement (65), subject to the terms of the Retirement Agreement (as defined in the RSU Plan) entered into by the Participant and the Company.

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 (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 (as defined in the RSU Plan) and subject to the Participant signing and delivering to Parex a full and final release of the Parex Group, all RSUs held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest, such Participant shall be deemed to have submitted an Exercise and Election Notice for all vested RSUs immediately prior to the termination of such Participant's employment exercising all such vested RSUs and electing to receive the Cash Payment corresponding to all such vested RSUs, with the Cash Payment for such vested RSUs being delivered to the former Participant by no later than immediately following the effective date of the Change of Control. With respect to any unvested PSUs which vest, the Performance 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 Performance 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 (as defined in the RSU Plan) and subject to the Participant signing and delivering to Parex a full and final release of the Parex Group, 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, such Participant shall be deemed to have submitted an Exercise and Election Notice for all vested RSUs immediately prior to the termination of such Participant's employment as aforesaid exercising all such vested RSUs and electing to receive the Cash Payment corresponding to all such vested RSUs. With respect to any unvested PSUs which vest as aforesaid, the Performance 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 Performance 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 Convertible Securities (as defined in the RSU Plan) 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.

If a Participant would be submitting an Exercise and Notice and thereby exercising any RSU and making an election during a Black Out Period or during the first Trading Day following the end of such Black Out Period, any such exercise and the making of such election (or any deemed exercise or election) and the delivery (or deemed delivery) to the Company of the Exercise and Election Notice will be delayed to a date which is no earlier than the third Trading Day following the end of the Black Out Period (and in the case of a deemed exercise and election, will be such third Trading Day following the end of the Black Out Period). In the event a Participant fails to submit an Exercise and Election Notice in accordance with the RSU Plan, such Participant will be entitled to receive a Cash Payment for all vested RSUs recorded in the Participant's Account immediately prior to the expiry of the term.

If the expiration of the Term of an RSU is to occur during a Black Out Period, such Term and time during which such RSU is outstanding will be extended to that date which is ten (10) Trading Days following the end of the Black Out Period.

Each 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 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 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 RSU Plan), per Common Share on the record date for the payment of such dividend, with fractions computed to three decimal places. Any Dividend Equivalents credited pursuant to the RSU Plan shall have the same terms and conditions as the underlying RSUs to which they relate. For certainty, upon a RSU vesting pursuant to the terms of the RSU Plan, all Dividend Equivalents credited to a Participant in respect of such vested RSU shall similarly and contemporaneously vest, and the length of time Dividend Equivalents shall be outstanding under the RSU Plan shall be, and be deemed to be, equivalent to the length of time such RSUs (in respect of which such Dividend Equivalents were credited) are to the outstanding, regardless of the date on which the Dividend Equivalent was so credited to a Participant and notwithstanding anything else in the RSU Plan to the contrary.

If the Common Shares are listed for trading on the TSX at the applicable time then subject to any required approval of the TSX, the Board may amend or discontinue the RSU Plan or amend any 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 RSU 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 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: (i) to increase the maximum number of Treasury Shares issuable pursuant to the RSU Plan; (ii) to cancel a RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof within 3 months of such cancellation; (iii) to extend the Term of an RSU or time an RSU is outstanding other than as provided for in the RSU Plan; (iv) to permit the assignment or transfer of a RSU other than provided for in the RSU Plan; (v) to add to the categories of persons eligible to participate in the RSU Plan; (vi) to remove any of section 4.10(a), section 4.10(b), section 4.10(d) or section 4.10(e) of the RSU Plan or amend any such section to increase the limits set forth therein; or (vii) to remove or amend the amendment section of the RSU Plan.

Shareholder Approval

Shareholders will be asked at the Meeting to consider and, if thought advisable, to approve the RSU Plan and ratify the grants of RSUs and PSUs under the RSU Plan. Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company that:

1. the restricted share unit plan (longer duration) (the "**RSU Plan**") of the Company in the form attached as Appendix "F" to the information circular –proxy statement of the Company dated March 25, 2024 (the "**Information Circular**") is hereby ratified, confirmed and approved;
2. the grant of 143,931 restricted share units and 190,522 performance restricted share units made under the RSU Plan prior to the date of the Information Circular, and which are described in the Information Circular, be and are hereby ratified, confirmed and approved;
3. any director or officer of the Company be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions; and,
4. 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 foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting on such resolution.

It is the intention of the management to vote proxies in favour of the ordinary resolution above, unless otherwise directed.

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 general 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 2023, Shareholders voted 94.93% in favour of the Company's approach to executive compensation described in the Company's management information circular dated April 3, 2023.

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 2025. 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 March 25, 2024."

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 2023 from 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 four amendments made to the Company's Director compensation package in 2023 to better align with peers.

- Increased the Board of Directors equity grants by \$5,000 to an annual equity grant equivalent to \$125,000;
- Increased the annual retainer of the Chair of the Corporate Governance & Nominating Committee by \$5,000 to a total of \$15,000 per year;
- Increased the annual retainers of the Board Chair and Vice Chair and Lead Director by \$5,000 per year to a total of \$115,000 and \$100,000 respectively; and,
- Amended the Company's share ownership policy to require that directors hold equity in the Company equal to six times the value of their annual retainer, within a period of five years from the date of the amendment (December 1, 2023).

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 2023

Cash Retainer

<i>Annual Retainer Fees</i>	
Member of the Board	\$65,000
Chair of the Board	\$115,000
Vice Chair and Lead Director of the Board	\$100,000
<i>Committee Annual Retainer Fees</i>	
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 Governance & Nominating Committees	\$15,000
Chair of a standing committee of the Board other than the Finance and Audit, HR&C and HSE and Reserves	\$15,000
<i>Meeting Fees</i>	
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 share unit 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 August 8, 2023. The cash or share settled restricted share unit plan (the “**Cash/Share Settled RSU Plan**”) 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 August 8, 2023.

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⁽¹⁾

The table below summarizes the director compensation for 2023:

Name	Fees earned ⁽²⁾ (\$)	Share-based awards		Option-based awards ⁽⁵⁾ (\$)	All other compensation (\$)	Total (\$)
		(DSUs) ⁽³⁾ (\$)	(CosRSUs) ⁽⁴⁾ (\$)			
Lynn Azar	71,000	62,483	62,483	—	—	195,966
Lisa Colnett	87,500	62,483	62,483	—	—	212,466
Sigmund Cornelius	94,000	124,993	—	—	—	218,993
Robert Engbloom	109,417	67,481	67,481	—	—	244,379
Wayne Foo	115,000	72,480	72,480	—	—	259,960
G. R. (Bob) MacDougall	110,000	124,993	—	—	—	234,993
Glenn McNamara	108,083	62,483	62,483	—	—	233,049
Carmen Sylvain	76,188	124,993	—	—	—	201,181
Paul Wright ⁽⁷⁾	27,083	—	—	—	—	27,083

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 \$27.77, being the weighted average of the price at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of August 8, 2023 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 \$27.77, being the weighted average of the price at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of August 8, 2023. 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 2023.
- (6) Mr. Mohsen, a director of the Company, is also the President and CEO (as defined herein) of the Company and is therefore an NEO and does not receive compensation as a director. See "Statement of Executive Compensation - NEO Summary Compensation Table" for information with respect to Mr. Mohsen's compensation.
- (7) Mr. Wright retired from the Board in May 2023. The compensation Mr. Wright received is for the period from January 1, 2023 to May 11, 2023.

Director Fees

Fees were paid to directors in 2023 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 2023. No non-equity incentive compensation was provided to directors in 2023. Directors have not been granted option-based awards (Options) since 2013.

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.

Outstanding Option-based and Share-based Awards – Independent Directors (as at December 31, 2023)

The directors did not hold any outstanding option-based awards (Options) as at December 31, 2023. No non-equity incentive compensation was provided to directors in 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 ⁽²⁾		Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾	
	DSUs	CosRSUs	DSUs	CosRSUs	DSUs	CosRSUs
Lynn Azar	—	4,056	—	101,197	122,854	—
Lisa Colnett	—	5,093	—	127,070	1,357,904	—
Sigmund Cornelius	—	—	—	—	513,072	—
Robert Engbloom	—	2,505	—	62,500	1,465,538	—
Wayne Foo	—	6,041	—	150,723	940,515	—
G. R. (Bob) MacDougall	—	—	—	—	1,158,603	—
Glenn McNamara	—	5,093	—	127,070	960,101	—
Carmen Sylvain	—	2,773	—	69,186	775,346	—
Paul Wright ⁽⁴⁾	—	—	—	—	522,777	—

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, 2023 of \$24.95 by the number of DSUs and CosRSUs, as applicable, that were not vested as at December 31, 2023.
- (3) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95 by the number of DSUs and CosRSUs, as applicable, that were vested but not paid out or distributed as at December 31, 2023.
- (4) Mr. Wright retired from the Board in May 2023. Refer to "Appendix D - DSU Plan" for payout of DSUs for retired directors.

Name	Option-based awards – value vested during the year (\$)	Share-based Awards value vested during the year ⁽¹⁾		Non-equity incentive plan compensation – value earned during the year ⁽²⁾ (\$)
		DSUs (\$)	CosRSUs (\$)	
Lynn Azar ⁽³⁾	N/A	\$57,794	\$23,938	N/A
Lisa Colnett	N/A	\$57,794	\$88,762	N/A
Sigmund Cornelius	N/A	\$115,614	\$40,428	N/A
Robert Engbloom	N/A	\$62,418	\$45,463	N/A
Wayne Foo	N/A	\$67,041	\$117,304	N/A
G.R. (Bob) MacDougall	N/A	\$115,614	\$40,428	N/A
Glenn McNamara	N/A	\$57,794	\$88,762	N/A
Carmen Sylvain	N/A	\$115,614	\$88,762	N/A
Paul Wright ⁽³⁾	N/A	\$—	\$39,882	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, 2023.
- (3) Mr. Wright retired from the Board in May 2023.

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. The survey was consistent with the one used in 2022, when it was expanded to ensure questions addressed new areas of note in good corporate governance. Consistent with 2022, a fulsome, anonymous peer evaluation was completed as part of the survey for completion by the Executive management team. Following the completion of the Board effectiveness survey and peer evaluations, the Board Chair and Vice 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 2024. 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 Vice 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.

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, cybersecurity 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 July, 2023, the Company's Corporate IT Manager presented to the Board an update on the current Parex operational cybersecurity statistics (firewall, phishing, e-mail filtering), reviewed the Company's cybersecurity program, milestones completed and planned work. During this session the Board was provided with general industry updates, and risk areas of concern that pertain to the industry or our regions. Parex has a robust cybersecurity program in place to mitigate risk, and in 2023, the Company did not experience any notable cybersecurity issues.

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 (the "**Corporate Governance and Nominating Committee**"), in conjunction with the Chair of the Board, 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 Vice 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 gain important performance feedback to strengthen relationships and focus on matters of relevance, and on creating Shareholder value. If and when necessary, the Board engages external consultants to review their questionnaires, compile information and provide feedback to the Board.

The outcome of this evaluation process is 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. In the fall of 2023, the Company undertook a review of its Code of Conduct and Anti-Bribery and Anti-Corruption Policy to ensure the policies accurately reflected and incorporated requirements from all jurisdictions where the Company operates. Amendments to these policies were housekeeping in nature and such amendments were approved by the Board on November 7, 2023. Key changes to the policies include:

- **Code of Conduct:** acknowledged the role of the Compliance Officer in the jurisdiction where the Company operates, added values that must be followed by all recipients of the policies (including contractors) and incorporated other changes and updates made to the Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy for consistency.
- **Anti-Bribery and Anti-Corruption Policy:** the Company introduced enhanced rules applicable to gifts and entertainment.
- **Whistleblower Policy:** was updated to improve the overall process and accessibility, ensuring the application of best practices.

A copy of the code of conduct can be obtained on the Company's SEDAR+ profile at www.sedarplus.ca 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 December 2023, all directors reviewed and approved the Company's Code of Conduct, Whistleblower Policy and Anti-Bribery and Anti-Corruption Policies.

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 2023, 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 four 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.

Share Ownership Policy

The Board has adopted a mandatory share ownership policy for directors and executive officers on November 7, 2017 that was amended and approved on February 4, 2021. On December 1, 2023, the Board approved an amendment to the share ownership policy, which increased the holding requirements for the CEO to better align with the Company's peers as well as increase holder requirements of the Board of Directors.

Independent directors are required to acquire and hold Common Shares with a minimum aggregate market value of six 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 five times his base annual salary.⁽¹⁾ 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 share ownership 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, 2023, all of the independent directors and executive officers of the Company were in compliance with the share ownership policy.

Named Executive Officer Share Ownership Requirement - as at December 31, 2023

Name and Principal position	Salary (\$) ⁽¹⁾	Target ownership guideline level (\$) ⁽²⁾	Current Holdings			Comply with share ownership policy ⁽⁶⁾
			Shares (#) ⁽³⁾	CosRSUs ⁽⁴⁾	Value (\$) ⁽⁵⁾	
Imad Mohsen President and CEO	675,000	3,375,000	27,717	240,170	3,341,890	Yes
Sanjay Bishnoi Chief Financial Officer and Corporate Secretary	400,000	1,200,000	191	32,114	403,005	Yes
Eric Furlan Chief Operating Officer	409,221	818,442	107,440	118,282	2,815,882	Yes
Michael Kruchten SVP Capital Markets & Corp Planning	340,600	681,200	60,927	97,892	1,981,267	Yes
Daniel Ferreira President Parex Resources (Colombia) Ltd.	360,000	720,000	33,519	83,193	1,455,982	Yes

Notes:

- (1) Salary at December 31, 2023.
- (2) Target ownership guideline level is five 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 his initial share ownership requirements, and has until December 1, 2028 to meet the incremental share ownership increase. Therefore, Mr. Mohsen is considered to be in compliance with the share ownership policy. Mr. Bishnoi was appointed as CFO and Corporate Secretary of Parex effective October 2, 2023 and has until October 2, 2028 to meet his initial share ownership requirements. Therefore, Mr. Bishnoi is considered to be in compliance with the share ownership policy.
- (3) Represents Common Shares held at December 31, 2023.
- (4) CosRSUs are a combination of vested and unvested CosRSUs and CosPSUs at December 31, 2023 with a maximum of 50% of the unvested CosRSUs and CosPSUs being applied towards the target total ownership.
- (5) Value is calculated using the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95 per Common Share multiplied by the number of Common Shares and CosRSUs held at December 31, 2023. A minimum of 50% of the target ownership value will be calculated using Common Shares. The remaining 50% of the target ownership value will be calculated using a mixture of Common Shares, unvested RSUs and PSUs and unvested CosRSUs and CosPSUs.
- (6) On December 1, 2023 the Board approved a change requiring directors to acquire and hold Common Shares with a minimum aggregate value of six times their annual cash retainers and a change requiring the CEO to acquire and hold Common Shares with a minimum aggregate market value of five times his base annual salary. Previously the requirement had been four times base annual salary. The Board of Directors and Mr. Mohsen have 5 years from December 1, 2023, to meet the incremental share ownership increase requirement.

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 Company's [website \(https://parexresources.com/sustainability-reporting/\)](https://parexresources.com/sustainability-reporting/). 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 Working 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 chairs 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 quarterly to the Board and 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 comprehensive 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, and the Global Reporting Initiative Standards (GRI). The 2022 Sustainability Report, including TCFD aligned disclosure, is available on the Company's [website \(https://parexresources.com/sustainability-reporting/\)](https://parexresources.com/sustainability-reporting/), where the Company's GHG emissions performance up to December 31, 2022 is disclosed (see page 19 of the 2022 Sustainability Report). Parex expects to publish the 2023 Sustainability Report in the third quarter of 2024, with the Board's approval. The report will provide a progress update on the Company's performance related to GHG emissions reduction targets.

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 video conferences to discuss our quarterly financial and operating results. The video conferences 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.

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 and Carmen Sylvain 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 appointed an independent director as Lead Director in observance of governance best practices. As part of Board succession planning, Glenn McNamara was appointed Vice Chair and Lead Director on November 7, 2023, replacing Bob Engbloom, who had held the role of Lead Director since 2017. 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 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 and PrairieSky Royalty Ltd.

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, 2023, an electronic copy of which is available on the internet on the Company's SEDAR+ profile at www.sedarplus.ca 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 Company 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 ESG 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, 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

The majority of 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 also completed the Directors Education program.

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 2023, Board members attended the following courses:

Month	Event	Organizer	Director Attendees
June	2023 ICD National Directors Conference	ICD	Lisa Colnett
	Certificate in Cyber Risk Governance	Directors and Corporate Risk Officers Institute	Carmen Sylvain
	Training in financial sector trends, ESG trends and practices	International Finance Corporation	Carmen Sylvain

Diversity

Parex recognizes the benefits of diversity within its Board, at the executive level and all levels of the organization. The Board approved a new Diversity Policy (the "**Diversity Policy**") on February 4, 2021, refreshing the Company's approach to diversity. The 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 established an objective to achieve and maintain a Board in which each gender represents at least 30% of such individuals. This milestone was reached in July 2022, and of the director nominees to be considered this year by Shareholders, three of the nine candidates are women (33%).

In 2023, the Company continued to enhance its diversity disclosure, with directors voluntarily self-disclosing whether they identify as racially or ethnically diverse. Of the director nominees to be considered this year by Shareholders, two of the nine self-identify as racially or ethnically diverse (22%).

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. As of the date hereof, 1 of 7 members of Parex's executive management team are women (14.3%). Across the leadership population, including the executive team, of 96 employees, 23 or 24% are women and 77 or 80% are employees from South America.

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 2023. 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
Board Demographics									
Independent	Y	Y	Y	Y	Y	Y	Y	N	Y
Director Since	2022	2015	2020	2009	2009	2016	2016	2021	2017
Age	44	66	69	74	67	60	71	50	63
Location	NL	ON	US	AB	AB	AB	AB	AB	QC
Education and/or Expertise									
Capital Markets: ability to assess capital market opportunities and regulations in connection with same	●	○	●	●	●	●	●	●	○
Corporate Governance: experience with or understanding of the requirements of good corporate governance	●	●	●	●	●	●	●	●	●
ESG/Sustainability: 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	●	●	●	●	●	●	●	●	●
Financial Experience: financial management experience or financial accounting, reporting, internal controls, corporate finance and/or investment management	●	●	●	●	●	●	●	●	●
Financial Literacy: ability to critically read and analyze financial statements	●	●	●	●	●	●	●	●	●
General Oil and Gas Industry: experience with various aspects of oil and gas business and operations, including exploration, development, production, marketing, technology and innovation	●	●	●	●	●	●	●	●	○
Geopolitical: 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.	●	○	●	○	●	●	●	●	●
Government Relations: experience in government relations, broad regulatory, political and public policy processes in Canada and international jurisdictions at local, national and international levels	●	●	●	●	●	●	●	●	●
Health, Safety and Environment: direct experience with industry regulations and best practices related to workplace health, safety, and environmental issues in Canada and internationally	●	●	●	●	●	●	●	●	●
Human Resources: experience with responsibility for human resources, including knowledge of creating effective compensation, benefits and long and short-term incentives plans and succession planning	●	●	●	●	●	●	●	●	●
International Operations: international oil and gas, or comparable extractive industry, experience and perspective	●	●	●	●	●	●	●	●	○
Legal: experience with laws governing extractive industries, capital markets, M&A, disclosure, and reporting requirements	●	○	●	●	●	●	●	●	●
Mergers and Acquisitions: experience in identifying, evaluating and executing on strategic, value adding assets/opportunities and leading an organization through mergers, acquisition and developmental opportunities	●	●	●	●	●	●	●	●	○
Reserves Evaluation: experience with oil and gas reserves evaluation and reporting	○	●	●	○	●	●	●	●	○
Risk Management: experience in evaluating and managing a large range of business risks facing a business, including ESG issues and IT cyber security.	●	●	●	●	●	●	●	●	●
Strategy: experience in development and implementation of strategic planning	●	●	●	●	●	●	●	●	●

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

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 in 2022 to further enhance capability and skill building, with the program being completed in 2023. Following completion of the 2023 program, 28 of 96 (29%) leaders have completed this leadership development program.

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 applies to individuals who are directors of Parex and are not also officers or employees of Parex or any subsidiary, and requires that if a director has reached the age of 75 years old on January 31st of any calendar year (such date, the "**Director Notice Date**"), that director will offer his or her resignation as a director of the Company to the Chair of the Board on or prior to such Director Notice Date, with such resignation to be effective immediately prior to the annual general meeting to be held in such calendar year. If the Board has approved the date of an annual general meeting (such date of approval, the "**AGM Determination Date**") and a director will reach the age of 75 years old after January 31st of the calendar year in which such annual general meeting will be held but prior to the date of such annual general meeting, the director will offer his or her resignation as a director of the Company to the Chair of the Board no later than five days following the AGM Determination Date. In all cases, the Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation until the Director Notice Date in the next ensuing calendar year, having regard to all matters it deems relevant.

If such resignation is to be accepted, the Chair of the Board will advise such director that he or she will not be nominated for re-election at the annual general meeting held in the applicable calendar year and that his or her resignation will be effective immediately prior to such annual general meeting. If such resignation is waived as aforesaid, and if the director is elected by the shareholders of the Corporation at such annual general meeting, such director will continue to be required on an annual basis to tender his or her resignation for consideration by the Board in accordance with the foregoing provisions of this Policy.

For the purposes of the Company's Cash/Share Settled RSU Plan a director's eligibility for retirement will be determined based on: (i) if a participant: (A) has continually been a director of the Company for a minimum of 8 years, (B) has at all times carried out his or her duties as a director of the Company, in compliance with his or her fiduciary duties at law, (C) has provided the Company with 6 months prior written notice with the intention to retire as a director and, (D) is offered to enter into a Retirement Agreement, and subsequently enters into a Retirement Agreement, or (ii) as otherwise determined by the Board subject to the Company's director retirement policy. The Company's director retirement policy was implemented in 2014 and is reviewed periodically for relevance and was last updated in 2023.

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 its executive compensation approach, which demonstrates strong alignment to the Company's overall annual performance and Shareholder interests.

Our 2023 Performance

The Company achieved record production, successfully replaced 100% of PDP reserves, and delivered excellent safety performance. Our returns to Shareholders were very strong, providing a 34% total return⁽¹⁾ in 2023, inclusive of US \$119 million in regular cumulative dividends paid. This total return was also at the 95th percentile relative to our compensation peers, demonstrating strong relative industry performance. Key financial and operational highlights include:

- Record average production of 54,356 boe/d (consisting of 8,417 bbl/d of light crude oil and medium crude oil, 45,163 bbl/d of heavy crude oil and 4,656 mcf/d of conventional natural gas), up 4% over 2022.
- Realized net income of US \$459 million or US \$4.32 per share basic.
- Generated funds flow provided by operations ("FFO") of US \$668 million⁽²⁾ and FFO per share of US \$6.29⁽³⁾.
- Produced an operating netback of US \$44.84/boe⁽³⁾ and an FFO netback of US \$33.59/boe⁽³⁾ from an average Brent price of US \$82.18/bbl.

While we encountered some headwinds during the year, we approach 2024 with confidence in base production from our core Southern Casanare assets, optimism about near-term growth and upside potential in Arauca, and continue to be focused on high grading our portfolio and delivering meaningful exploitation and exploration volumes.

2023 Incentive Compensation Outcomes

Our short-term incentive program resulted in an overall corporate score of 91.4%. While this is slightly below target, it reflects very strong progress on our strategic milestones and ESG initiatives, against the backdrop of a more challenging year for operational performance. Notwithstanding our below-target performance in 2023, our investors clearly understand the value of our long-term strategy, evidenced by very strong shareholder returns, both on an absolute and relative basis. Our performance on our scorecard reflects our momentum on long-term strategy execution. The resulting score of 91.4% has not been adjusted by the HR&C Committee. For more discussion of our 2023 annual scorecard results, refer to "Executive Compensation Components".

PSUs granted in 2021 also recently vested and paid out at 125%. This result is strongly aligned with our performance against five categories for the period of 2021 to 2023. For more discussion of 2021 PSU results, refer to "Executive Compensation Components".

Compensation Design & Approach in 2023

Our approach to executive compensation did not change materially year-over-year. Our philosophy continued to be based on pay for performance, with a focus on ensuring that business results are rewarded through a performance-based compensation program over the long-term. Compensation for our CEO and senior executives continues to be strongly performance-based with a majority of total direct compensation at risk (82% for the CEO, ~75% for other NEOs).

Considering strategic compensation changes made in prior years, the HR&C Committee recommended, and the Board approved, market-based adjustments for 2023 for the senior executive team to further improve alignment with peer compensation. Similar market-based adjustments were made to non-executive director compensation in 2023, including an increase in the share ownership requirement for directors from 4.5x to 6x the cash retainer.

We are also pleased to report that as a result of a comprehensive review in 2023, the CEO's share ownership requirement has increased from 4x to 5x effective December 1, 2023. At least 50% of this ownership must continue to be held in Common Shares, a market-leading and strongly shareholder-focused approach to governance.

Looking Forward to 2024

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

We are proposing a limited number of changes to our compensation design in 2024 to enhance the alignment of executives with investors, including 1) the adoption of a treasury-settled share unit plan, subject to shareholder approval, which will allow our senior executives to hold on to RSUs and PSUs beyond three years and settle RSUs and PSUs in Common Shares issued from treasury; 2) enhancements to our ESPP program so that the broader employee base and senior executives at Parex are more closely aligned with the investor experience; 3) increasing the weight of operational performance in our 2024 corporate scorecard (as we understand execution of our strategy is fundamental to shareholder value creation in 2024); and 4) evolving our current share ownership practice to a hold until met practice that would require Executives to retain Common Shares with the after tax proceeds received on the settlement of RSUs, PSUs and CosRSUs until the target ownership level is met.

As in past years, we welcome Shareholder feedback through our 'Say on Pay' voting process at the Meeting. We hope to sustain our track record of strong Say on Pay results, building on a 5-year average of 96% support.

Sincerely,
Human Resources & Compensation Committee

Notes:

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

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

(3) Non-GAAP ratio. See "Advisories – Non-GAAP and other Financial Measures Advisory".

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 with specific review of 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 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

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 an 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 50th 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 ⁽¹⁾ (\$ Millions)	Market Capitalization ⁽¹⁾ (\$Millions)	2023 Revenue ⁽¹⁾ (\$Millions)
Africa Oil Corp.	999	1,262	784
Athabasca Oil Corporation	2,398	2,510	1,159
Baytex Energy Corp.	7,704	5,064	2,713
Birchcliff Energy Ltd.	2,396	2,064	740
Canacol Energy Ltd.	1,140	366	426
Crescent Point Energy Corp.	9,215	6,203	3,190
Enerplus Corporation	5,290	4,971	2,286
Frontera Energy Corporation	1,392	918	1,551
GeoPark Limited	1,350	781	1,021
Gran Tierra Energy Inc.	942	313	860
International Petroleum Corp.	1,552	2,119	1,152
Kosmos Energy Ltd.	8,146	5,098	2,274
MEG Energy Corp.	8,917	7,487	5,653
Murphy Oil Corporation	12,508	9,489	4,654
NuVista Energy Ltd.	3,069	2,772	1,274
Paramount Resources Ltd.	4,610	4,625	1,852
Peyto Exploration & Development Corp.	3,253	2,410	1,007
Talos Energy Inc.	4,406	2,763	1,967
Vermilion Energy Inc	4,255	3,252	2,008
Whitecap Resources Inc	8,157	6,953	3,250
Peer Comparator Group Average	4,585	3,571	1,991
Parex Resources Inc. ⁽²⁾⁽³⁾	2,519	2,590	1,579

Notes:

(1) Information was obtained from Bloomberg on March 21, 2024 and the information is as at December 31, 2023.

(2) Parex 2023 revenue reflects oil and natural gas sales less royalties as reported on Parex's income statement for the year ended December 31, 2023.

(3) Converted to CAD from USD using the Bank of Canada closing average rate for the period (December 31, 2023: \$1.3497).

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 2023 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 stock option ("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 Company's stock option plan (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:

	2021	2022	2023
NEO Compensation (CAD thousands) ⁽¹⁾	\$ 11,073	\$ 10,844	\$ 13,314
Oil & Gas Sales (CAD thousands) ⁽²⁾	\$ 1,325,180	\$ 2,138,802	\$ 1,909,221
NEO compensation/revenue (%)	0.84	0.51	0.70

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, 2023: \$1.3497; December 31, 2022: \$1.3013; and December 31, 2021: \$1.2535).

The HR&C Committee did not identify any risks associated with Parex's compensation policies and practices for the year ended December 31, 2023 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

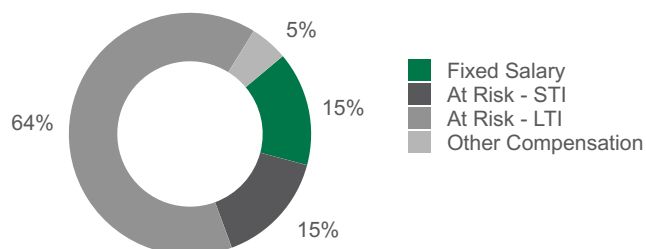
	Element	Award	Timeframe	Program Determinants
 Fixed	Base Salary	Cash	Annual	<ul style="list-style-type: none"> • Performance • Experience • Roles and Responsibilities
	Incentive Bonus	Cash	Annual	Corporate and individual performance-based (75%/25%) <ul style="list-style-type: none"> • Performance based on company scorecard measured and approved by the Board • Payout range is between 0 and 150% of target incentive based on assessment, with 0% awarded below 50% threshold of performance
 At Risk	Long-Term Incentives	Options	<ul style="list-style-type: none"> • Vests in 1/3 each year over three years • Expires 5 years after grant 	Ensures market competitiveness and aligns with strategy to attract and retain talent <ul style="list-style-type: none"> • Realized value based on stock price performance
	Long-Term Incentives	Cash or Common Share Settled RSUs	<ul style="list-style-type: none"> • Vests in 1/3 each year over three years • Expires 3 years after grant with a forced payout each vesting 	Ensures market competitiveness and aligns with strategy to attract and retain talent. <ul style="list-style-type: none"> • Realized value based on stock price performance • 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
	Long-Term Incentives	Cash or Common Share Settled RSUs	<ul style="list-style-type: none"> • Cliff vesting after a three-year period with a forced payout; with participant to determine share or cash settlement 	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. <ul style="list-style-type: none"> • 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)

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.

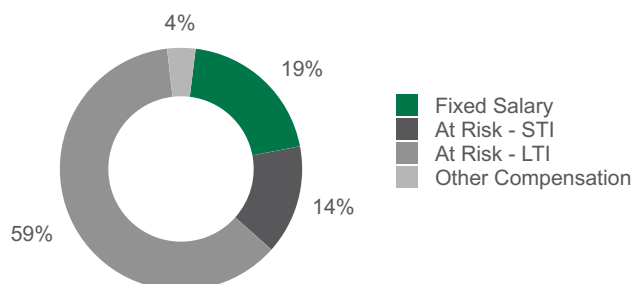
Target Compensation Mix

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 75% of base salary for the Company's other Executives.

As in the past, 100% target payouts are set to generally align with budget and guidance. For 2024, the Board has approved a change to our corporate scorecard to introduce a maximum payout of 200% of target for significant outperformance (i.e. 90th percentile achievement). This change was made to align the competitiveness of our short-term incentive program with that of industry peers and to enhance the pay-for-performance focus in our scorecard. We have recalibrated the rigour of our maximum performance requirements accordingly. The minimum payout under our plan remains 0% for failing to meet minimally acceptable threshold performance goals. More details around our 2024 corporate scorecard will be disclosed in our proxy circular in early 2025.

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

Note:

(1) As at December 31, 2023.

The Board approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2023 were approved in early 2023 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 2023. The Board approved a final payout for 2023 of 91.4% of target.

Objectives	Weight	Target	Year-End Result	Performance Results	Payout
Safety	10%	TRIF ⁽¹⁾ : 1.4 LTIF ⁽²⁾ : 0.4 MVA ⁽³⁾ : 0.32	TRIF: 1.0 LTIF: 0.25 MVA: .007	<ul style="list-style-type: none"> The leading and lagging safety indicators outperformed during the year 	13.5%
Profitability & Netback					
• Recycle ratio (cash netback / 2P FD&A)	5%	2.4X	NMF	<ul style="list-style-type: none"> 2P recycle ratio⁽⁴⁾ did not deliver a meaningful result 	0.0%
• Drilling Time Improvement (Arauca)	5%	10%	44%	<ul style="list-style-type: none"> Building on lessons learned after the Company's first well in Arauca, drilling improvement time was achieved outside of external impacts 	7.5%
• Opex Corporate (\$/boe)	5%	\$6.60	\$10.42	<ul style="list-style-type: none"> Increased costs including energy, operating and workover expenses resulted in higher than expected OpEx 	—%
Asset Sustainability					
• 2P Reserve adds (Mmboe)	7.5%	22	-12	<ul style="list-style-type: none"> Replaced 100% of PDP reserves; failed to replace 1P and 2P reserves with reserves volumes down 14% and 16%, respectively, YoY 	—%
• Q4 Arauca Production (boe/d)	2.5%	3,000	39	<ul style="list-style-type: none"> Arauca production impacted by delays cause from prolonged social blockade 	—%
Strategic Milestones	40%	Advance key strategic milestones in support of long-term strategy	Outperform	<ul style="list-style-type: none"> Delivered eight out of nine strategic milestones Unlocked portfolio, spud Arauca 8 in 2023 Booked >5mmboe of 2P reserves from discoveries (i.e. exploration) Full implementation of contractor management strategy 	48.9%
ESG					
• GHG emission intensity (tCO ₂ -e/boe)	4%	5.00%	3.10%	<ul style="list-style-type: none"> GHG emission intensity reduction target impacted by higher production volumes 	2.5%
• Delivery of "Work for Taxes" Program and Social Investment (\$MM)	4%	\$10	\$21.5	<ul style="list-style-type: none"> Contributed ~\$21.5M in through social investment and Work for Taxes program, building on our reputation as a community partner of choice 	6.0%
• Diversity & Inclusion ("DE&I") progress (# of deliverables achieved)	2%	4	5	<ul style="list-style-type: none"> Delivered 5 DE&I deliverables, progressing our corporate DE&I strategy 	3.0%
Base Operations					
• Avg full year production (boe/d)	7.5%	60,000	54,356	<ul style="list-style-type: none"> Production was below threshold, impacted by weather delays and localized blockades 	—%
• Operated fields production Q4 avg (net boe/d)	7.5%	31,000	27,819	<ul style="list-style-type: none"> While operated production grew materially year-over-year, it remained below target primarily due to localized blockades 	—%
Technology Implementation	0 or 10%	8	8	<ul style="list-style-type: none"> In efforts to advance technology, a key pillar of our long term strategy, we delivered 8 of 11 deliverables resulting in an incremental 10% addition. 	10.0%
Total	100%				91.4%
Payout					91.4%

Notes:

(1) Total Recordable Injury Frequency (TRIF) rate calculated per million person hours

(2) Lost Time Injury Frequency (LTIF) rate calculated per million person hours

(3) Motor Vehicle Accident (MVA) rate calculated per million kilometers

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

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.

Changes to 2024 Performance Scorecard

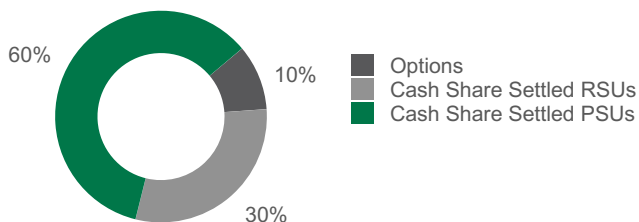
In 2024, Management recommended and the Board approved, changes to the categories and weighting of the 2024 Performance Scorecard. As indicated below, adjustments to the 2024 reflect Management and the Board's objective to have a greater focus on key operational deliverables. As a result, greater weighting on quantitative, in-year metrics has been assigned in 2024.

Objective	Metric	Weight
Health, Safety, Social & Environment	Leading & Lagging HSE Metrics	7.5 %
	Methane Reduction	2.5 %
	Community Investment	5.0 %
Operational	Production	30.0 %
	Capital Expenditure	15.0 %
	2P Reserves Additions	7.5 %
	PDP Reserves Additions	7.5 %
Financial	Recycle Ratio	5.0 %
Operational Milestones	Key Strategic Milestones	20.0 %
Total		100.0 %

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 2023, 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 2023, 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.

New for 2024

Subject to ratification by Shareholders at the Meeting, the Board approved the RSU Plan and in 2024 has made grants thereunder (which are also subject to ratification by Shareholders). The RSU Plan allows the Board to grant RSUs and PSUs to Service Providers (Parex officers and employees), each of which is a right to receive a Cash Payment, Payment Shares or Treasury Shares. For a description of the RSU Plan see "Matters to be Acted Upon at the Meeting – Approval of Restricted Share Unit Plan (Longer Duration) and Grants Made Thereunder" and the full plan which is attached hereto as Appendix "F".

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 and November 7, 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 658,911 Common Shares are issued and outstanding, representing 0.6% 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.

Restricted Share Units and Performance Restricted Share Units

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 and performance restricted share units under Parex's former restricted share unit plan ("**Old RSU Plan**") and as a result no further grants could be made under such plan. While no new awards could be made under the Old RSU Plan, it remained in place until such time as all outstanding restricted share units and performance restricted share units issued under it had been exercised, cancelled or expired by their terms which occurred in March 2023. No restricted share units and performance restricted share units were outstanding as at December 31, 2023.

Cash/Share Settled RSUs and Cash/Share Settled PSUs

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, as amended by the Board on November 7, 2023, 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, 670,108 Cash/Share Settled RSUs and 545,377 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.

CosPSUs provide a performance multiplier on the base grant of 0 to 2 times, depending upon Company performance over a three-year cliff vesting period. The five corporate performance measures for the 2023 and 2024 CosPSU vestings each with a one-fifth weighting, are as follows:

- **Relative Total Shareholder Return ("TSR"):** The payout multiplier will be based on Parex's relative TSR within a selected group of oil weighted Canadian and international exploration and production companies with similar size and operations to Parex. Relative TSR will be calculated using the volume weighted daily average relative performance over the three-year period.
- **Absolute TSR:** The payout multiplier will be based on Parex's absolute TSR over the three-year period compared against pre-defined total return benchmarks and corresponding payout multipliers. Absolute TSR will be calculated using the volume weighted daily average performance over the three-year period.
- **ESG:** The payout multiplier will be based on Parex's relative Sustainalytics ranking within a selected group of oil weighted Canadian and international exploration and production companies with similar size and operations to Parex. ESG will be calculated using the weighted annual relative Sustainalytics ranking over the three-year period.
- **Strategy:** The payout multiplier will be based on successful execution of operational, technological and corporate targets pre-defined and approved by Parex board of directors. Strategy will be calculate based on the proportional successful execution of the pre-defined targets over the three-year period.
- **Cash flow per fully diluted share ("CFPS"):** The payout multiplier will be based on Parex's relative cash flow per fully diluted share growth within a selected group of oil weighted Canadian and international exploration and production companies with similar size and operations to Parex. CPFS will be calculated as the weighted relative annual CPFS growth over the three-year period.

Calculation of Performance of the Long Term Incentive Plan

In February 2021, the HR&C Committee established the performance measures detailed in the table below in order to calculate the 2024 performance payout multiplier, which is used to determine the number of Common Shares to be issued pursuant to Cash/Share Settled PSUs granted in 2021. The HR&C Committee, along with the Board, assessed performance against these measures.

CosPSU Grants Issued in 2021 and Paid Out in March of 2024:

Performance Measures	Results/Quartile Ranking	Multiplier	Weighting	Weighted Multiplier Score
TSR vs. the oil weighted peer group calculated on the basis of a rolling 3 year weighted average ⁽¹⁾	Parex's TSR for the 2021-2023 period was 43% which ranked 11/11 within the pre-defined peer group resulting in a 0.0x multiplier.	—	0.20	—
TSR on an absolute basis over a 3 year period. ⁽²⁾	Parex's TSR for the 2021-2023 period was 43%, resulting in a payout of 200%. The Company's target for a 100% payout was achieving a 20% TSR.	2.00	0.20	0.40
Progression of the Company's strategic pillars: 1) Deploying new technology; 2) Advancing Gas Strategy; 3) Exploration; and 4) People, Capabilities & Culture	Over the 2021-2023 period Parex successfully executed on the pre-defined operational, technological and corporate targets resulting in a combined weighted multiplier of 1.58x.	1.58	0.20	0.32
ESG performance compared to annual peer group relative ranking on Sustainalytics Survey	On a three year period, Parex outranked its peer group in each year and was in the top quartile for all three years compared to all listed E&P companies (2021: 13/155; 2022: 10/158 and 2023: 9/169).	2	0.2	0.4
Cash flow per share growth relative to peers.	Parex's relative cash flow per fully diluted share growth over the 2021-2023 period was 115%, 27%, -6% respectively which resulted in a weighted average multiplier of 0.67x.	0.67	0.2	0.13
Total Score				1.25
Payout Multiplier				1.25x

Notes:

- (1) Calculated using the volume weighted average share price over the 2021-2023 period compared against a December 2020 volume weighted average price starting point. TSR includes dividends paid within 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 notational basis to fund the reduced working capital or increase in bank debt.

The payout multiplier for CosPSU grants issued in 2020 and paid out in March, 2023 was 0.93x.

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 current of the HR&C Committee are Lisa Colnett (Chair), 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 Chairperson ICD.D	Yes	Currently a director at Parkland Corporation, an international supplier and marketer of fuel and petroleum products and a leading convenience store operator, and a director at Northland Power Inc., 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 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.
Glenn McNamara ICD.D	Yes	Mr. McNamara is currently the Board's Vice Chair and Lead Director. Prior to retirement in 2023, Mr. McNamara was 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 PrairieSky Royalty Ltd., and is a member of the Institute of Corporate Directors having completed the Directors Education Program.
Carmen Sylvain ICD.D, QRD	Yes	Ms. Sylvain is a former Canadian Ambassador and Assistant Deputy Minister with 30 years of combined experience in foreign affairs, international trade and investment. She was Canada's 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, the (DCRO) Qualified Risk Directors Program and the (DCRO) Certificate in Cyber Risk Governance.

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, Cash/Share Settled RSU Plan, 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, RSU 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 PSUs 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 2023, 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 2022 and 2023 expenses related to compensation advisory is listed below.

Consultant	Date Retained	Mandate	2022	2023
Meridian	January 2023 - December 2023 and July 2022 - December 2022	Retirement and policy benchmarking, share ownership analysis and benchmarking, and Executive and Board pay benchmarking and realizable pay and performance analysis	\$86,724.23	\$146,746.00
Willis Towers Watson	January 2023 - December 2023 and January 2022 - December 2022	Employee external benchmarking and analysis including pay transparency analysis	\$65,954.66	\$4,540.00

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 2023 to conduct a benchmark review of and provide recommendations for executive and director compensation against the peer group of companies.

In February 2024, 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 5% base salary increase for the COO, CFO and President and Country Manager. This adjustment brings these roles into better alignment with peer benchmarks. The remainder of the executive team received a 2% increase to maintain market positioning. Over 75% of non-CEO executive annual total direct compensation is at-risk.

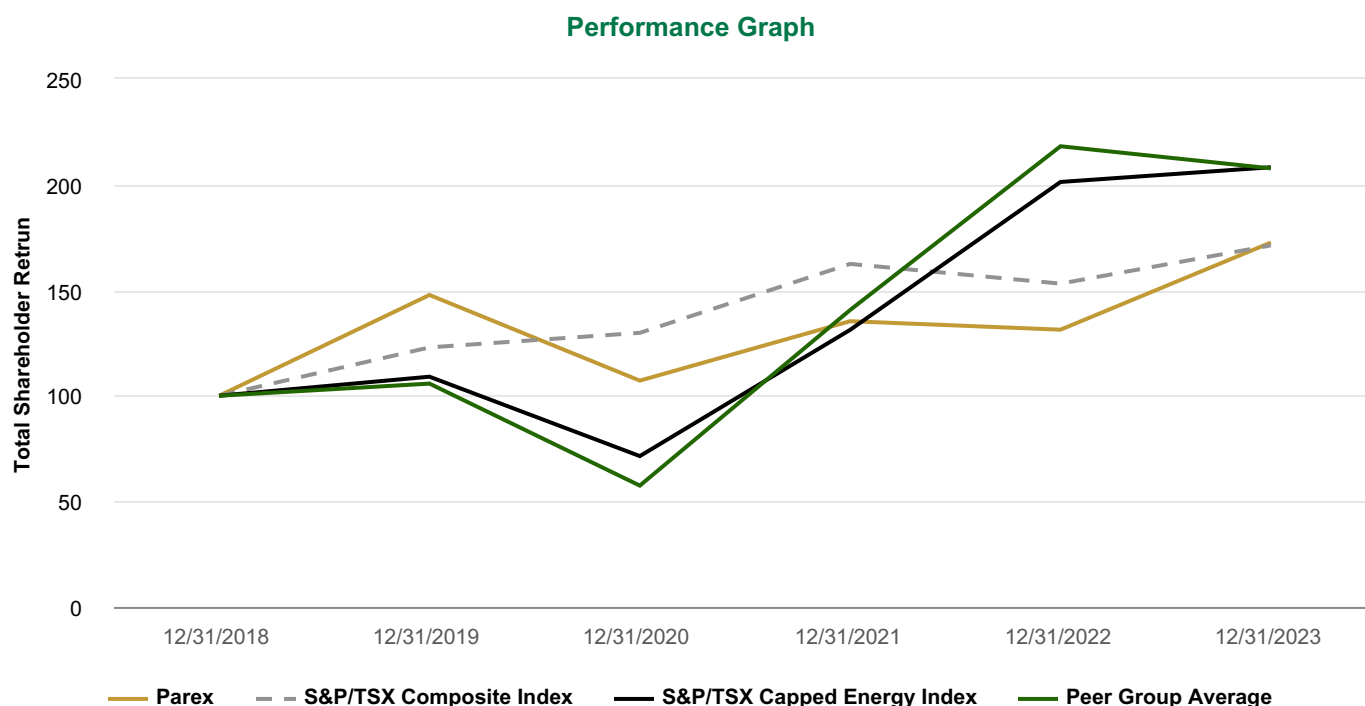
Also, at this time, the HR&C Committee recommended, and the Board approved for 2024 an increase of 4% to the CEOs long-term incentive compensation. This adjustment provides a total direct compensation package of \$3.75 million to Mr. Mohsen, and ensures the role remains market competitive. Over 80% of Mr. Mohsen's annual total direct compensation is at-risk.

Subject to ratification by Shareholders at the Meeting, the Board approved the RSU Plan and in 2024 made grants thereunder (which are also subject to ratification by Shareholders at the Meeting). The RSU Plan allows the Board to granted RSUs and PSUs to Service Providers, each of which is a right to receive a Cash Payment, Payment Shares or Treasury Shares. For a description of the RSU Plan see "Matters to be Acted Upon at the Meeting – Approval of Restricted Share Unit Plan (Longer Duration) and Grants Made Thereunder" and the full text of the RSU plan which is attached hereto as Appendix "F".

The HR&C Committee recommended and the Board approved annual long term incentive awards to executives with a grant date of March 4, 2024. The grants to executives included RSUs, PSUs and Options. The 2024 annual RSU, PSU and Option grants to executives were awarded under the RSU Plan and Option Plan, respectively. PSUs represented 60% of the 2024 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. In the event Shareholders do not ratify the RSU Plan and the grants made thereunder, each of the executives who were granted RSUs and PSUs will be deemed to have been granted an equivalent number of CosRSUs and CosPSUs under the Cash/Share Settled RSU Plan, the RSU Plan shall terminate and the 143,931 RSUs and 190,522 PSUs granted under the RSU Plan will be cancelled.

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, 2018 to December 31, 2023. 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.



	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Parex Resources Inc.	100	148	107	135	131	173
S&P/TSX Composite Index	100	123	130	162	153	171
S&P/TSX Capped Energy Index	100	109	71	131	201	208
Peer Group Average	100	106	57	141	218	208

If \$100 was invested in the Common Shares on December 31, 2018, it would have resulted in a cumulative shareholder return of 73% on December 31, 2023. 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 71%, and the same amount invested in the S&P/TSX Capped Energy Index would have resulted in a cumulative shareholder return of positive 108%.

From December 31, 2018 to December 31, 2023, 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 73%.

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.

2023 CEO & NEO Compensation

CEO Compensation Rationale

The Board evaluates delivery of the 2023 Corporate Scorecard and progression of the CEO's annual objectives in determining compensation outcomes. Based on these assessments, the Board awarded an at target short term incentive payment for Mr. Mohsen in the 2023 performance year. Outlined below are the Company's key short- and long-term achievements delivered under Mr. Mohsen's leadership during the year.

Asset Sustainability

- Generated a PDP reserves replacement ratio of approximately 100%, with 2023 production of approximately 19.8 mmbob and reserve additions of 19.7 mmbob⁽¹⁾.
- Continued to increase modern technology applications to enhance operational efficiency and improve recovery factor. Key advancements made in 2023 include the introduction of horizontal drilling at Cabrestero and LLA-34 as well as advancing waterflood injection at both blocks, beginning gas cycling at VIM-1, and beginning a polymer injection pilot at Cabrestero.
- First horizontals at LLA-34 and Cabrestero were drilled in the first quarter of 2023.
- Discovery at LLA-81, which was the first block accessed and drilled from the 2021 bid round.

Base Operations

- Achieved record production per share, up 12%⁽²⁾ compared to 2022, with an annual average production of 54,356 boe/d⁽³⁾ despite a prolonged Northern Llanos shut-in. The Company also delivered a production milestone in the fourth quarter, delivering the Company's highest average quarterly production of 57,329 boe/d⁽⁴⁾.
- Strategically grew the Company's operated production by 19%, from 20,690 boe/d⁽⁵⁾ in 2022 to 24,529 boe/d⁽⁶⁾ in 2023, diversifying the portfolio across Colombia and opening up new regions.

Profitability & Netback Optimization

- Achieved strong financial results, including net income of US\$459 million and funds flow provided by operations of US\$668 million⁽⁷⁾.
- Continued to build on the Company's track record of strong Shareholder returns, including the return of US\$119 million in regular dividends and US\$105 million of share buybacks. In 2023, the Company increased the regular quarterly dividend by 50% to C\$0.375 per share, from C\$0.25 per share for the fourth quarter of 2022, and repurchased 5.6 million Common Shares under the Company's normal course issuer bid.

ESG & Safety

- Delivered exceptional safety performance across all metrics (LTIF, TRIF, MVA and leading indicators), demonstrating the foundational role safety plays in the way Parex operates.
- Achieved external recognition in ESG leadership, including inclusion in the Morningstar Sustainalytics' 2023 ESG Industry Top Rated list and maintaining our rating of "AA" on Morgan Stanley Capital International (MSCI).⁽⁸⁾
- Continued to make meaningful progress on our DE&I journey, by expanding our Board diversity disclosure to include ethnic / racial voluntary self-disclosure and ensuring diversity in leadership with 2 of 4 Board Committee Chairs being women.
- Made meaningful social investments of approximately US\$21.5 million through direct community investment (~\$5 million) as well as Colombia's Work For Taxes Program (~\$16.5 million) where Parex is the leader in the number of projects and total dollars granted of any company during 2023.

Strategic Milestones

- Demonstrated its leadership in deploying technology within Colombia to further optimize exploitation opportunities and enable access to high-impact prospects previously inaccessible.
- Became the first company to gain access to the Arauca block since the 1980s, drilling the Company's inaugural well, Arauca-15, and delivering an exploration discovery at Arauca-8.
- Continued to advance the Company's strategic partnership with Ecopetrol S.A, significantly progressing the memorandum of understanding framework that is setting the foundation to assess the high-potential foothills trend in the Llanos Basin.

As disclosed above, Mr. Mohsen's annual bonus is calculated considering both organizational performance (representing 75%) and individual performance (representing 25%). Throughout 2023, Mr. Mohsen demonstrated strong leadership and oversight, enabling the Company to deliver on many of its short-term objectives while also making progress against its long-term strategic priorities.

Notes:

(1) See "Advisories – Reserve Advisory".

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

(3) 2023 annual average production consisted of light & medium crude oil: 8,417 bbl/d; heavy crude oil: 45,163 bbl/d; and conventional natural gas: 4,656 mcf/d.

(4) Average quarterly production for three months ended December 31, 2023 consisted of light & medium crude oil: 9,700 bbl/d; heavy crude oil: 46,760 bbl/d; and conventional natural gas: 5,214 mcf/d.

(5) 2022 operated production consisted of light & medium crude oil: 7,471 bbl/d; heavy crude oil: 11,649 bbl/d; and conventional natural gas: 9,420 mcf/d.

(6) 2023 operated production consisted of light & medium crude oil: 8,417 bbl/d; heavy crude oil: 15,336 bbl/d; and conventional natural gas: 4,656 mcf/d.

(7) Capital management measure. See "Advisories – Non-GAAP and Other Financial Measures Advisory".

(8) As of March 13, 2024, Parex received an ESG Risk Rating of 24.1 from Morningstar Sustainalytics and was assessed to be at Medium Risk of experiencing material financial impacts from ESG factors (6th Percentile). In no event will the presentation be construed as investment advice or expert opinion as defined by the applicable legislation. Such information and data are proprietary of Sustainalytics and/or its third-party suppliers and are provided for informational purposes only. As of December 26, 2023, Parex received an MSCI ESG Rating of AA (on a scale of AAA-CCC). The use by Parex of MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks service marks or Index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Parex by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided "as-is" and without warranty. MSCI names and logos are trademarks or services marks of MSCI.

NEO Profiles

Set forth below are the biographies of each Named Executive Officer (NEO), which provide an overview of each NEO's role, responsibilities, 2023 total compensation, comparison to 2022 compensation and 2023 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

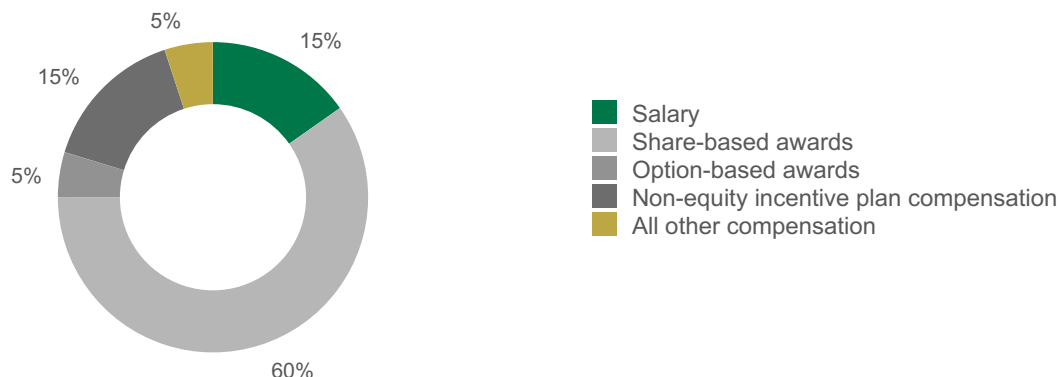
Mr. Mohsen joined Parex Resources as President and Chief Executive Officer in 2021, and is accountable for the Company's overall leadership, strategic vision and delivery of Shareholder value. With 25 years of experience in senior leadership positions, he has a proven track record leading teams to execute 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	2023	2022
Salary	675,000 \$	650,000
Share-based awards	2,641,539	2,060,307
Option-based awards	208,997	270,690
Non-equity incentive plan compensation	675,000	690,625
All other compensation	223,012	181,785
Total	\$ 4,423,548	\$ 3,853,407

2023 Compensation Mix (%)





Mr. Bishnoi is the Chief Financial Officer and Corporate Secretary for Parex. In this role, Mr. Bishnoi is responsible for managing the Company’s financial and risk activities, and ensuring Parex has the financial strength to deliver on its corporate strategy.

Sanjay Bishnoi

Chief Financial Officer & Corporate Secretary

As the Chief Financial Officer and Corporate Secretary, Mr. Bishnoi is responsible for managing Parex’s financial and risk activities, and ensuring Parex has the financial strength to deliver on its corporate strategy. With over 25 years of corporate finance, strategy, and new ventures expertise, primarily in the energy sector, Mr. Bishnoi brings robust experience and leadership to the role.

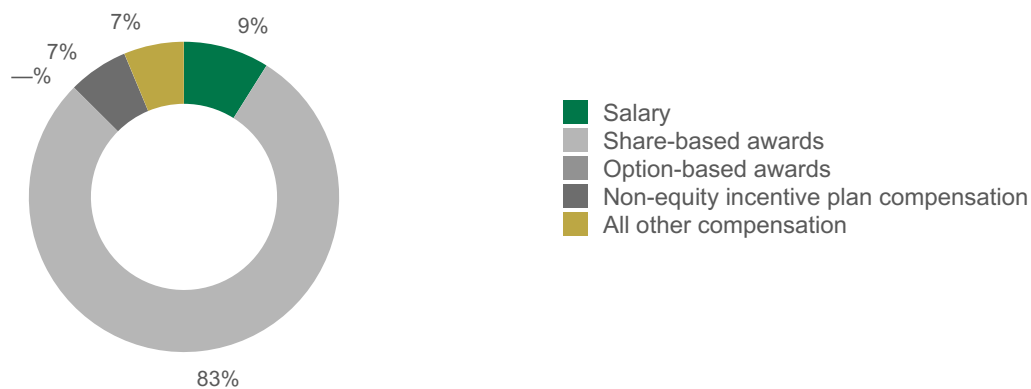
Prior to joining Parex on October 2, 2023, Mr. Bishnoi was the Chief Financial Officer at TotalEnergies EP Canada. Other senior leadership roles include being the Chief Financial Officer and Senior Vice President at Enerflex from 2019 – 2023, where he oversaw the company’s financial and corporate reporting functions and being a co-founder and Chief Financial Officer at Caprock Midstream from 2015-2019, a privately held midstream operator in the Delaware basin. In addition to these roles, Mr. Bishnoi built his career taking on operational and financial roles of increasing responsibility at organizations including GE, The Dow Company, El Paso Global LNG, The Boston Consulting Group and Imperial Oil.

Mr. Bishnoi holds an MBA from the University of Chicago, a Ph.D. in Chemical Engineering from the University of Texas at Austin, and a Bachelor of Science in Chemical Engineering from the University of Calgary.

Compensation	2023	2022
Salary ⁽¹⁾	100,000 \$	—
Share-based awards	878,635	—
Option-based awards	—	—
Non-equity incentive plan compensation	70,163	—
All other compensation	13,808	—
Total	\$ 1,062,606 \$	—

(1) Mr. Bishnoi’s salary in the table above is for the period of October 2, 2023 to December 31, 2023. Mr. Bishnoi’s full year salary is \$400,000.

2023 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

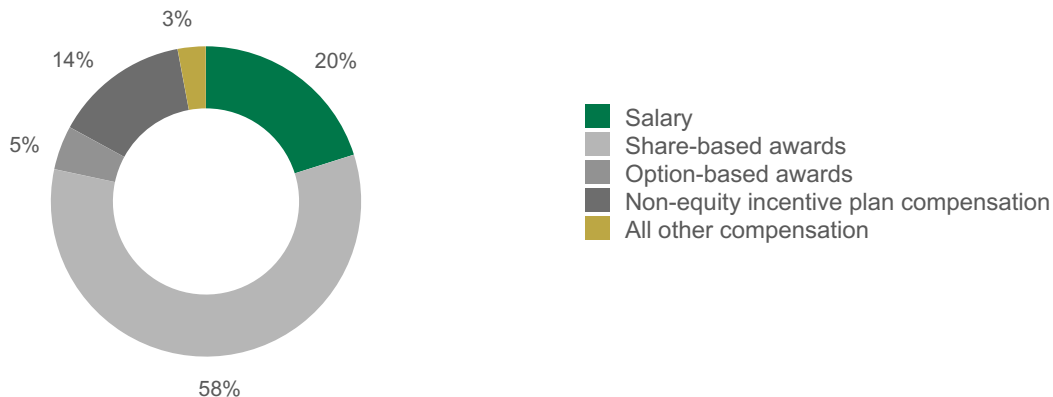
Mr. Furlan was appointed Chief Operating Officer in 2018 and is accountable for overseeing the drilling, operations, production, reserves and development activities of the Company. He has over 30 years of experience in field operations, reservoir development planning and execution and executive leadership. 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		2023		2022
Salary	\$	409,221	\$	384,000
Share-based awards		1,183,461		997,371
Option-based awards		93,633		131,040
Non-equity incentive plan compensation		287,120		244,800
All other compensation		59,541		76,316
Total	\$	2,032,976	\$	1,833,527

2023 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, financial forecasting, strategic planning and sustainability.

Mike Kruchten

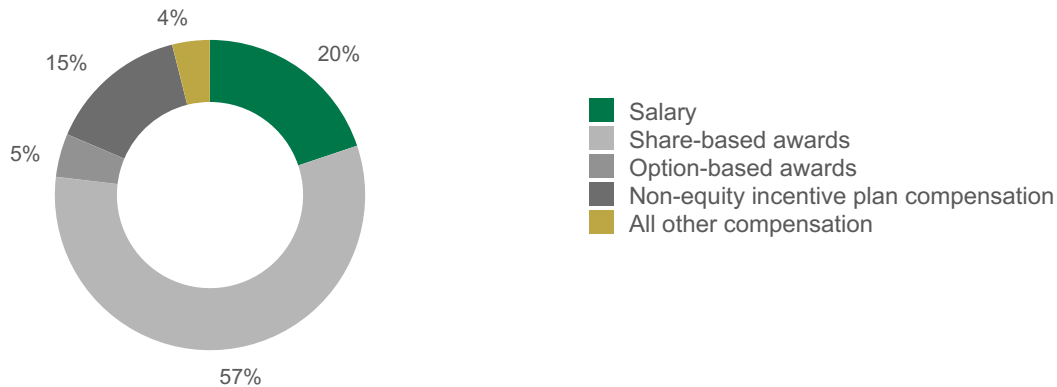
Senior Vice President, Capital Markets & Corporate Planning

As the Senior Vice President, Capital Markets and Corporate Planning, Mr. Kruchten is responsible for Investor Relations, 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		2023		2022
Salary	\$	340,600	\$	337,000
Share-based awards		978,144		825,985
Option-based awards		77,389		108,528
Non-equity incentive plan compensation		251,746		202,200
All other compensation		67,323		66,920
Total	\$	1,715,202	\$	1,540,633

2023 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.

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.

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 Tecnologico de Buenos Aires as a Petroleum Engineer.

Compensation		2023		2022
Salary	\$	360,000	\$	323,000
Share-based awards		829,140		703,310
Option-based awards		65,598		92,411
Non-equity incentive plan compensation		259,335		213,180
All other compensation		445,979		377,311
Total	\$	1,960,052	\$	1,709,212

2023 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, 2021, 2022 and 2023.

Name and Principal position	Year	Salary (\$)	Share-based awards (\$) ⁽²⁾⁽³⁾	Option-based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$) ⁽¹⁾		Total compensation ⁽⁶⁾ (\$)
					Annual incentive plans ⁽⁵⁾	All other compensation ⁽⁶⁾⁽⁷⁾ (\$)	
Imad Mohsen ⁽⁹⁾⁽¹⁰⁾ President and CEO	2021	504,167	2,097,529	263,299	541,979	657,755	4,064,729
	2022	650,000	2,060,307	270,690	690,625	181,785	3,853,407
	2023	675,000	2,641,539	208,997	675,000	223,012	4,423,548
Sanjay Bishnoi ⁽¹¹⁾ Chief Financial Officer and Corporate Secretary	2023	100,000	878,635	—	70,163	13,808	1,062,606
Eric Furlan 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
	2023	409,221	1,183,461	93,633	287,120	59,541	2,032,976
Michael Kruchten SVP Capital Markets & Corporate Planning	2021	310,650	856,332	95,491	195,710	65,910	1,524,093
	2022	337,000	825,985	108,528	202,200	66,920	1,540,633
	2023	340,600	978,144	77,389	251,746	67,323	1,715,202
Daniel Ferreiro President Parex Resources (Colombia) Ltd.	2021	300,000	728,558	81,246	193,500	478,600	1,781,904
	2022	323,000	703,310	92,411	213,180	377,311	1,709,212
	2023	360,000	829,140	65,598	259,335	445,979	1,960,052
Kenneth Pinsky ⁽¹²⁾ Former Chief Financial Officer and Corporate Secretary	2021	358,750	1,104,065	123,119	226,013	75,183	1,887,130
	2022	391,000	1,064,786	139,902	234,600	76,661	1,906,949
	2023	383,059	1,265,431	100,117	287,294	83,917	2,119,818

Notes:

- The Company did not provide long-term non-equity incentive plan or pension plan compensation in 2021, 2022 and 2023.
- 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 2021, 2022 and 2023. 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 (4) 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 8, 2021	21.88	21.88
February 7, 2022	27.36	27.36
February 8, 2023	22.77	22.77

- 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 8, 2021	February 8, 2022	February 6, 2023
Expected life of Options	4.0 years	4.0 years	4.0 years
Risk-free interest rate	0.37%	1.58%	3.38%
Expected volatility	46.40%	47.94%	47.53%
Expected dividend yield	2.31%	4.96%	6.01%
Grant date fair value per Option	\$7.84	\$10.50	\$5.97

- Incentive plan bonuses for 2021 were paid in February 2022, for 2022 were paid in February 2023, and for 2023 were paid in February 2024.
- All other compensation for Messrs. Mohsen, Bishnoi, Furlan, Kruchten and Pinsky 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. Ferreiro 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.
- Mr. Mohsen was appointed President and CEO of Parex effective February 4, 2021.
- Mr. Mohsen's total compensation, without one-time payments and on hire grants, for 2021 is equal to \$2,905,280.
- Mr. Bishnoi was appointed CFO and Corporate Secretary of Parex effective October 2, 2023. Mr. Bishnoi's salary in the table above is for the period from October 2, 2023 to December 31, 2023. Mr. Bishnoi's full year salary is \$400,000.
- Mr. Pinsky retired from his position as CFO and Corporate Secretary effective November 30, 2023.

NEO Incentive Plan Awards

Outstanding Option-based and Share-based Awards (as at December 31, 2023)

Name and Principal position	Grant Date	Number of securities underlying unexercised Options	Option-Based Awards		
			Options exercise price (\$/common Share)	Option expiration date	Value of unexercised in-the-money Options (\$) ⁽¹⁾
Imad Mohsen President and CEO	8-Feb-2021	33,584	21.65	8-Feb-2026	110,827
	7-Feb-2022	25,780	27.02	7-Feb-2027	—
	6-Feb-2023	35,008	22.77	6-Feb-2028	76,317
Sanjay Bishnoi Chief Financial Officer and Corporate Secretary	N/A	—	—	N/A	—
Eric Furlan Chief Operating Officer	10-Feb-2020	16,200	22.18	10-Feb-2025	44,874
	8-Feb-2021	14,705	21.65	8-Feb-2026	48,524
	7-Feb-2022	12,480	27.02	7-Feb-2027	—
Michael Kruchten SVP Capital Markets & Corp. Planning	6-Feb-2023	15,684	22.77	6-Feb-2028	34,191
	10-Feb-2020	4,500	22.18	10-Feb-2025	12,465
	8-Feb-2021	8,120	21.65	8-Feb-2026	26,796
Daniel Ferreira President Parex Resources (Colombia) Ltd.	7-Feb-2022	10,336	27.02	7-Feb-2027	—
	6-Feb-2023	12,963	22.77	6-Feb-2028	28,259
	10-Feb-2020	9,900	22.18	10-Feb-2025	27,423
Kenneth Pinsky ⁽²⁾ Former Chief Financial Officer and Corporate Secretary	8-Feb-2021	10,363	21.65	8-Feb-2026	34,198
	7-Feb-2022	8,801	27.02	7-Feb-2027	—
	6-Feb-2023	10,988	22.77	6-Feb-2028	23,954
Kenneth Pinsky ⁽²⁾ Former Chief Financial Officer and Corporate Secretary	10-Feb-2020	17,300	22.18	10-Feb-2025	47,921
	8-Feb-2021	15,704	21.65	8-Feb-2026	51,823
	7-Feb-2022	13,324	27.02	7-Feb-2027	—
	6-Feb-2023	16,770	22.77	6-Feb-2028	36,559

Notes:

(1) Based on the difference between the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95 and the exercise price of the Options.

(2) Mr. Pinsky retired from his position as CFO and Corporate Secretary effective November 30, 2023.

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 (\$) ⁽¹⁾	
	CosRSUs	CosPSUs	CosRSUs	CosPSUs
Imad Mohsen	66,659	173,509	1,663,160	4,329,063
Sanjay Bishnoi	32,114	—	801,240	—
Eric Furlan	28,825	89,456	719,196	2,231,947
Michael Kruchten	23,850	74,043	595,047	1,847,365
Daniel Ferreira	20,259	62,934	505,461	1,570,204
Kenneth Pinsky ⁽³⁾	30,800	95,563	768,451	2,384,293

Notes:

(1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95 by the number of Cash/Share Settled RSUs and Cash/Share Settled PSUs that were not vested as at December 31, 2023.

(2) No restricted share units and performance restricted share units under the Old RSU Plan were outstanding as at December 31, 2023.

(3) Mr. Pinsky retired from his position as CFO and Corporate Secretary effective November 30, 2023.

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, 2023 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2023.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards Value vested during the year (\$)		Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\$)
		CosRSUs ⁽²⁾	CosPSUs ⁽²⁾	
Imad Mohsen	23,843	574,140	—	675,000
Sanjay Bishnoi ⁽⁵⁾	—	—	—	70,163
Eric Furlan	20,159	348,503	687,854	287,120
Michael Kruchten	16,748	289,119	576,845	251,746
Daniel Ferreiro	13,297	384,543	—	259,335
Kenneth Pinsky ⁽⁶⁾	21,531	372,363	738,540	287,294

- 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) As of March 2023, all outstanding restricted share units and performance restricted share units issued under the Old RSU Plan have been exercised, cancelled or have expired by their terms. No value vested during the year in respect of the restricted share units and performance restricted share units issued under the Old RSU Plan.
 - (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 2023 were paid in February 2024.
 - (5) Mr. Bishnoi was appointed CFO and Corporate Secretary of Parex effective October 2, 2023.
 - (6) Mr. Pinsky retired from his position as CFO and Corporate Secretary effective November 30, 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. As of March 2023, all outstanding restricted share units and performance restricted share units issued under the Old RSU Plan have been exercised, cancelled or have expired by their terms and no new awards will be made under the Old RSU Plan. The following sets forth information in respect of securities authorized for issuance under the Company's Option Plan as at December 31, 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights ⁽⁴⁾ (a)	Weighted average exercise price of outstanding Options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾⁽³⁾
Equity compensation plans approved by security holders			
Option Plan ⁽²⁾	690,645	23.32	See Note 3
Total	690,645	—	4,499,941

- Notes:
- (1) As at December 31, 2023, 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 690,645 outstanding Options as of December 31, 2023, 321,959 were in-the-money as of that date, based on the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95.
 - (3) The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2023 was equal to 5% of the number of Common Shares outstanding as at December 31, 2023 less the number of Options outstanding under the Option Plan as at December 31, 2023. As at December 31, 2023, there were 690,645 Options outstanding, leaving 4,499,941 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 21, 2024, the Record Date, was equal to 5% of the number of Common Shares outstanding as at March 21, 2024 less the number of Options outstanding under the Option Plan as at March 21, 2024. As at March 21, 2024, there were 665,745 Options outstanding, leaving 4,482,954 Common Shares available for issuance under the Option Plan.
 - (4) During the year ended December 31, 2023, 263,986 Common Shares were issued on exercise of Options and 63,542 Common Shares were issued on exercise of restricted share units issued pursuant to the Old RSU Plan.

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	2021 ⁽¹⁾		2022 ⁽²⁾		2023 ⁽³⁾	
	Number Granted	Burn Rate	Number Granted	Burn Rate	Number Granted	Burn Rate
Options	197,470	0.16%	172,103	0.15%	196,583	0.19%
RSUs ⁽⁴⁾	—	—%	—	—%	—	—%
PSUs ⁽⁵⁾	—	—%	—	—%	—	—%

Notes:

- (1) The weighted average number of Common Shares outstanding for December 31, 2021 is 125,210,014 Common Shares.
- (2) The weighted average number of Common Shares outstanding for December 31, 2022 is 113,571,626 Common Shares.
- (3) The weighted average number of Common Shares outstanding for December 31, 2023 is 106,247,093 Common Shares.
- (4) These are restricted share units issued pursuant to the Old RSU Plan.
- (5) These are performance restricted share units issued pursuant to the Old RSU Plan. Assuming a payout multiplier of one.

Value Realized From Equity Exercises During the Year

	Imad Mohsen	Sanjay Bishnoi	Eric Furlan	Michael Kruchten	Daniel Ferreira	Ken Pinsky
Options⁽¹⁾						
Securities acquired on exercise	—	N/A	—	—	17,000	34,500
Aggregated value realized (\$)	—	N/A	—	—	68,950	185,611
Number of resulting shares held	—	N/A	—	—	—	—
Number of resulting shares sold	—	N/A	—	—	17,000	34,500
Restricted Share Units⁽²⁾						
Securities acquired on exercise	N/A	N/A	—	—	10,000	—
Aggregated value realized (\$)	N/A	N/A	—	—	205,250	—
Number of resulting shares held	N/A	N/A	—	—	—	—
Number of resulting shares sold	N/A	N/A	—	—	10,000	—
Cash/Share Settled PSUs⁽³⁾						
Securities acquired on exercise	N/A	N/A	28,221	23,667	N/A	30,300
Aggregated value realized (\$)	N/A	N/A	671,954	563,502	N/A	721,454
Number of resulting shares held	N/A	N/A	—	—	N/A	—
Number of resulting shares sold	N/A	N/A	28,221	23,667	N/A	30,300
Cash/Share Settled RSUs⁽³⁾						
Securities acquired on exercise	24,095	N/A	14,589	12,103	16,075	15,588
Aggregated value realized (\$)	564,834	N/A	343,774	285,199	380,224	367,611
Number of resulting shares held	—	N/A	—	—	—	—
Number of resulting shares sold	24,095	N/A	14,589	12,103	16,075	15,588

Notes:

- (1) Value based on multiplying the difference between the sales price price of the Common Shares on the TSX on the date of exercise and the exercise price of the Options by the number of Options exercised on such date.
- (2) These are restricted share units issued pursuant to the Old RSU Plan. Value based on multiplying the sales price of the Common Shares on the TSX on the date of exercise, less the \$0.01 exercise price by the number of restricted share units exercised on such date.
- (3) Value 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) Only Mr. Mohsen's Cash/Share Settled RSUs were settled in Shares purchased on the TSX during the year- ended December 31, 2023. All other Cash/Share Settled PSUs or Cash/Share Settled RSUs held by NEOs which vested during the year-ended December 31, 2023 were settled in cash.

Three Year NEO Compensation Versus Financial Measures

	2021	2022	2023
Total NEO Compensation (\$ millions)	11.07	10.84	13.31
Funds Flow Provided by Operations (\$ millions) ⁽¹⁾⁽²⁾	732.21	981.79	883.21
NEO Compensation as % of Funds Flow Provided by Operations	2%	1%	2%
Enterprise Value (\$ millions) ⁽¹⁾⁽²⁾⁽³⁾	2,119	1,631	2,519
NEO Compensation as % of Enterprise Value	0.5%	0.7%	0.5%
Annual Shareholder Return	23%	(7)%	24%
FX Rate USD-CAD at December 31	1.2678	1.3544	1.3226

- 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 1.2678 for December 31, 2021, 1.3544 for December 31, 2022 and 1.3226 for December 31, 2023.
 - (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. Bishnoi, 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. Furlan and Kruchten 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, Bishnoi, 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. 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 Cause	Without Cause Imad Mohsen Sanjay Bishnoi Eric Furlan Michael Kruchten Daniel Ferreiro	Retiring allowance equal to 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, and for Messrs. Mohsen, Furlan, Kruchten, and Ferreiro multiplied by two (2), and for Messr. Bishnoi multiplied by one (1), during the first two (2) years of employment, one and a half (1.5) during years three to five of employment, and two (2) after five years of employment. 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 Sanjay Bishnoi Eric Furlan Michael Kruchten Daniel Ferreiro	All applicable incremental payments for Messrs. Mohsen, Bishnoi, Furlan, Kruchten and Ferreiro are calculated as specified above for termination without cause. 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 the earlier of the expiry time of the Options 30 days after the occurrence of such change of control. 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, other than for cause, on a change of control or in the 12 months following a change of control (or upon the Executive voluntarily resigning his employment with Good Reason in the 12 months following a change of control).
Triggering Change of Control	Eric Furlan Michael Kruchten	All applicable incremental payments for Messrs. Furlan, and Kruchten are calculated as specified above for termination without cause. 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 the earlier of the expiry time of the Options and 30 days after the occurrence of such change of control. 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, other than for cause, on a Change of Control or in the 12 months following a Change of Control (or upon the Executive voluntarily resigning his employment with Good Reason in the 12 months following a Change of Control).

Resignation For Reason of Constructive Dismissal	Imad Mohsen Sanjay Bishnoi Eric Furlan Michael Kruchten Daniel Ferreiro	<p>All applicable incremental payments for Messrs. 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, other than for cause, on a Change of Control or in the 12 months following a Change of Control (or upon the Executive voluntarily resigning his employment with Good Reason in the 12 months following a Change of Control).</p>
Retirement	Imad Mohsen Sanjay Bishnoi Eric Furlan Michael Kruchten Daniel Ferreiro	<p>Provided none of the above events have been triggered, and the following retirement criteria have been met (or such other meaning of "retirement" as determined by the Board from time to time has been satisfied by the applicable participant who is an officer of the Company or a subsidiary ("Participant") under the Option Plan or Cash/Share Settled RSU Plan, as applicable), all outstanding unvested awards granted under the Option and Cash/Share Settled RSU Plan shall continue to vest as per their original vesting schedule. The retirement criteria are that a Participant who is an officer reaches the age of sixty (60) and voluntarily ceases to be an officer or employee, provided that the Participant: (A) has, at such time, provided continuous services to the Company or a subsidiary for a minimum of ten (10) years; (B) has provided the Company with six (6) months prior written notice of the Participant's intention to retire; and (C) 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 CosRSUs and Options, as applicable) with the Company (a "Retirement Agreement") (the foregoing being "Retirement (70)"). Pursuant to the Option Plan as a result of the Participant's Retirement (70) as aforesaid, the terms, of all Options held by such Participant shall not change as a result of such retirement and the provisions of the Option Plan outlining that all Options held by the Participant shall terminate 90 days after a Participant ceases to be an officer or employee of the Company or a subsidiary shall not apply to the Participant or the Options held by the Participant, the Cash/Share Settled RSU Plan, as a result of the Participant's Retirement (70) , the terms of all CosRSUs or CosPSUs held by such Participant, including, with restriction, the term during which such CosRSUs or CosPSUs may be outstanding, shall not change as a result of such retirement. Without restriction to the operation of foregoing paragraph, and provided none of the above events have been triggered and the following retirement criteria have been met (or such other meaning of "retirement" as determined by the Board from time to time has been satisfied by the applicable Participant under the Option Plan or Cash/Share Settled RSU Plan, as applicable), all outstanding unvested awards granted under the Option and Cash/Share Settled RSU Plan on or after January 1, 2024 shall continue to vest as per their original vesting schedule. The retirement criteria are that a Participant who is an officer reaches the age of fifty-five (55) and voluntarily ceases to be an officer or employee, provided that: (A) the Participant has, at such time, provided continuous services to the Company or a subsidiary for a minimum of five (5) years; (B) the combination of the Participant's age and years of continuous service to the Company or a subsidiary aggregate at least sixty-five (65); (C) the Participant has provided the Company with six (6) months prior written notice of the Participant's intention to retire; and (D) 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 CosRSUs and/or Options) with the Company (the foregoing being "Retirement (65)"). Pursuant to the Option Plan as a result of the Participant's retirement pursuant to Retirement (65), the terms, of all Options held by such Participant granted on or after January 1, 2024 shall not change as a result of such Retirement (65) and the provisions of the Option Plan outlining that such Options held by the Participant shall terminate 90 days after a Participant ceases to be an officer or employee of the Company or a subsidiary shall not apply to the Participant or the Options held by the Participant. Pursuant to the Cash/Share Settled RSU Plan, as a result of the Participant's retirement pursuant to Retirement (65), the terms of all CosRSUs or CosPSUs held by such Participant granted on or after January 1, 2024 including, with restriction, the term during which such CosRSUs or CosPSUs may be outstanding, shall not change as a result of such Retirement (65).</p>

Under the Employment Agreements for Messrs. 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 one (1) month following the change of control to assist with the orderly transition of management. Under the Employment Agreements for Messrs. Mohsen, Bishnoi and Ferreiro, in the event of a change of control, the Executive, at the Company's request, agrees to remain employed by the Company for up to two (2) 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, 2023.

Estimated Incremental Compensation on Termination Without Cause, Resignation by Reason of Constructive Dismissal (based on hypothetical termination as at December 31, 2023)

Name	Compensation Components							
	Severance Period (months)	2X Annual Base Salary (\$)	2X Average of Last 2 Incentive Bonus Payments ⁽¹⁾ (\$)	2X Annual Benefits (\$)	Options ⁽²⁾ (\$)	CosRSUs ⁽³⁾ (\$)	CosPSUs ⁽³⁾ (\$)	Total (\$)
Imad Mohsen	24	1,350,000	1,365,625	100,000	30,981	861,544	2,725,829	6,433,979
Sanjay Bishnoi ⁽⁴⁾	12	400,000	70,163	50,000	—	222,549	—	742,712
Eric Furlan	24	818,442	531,920	100,000	30,162	352,054	1,497,671	3,330,249
Michael Kruchten	24	681,200	453,946	100,000	12,005	291,418	1,240,125	2,778,694
Daniel Ferreiro	24	720,000	472,515	144,000	19,741	247,744	1,054,798	2,658,798

- Notes:
- (1) The annual incentive plan bonuses for 2023 were not paid until February 2024, as previously disclosed in Note (5) to the NEO Summary Compensation Table. However, with the exception of the calculation with respect to Mr. Bishnoi, the 2023 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, 2023 due to termination without cause, resignation for good reason or upon a change of control. For Mr. Bishnoi the incentive bonus calculation above (and in accordance with his Employment Agreement) is based on a full year target bonus (75% of annual base salary)
 - (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 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 CosRSUs will be calculated as set forth under "Statement of Executive Compensation – Executive Compensation Components - Long-Term Incentives - Cash/Share Settled RSU and Cash/Share Settled PSUs". All other Cash/Share Settled RSUs and Cash/Share Settled PSUs would be terminated.
 - (4) Mr. Bishnoi was appointed CFO and Corporate Secretary of Parex effective October 2, 2023.

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, 2023)

Name	Compensation Components							Total (\$)
	Severance Period (months)	2X Annual Base Salary (\$)	2X Average of Last 2 Incentive Bonus Payments ⁽⁴⁾ (\$)	2X Annual Benefits (\$)	Options ⁽²⁾ (\$)	CosRSUs ⁽³⁾ (\$)	CosPSUs ⁽³⁾ (\$)	
Imad Mohsen	24	1,350,000	1,365,625	100,000	187,144	1,663,160	4,329,063	8,994,992
Sanjay Bishnoi ⁽⁵⁾	12	400,000	70,163	50,000	—	801,222	—	1,321,385
Eric Furlan	24	818,442	531,920	100,000	127,589	719,196	2,231,947	4,494,903
Michael Kruchten	24	681,200	453,946	100,000	67,520	595,047	1,847,365	3,716,819
Daniel Ferreira	24	720,000	472,515	144,000	85,575	505,461	1,570,204	3,484,967

- Notes:
- 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. Furlan, and Kruchten the entitlement for a Triggering Change of Control.
 - 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, 2023 and based on the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95.
 - 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 Settled PSUs". Based on a hypothetical change of control as at December 31, 2023 and based on the closing price of the Common Shares on the TSX on December 31, 2023 of \$24.95 and PSU payout multiplier approved by the Board of 1.0.
 - The annual incentive plan bonuses for 2023 were not paid until February 2024, as previously disclosed in Note (5) to the NEO Summary Compensation Table. However, with the exception of the calculation with respect to Mr. Bishnoi, the 2023 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, 2023 due to termination without cause, resignation for good reason or upon a change of control. For Mr. Bishnoi the incentive bonus calculation above (and in accordance with his Employment Agreement) is based on a full year target bonus (75% of annual base salary)
 - Mr. Bishnoi was appointed CFO and Corporate Secretary of Parex effective October 2, 2023.

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.sedarplus.ca. 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.sedarplus.ca or by request to the Chief Financial Officer of the Company at 2700 Eighth Avenue Place, West Tower, 585 – 8th Avenue S.W., Calgary, Alberta T2P 1G1 or Fax (403) 265-8216. The Board of Directors can be contacted at 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.

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.

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: (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 of Parex or a subsidiary of Parex 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:

- a. the Participant's Retirement (70) (as defined below), then the terms, including, of all Options held by such optionee shall not change as a result of such retirement and the provisions of the Option Plan outlining that all Options held by the Participant shall terminate 90 days after a Participant ceases to be an officer or employee of the Company or a subsidiary shall not apply to the Participant or the Options held by the Participant, subject to the terms of the Retirement Agreement (as defined below) entered into by the optionee and the Company;
- b. the participant's Retirement (65) (as defined below), then: (i) the terms of all Options held by such optionee that were granted on or after January 1, 2024 shall not change as a result of such retirement and the provisions of the Option Plan outlining that all Options held by the Participant shall terminate 90 days after a Participant ceases to be an officer or employee of the Company or a subsidiary shall not apply to the Participant or the Options held by the Participant; and (ii) the terms of all Options held by such optionee that were granted prior to January 1, 2024 shall terminate 90 days after the optionee ceases to be an officer or employee of the Company or a subsidiary of the Company, as a result of such retirement, in either case subject to the terms of the Retirement Agreement entered into by the optionee and the Company.

For the purposes of the Option Plan,

- a. **"Retirement"** has the meaning set out in the Company's Retirement Policy - Officers and Employees, however, shall also mean: (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; (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) (a **"Retirement Agreement"**) 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; 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 (either (a) or (b) above being **"Retirement (70)"**)
- b. **"Retirement (65)"** has the meaning ascribed thereto in the Company's Retirement Policy – Officers and Employees, which, at the date hereof, is: (a) the date that an optionee who is an officer or bona fide employee of the Company or a subsidiary voluntarily ceases to be an officer or bona fide employee of the Company provided that at such time: (i) the optionee has reached the age of fifty-five (55); (ii) the optionee has provided continuous services to the Company or a subsidiary for a minimum of five (5) years; (iii) the combination of the optionee's age and years of continuous service to the Company or a subsidiary aggregate at least sixty five (65); (iv) the optionee has provided the Company with six (6) months prior written notice of the optionee's intention to retire; and (v) is offered by the Company the opportunity to enter into a Retirement Agreement, and subsequently enters into a Retirement Agreement, with the Company; or (b) such other meaning as the CEO of the Company in the case of a optionee who is not an officer or director of the Company or a subsidiary, and the Board in all other cases, may determine from time to time; provided that if at the relevant time the Participant satisfies the criteria of Retirement (65) and also satisfies the criteria of Retirement (70), such designation of Retirement (65) shall be deemed to mean, for all purposes, Retirement (70).

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 options whatever the date of grant.

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.

The Board approved amendments to the Options Plan with an effective date of January 1, 2024. Amendments did not require Shareholder approval:

- revising the provisions of the early expiration of Options should an optionee cease to be an employee or officer of the Company or a subsidiary of the Company as a result of the optionee's retirement as described above; and,
- other amendments that were housekeeping in nature.



Appendix "C"

Amended and Restated Shareholder Protection Rights Plan Agreement

SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT

MADE AS OF September 29, 2009

AND AMENDED AND RESTATED AS OF MAY 12, 2015 AND MAY 9, 2018

BETWEEN

PAREX RESOURCES INC.

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

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EXHIBIT A

Form of Rights Certificate

THIS SHAREHOLDER PROTECTION RIGHTS AGREEMENT made as of September 29, 2009 and amended and restated as of May 12, 2015 and May 9, 2018.

BETWEEN:

PAREX RESOURCES INC., a corporation incorporated under *Business Corporation Act* (Alberta) (hereinafter referred to as the "**Corporation**")

OF THE FIRST PART

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the laws of Canada and registered to carry on business in the Province of Alberta (hereinafter referred to as the "**Rights Agent**")

OF THE SECOND PART

WHEREAS the Corporation and Valiant Trust Company, the predecessor of the Rights Agent, entered into a shareholder protection rights plan agreement made as of September 29, 2009 respecting a shareholder protection rights plan (the "**Original Plan**") that was effective until the termination of the annual meeting of the shareholders of the Corporation to be held in 2012.

AND WHEREAS the Original Plan was reconfirmed by the shareholders of the Corporation at the annual meeting of the shareholders of the Corporation held in 2012 and was effective until the termination of the annual meeting of the Shareholders of the Corporation to be held in 2015.

AND WHEREAS the Corporation and Valiant Trust Company, the predecessor of the Rights Agent, entered into an amended and restated shareholder protection rights plan agreement made as of May 12, 2015 (the "**First Amended and Restated Plan**") upon receipt of approval of the shareholders of the Corporation of the First Amended and Restated Plan at the annual meeting of the shareholders of the Corporation held in 2015 and such First Amended and Restated Plan was effective until the termination of the annual meeting of the Shareholders of the Corporation to be held in 2018.

AND WHEREAS the Board of Directors (as hereinafter defined), in the exercise of its fiduciary duties to the Corporation, has determined that it is advisable and in the best interests of the Corporation to continue to have a shareholder protection rights plan for the Corporation by effecting certain amendments to update and restate the First Amended and Restated Plan in its entirety on the terms and conditions and in the form of this amended and restated shareholder protection rights plan (the "**Rights Plan**") to take effect on the approval by the Independent Shareholders (as hereinafter defined) at the Shareholders' Meeting (as hereinafter defined), to ensure, to the extent possible, that all Shareholders of the Corporation are treated equally and fairly in connection with any take-over offer or bid for the Corporation, and to ensure that the Board of Directors is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize Shareholder value.

AND WHEREAS in order to effect the amendments to update and restate the First Amended and Restated Plan on the terms and conditions and in the form of this Rights Plan, the Board of Directors has:

- (a) confirmed the issuance of one Right (as hereinafter defined) effective at the Record Time (as hereinafter defined) in respect of each Common Share (as hereinafter defined) outstanding at the Record Time;
- (b) confirmed the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and
- (c) confirmed the issuance of Rights Certificates (as hereinafter defined) to holders of Rights pursuant to the terms and subject to the conditions set forth herein.

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein.

AND WHEREAS the Corporation desires to confirm the appointment of the Rights Agent, as successor to Valiant Trust Company, to continue to act on behalf of the Corporation and holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein.

NOW THEREFORE in consideration of the foregoing premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Certain Definitions

In this agreement, as amended or supplemented from time to time (the "**Agreement**"):

- (a) "**Acquiring Person**" means, subject to Section 1.5, any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term "Acquiring Person" shall not include:
- (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of any one or any combination of: (A) Voting Share Reductions; (B) Permitted Bid Acquisitions; (C) Exempt Acquisitions; or (D) Pro Rata Acquisitions; provided that if a Person shall become the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of any one or any combination of Voting Share Reductions, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions, if thereafter, such Person, while such Person is the Beneficial Owner of 20% or more of the outstanding Voting Shares, becomes the Beneficial Owner of additional Voting Shares which result in an increase of such Person's Beneficial Ownership of Voting Shares by more than 1% of the number of such Voting Shares outstanding as at the time of acquisition (other than pursuant to one or any combination of Voting Share Reduction, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions), then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an "Acquiring Person"; or
 - (iii) an underwriter or members of a banking or selling group that becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares in connection with a distribution of securities pursuant to a prospectus or by way of private placement;
- (b) "**Affiliate**", when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly (including through one or more intermediaries), controls, is controlled by or is under common control with, such specified Person;
- (c) "**Applicable Securities Laws**" means, collectively, all applicable securities laws of each applicable province, state or federal jurisdiction and the respective rules, regulations, policies, instruments, rulings and orders thereunder, including, for greater certainty, NI 62-104;
- (d) "**Associate**", when used to indicate a relationship with a specified Person, means:
- (i) a spouse of such specified Person or any Person of the same or opposite sex with whom such specified Person is living in a conjugal relationship outside marriage or a child of such specified Person; and
 - (ii) any relative of such specified Person or of a spouse or other Person mentioned in subparagraph 1.1(d)(i), if that relative has the same residence as such specified Person;
- (e) A Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":
- (i) any securities as to which such Person, or any of such Person's Affiliates or Associates is the direct or indirect owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or equity (where such right is exercisable within 60 days of the date of determination of Beneficial Ownership and whether or not on condition or the occurrence of any contingency) pursuant to any agreement, arrangement, pledge or understanding (whether or not in writing) (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of private placement and other than pledges of securities in the ordinary course of business); and
 - (iii) any securities which are Beneficially Owned within the meaning of subparagraphs (i) or (ii) of this definition by any other Person with which such Person, or any of such Person's Affiliates, is acting jointly or in concert;
- provided, however, that a Person shall not be deemed the "**Beneficial Owner**" or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security:
- (iv) because either: (A) the holder of such security has agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security to a Take-over Bid made by such Person, any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition; or (B) such security has been deposited or tendered pursuant to any Take-over Bid made by such Person or by any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition, in either case until such deposited or tendered security has been unconditionally accepted for payment or exchange or taken up and paid for, whichever shall first occur;

(v) because such Person, any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition holds such security provided that:

- (A) the ordinary business of such Person (the "**Investment Manager**") includes the management of investment funds for others (which others, for greater certainty, may include and be limited to one or more employee benefit plans or pension plans) and such security is held in the ordinary course of such business in the performance of the duties of the Investment Manager for the account of any other Person (the "**Client**") including non discretionary accounts held on behalf of a Client by a broker or dealer appropriately registered under applicable law;
- (B) such Person is: (1) the manager or trustee (the "**Fund Manager**") of a mutual fund (a "**Mutual Fund**") that is registered or qualified to issue its securities to investors under Applicable Securities Laws of any province of Canada or the United States and such security is held in the ordinary course of business in the performance of the Fund Manager's duties with respect to the Mutual Fund; or (2) a Mutual Fund;
- (C) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable law and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;
- (D) such Person is a Crown agent or agency (in this definition, the "**Crown Agency**");
- (E) the Person is established by statute for purposes that include, and the ordinary business or activity of such Person (in this definition, a "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or
- (F) the person (in this definition, an "**Administrator**") is the administrator or trustee of one or more pension funds or plans (each, in this definition, a "**Plan**") registered under the laws of Canada or any province thereof or the corresponding laws of the jurisdiction by which such Plan is governed or is such a Plan and the Administrator or Plan holds such security for the purposes of its activities as such;

but only if the Investment Manager, the Fund Manager, the Mutual Fund, the Trust Company, the Crown Agency, the Statutory Body, the Administrator of a Plan, as the case may be, is not then making and has not announced a current intention to make a Take-over Bid, other than an Offer to Acquire Common Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or an organized over-the-counter market, alone or by acting jointly or in concert with any other Person;

(vi) because such Person:

- (A) is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security;
- (B) has an Estate Account or an Other Account with the same Trust Company as another Person on whose account the Trust Company holds such security; or
- (C) is a Plan with the same Administrator as another Plan on whose account the Administrator holds such security,

(vii) because such Person:

- (A) is a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;
- (B) has an Estate Account or an Other Account with a Trust Company and such security is owned at law or in equity by the Trust Company; or
- (C) is a Plan and such security is owned at law or in equity by the Administrator of the Plan, or

(viii) because such Person is the registered holder of securities as a result of carrying on the business of, or acting as nominee for, a securities depository;

(f) "**Board of Directors**" means the board of directors of the Corporation or any duly constituted and empowered committee thereof;

- (g) "**Business Corporations Act (Alberta)**" means Business Corporations Act (Alberta), as amended from time to time, and the regulations made thereunder, as in effect on the date of this Agreement or as the same may be amended, re enacted or replaced by any comparable or successor laws or regulations thereto;
- (h) "**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close;
- (i) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate on such date;
- (j) "**close of business**" on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the Calgary office of the principal transfer agent for the Common Shares (or, after the Separation Time, the Calgary office of the Rights Agent) is closed to the public; provided that, for the purposes of the definitions of "Competing Permitted Bid" and "Permitted Bid", "**close of business**" on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day);
- (k) "**Common Shares**" means the common shares without nominal or par value in the capital of the Corporation and any other shares in the capital of the Corporation into which such shares may be subdivided, consolidated, reclassified or changed; provided, however, that "common shares", when used with reference to any Person other than the Corporation, shall mean the class or classes of shares (or similar equity interest) with the greatest per share voting power entitled to vote generally in the election of all directors of such other Person;
- (l) "**Competing Permitted Bid**" means a Take-over Bid that:
- (i) is made while another Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid;
 - (ii) satisfies all of the provisions of a Permitted Bid, other than the condition set forth in subparagraph 1.1(hh)(ii)(A)(I) of the definition of "Permitted Bid";
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the date which is the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to Applicable Securities Laws after the date of the Take-over Bid constituting the Competing Permitted Bid;
- provided, however, that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition;
- (m) "**controlled**" a corporation is "controlled" by another Person if:
- (i) securities entitled to vote in the election of directors carrying more than 50 percent of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other Person; and
 - (ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation,
- and "control", "controls" and "controlling" shall be interpreted accordingly;
- (n) "**Co-Rights Agent**" has the meaning ascribed thereto in subparagraph 4.1(a);
- (o) "**Dividend Reinvestment Acquisition**" means an acquisition of Voting Shares pursuant to a Dividend Reinvestment Plan;
- (p) "**Dividend Reinvestment Plan**" means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:
- (i) dividends paid in respect of shares of any class of the Corporation;
 - (ii) proceeds of redemption of shares of the Corporation;
 - (iii) interest paid on evidences of indebtedness of the Corporation; or
 - (iv) optional cash payments;
- be applied to the purchase from the Corporation of Voting Shares;

- (q) **"Election to Exercise"** has the meaning ascribed thereto in subparagraph 2.2(d);
- (r) **"Exempt Acquisition"** means a share acquisition:
- (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of subparagraph 5.1(d) or 5.1(e); or
 - (ii) pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure having similar effect which has been approved, and/or the issuance of securities of the Corporation pursuant to such amalgamation, merger, plan of arrangement or other statutory procedure which has been approved, by the Board of Directors and by the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting of such holders duly called and held for such purpose in accordance with the provisions of *Business Corporations Act* (Alberta), the by-laws of the Corporation and any other applicable legal requirements;
- (s) **"Exercise Price"** means the price at which a holder may purchase the securities issuable upon exercise of one whole Right and, until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be equal to Fifty (\$50.00) dollars;
- (t) **"Expansion Factor"** has the meaning ascribed thereto in subparagraph 2.3(a);
- (u) **"Expiration Time"** means the earlier of:
- (i) the Termination Time; and
 - (ii) the close of business on the first Business Day following the annual general meeting of the Shareholders of the Corporation held in 2021 if the continuation of the Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting, or if so submitted, is not approved by a majority of the votes cast by Independent Shareholders in person or represented by proxy at such meeting, unless at such meeting Shareholders have reconfirmed this Agreement for an additional period of time in which case "Expiration Time" shall mean the end of such additional period of time, and so on from time to time;
- provided that the "Expiration Time" shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which the "Expiration Time" would otherwise have occurred;
- (v) **"Flip-in Event"** means a transaction or event in or pursuant to which any Person becomes an Acquiring Person;
- (w) **"holder"** has the meaning ascribed thereto in Section 2.8;
- (x) **"Independent Shareholders"** means holders of Voting Shares other than:
- (i) any Acquiring Person;
 - (ii) any Offeror;
 - (iii) any Associate or Affiliate of any Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with any Acquiring Person or any Offeror; and
 - (v) any employee benefit plan, deferred profit sharing plan, stock participation plan, and any other similar plans or trusts for the benefit of employees of the Corporation or any Subsidiary of the Corporation but excluding in any event a plan or trust in respect of which the employee directs the manner in which the Voting Shares are to be voted and directs whether the Voting Shares be tendered to a Take-over Bid;
- (y) **"Market Price"** per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused the closing price in respect of any Trading Day used to determine the Market Price not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

- (i) the closing board lot sale price or, if no such sale takes place on such date, the average of the closing bid and ask prices, as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading; or
- (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if no such sale takes place on such date, the average of the closing bid and ask prices, as reported by the principal national United States securities exchange on which such securities are listed or admitted to trading; or
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low ask prices for each share of such securities in the over-the-counter market, as reported by any reporting system then in use; or
- (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and ask prices as furnished by a professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices is available on any such date, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized Canadian investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof on the relevant Trading Day;

- (z) "**NI 62-104**" shall mean National Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as amended, and any comparable or successor instruments thereto;
- (aa) "**1933 Securities Act**" means the *Securities Act of 1933* of the United States, as amended, and the rules and regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;
- (bc) "**1934 Exchange Act**" means the *Securities Exchange Act of 1934* of the United States, as amended, and the rules and regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;
- (cc) "**Nominee**" has the meaning ascribed thereto in subparagraph 2.2(c);
- (dd) "**Offer to Acquire**" shall include:
 - (i) an offer to purchase, or a solicitation of an offer to sell, Voting Shares, and
 - (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited,
 or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;
- (ee) "**Offeror**" means a Person who has announced an intention to make or who has made a Take-over Bid (including a Permitted Bid or Competing Permitted Bid, but excluding an Offer to Acquire made by an Investment Manager, Fund Manager, Trust Company, Crown Agency, Statutory Body, Administrator or Plan referred to in subparagraph 1.1(e)(v) of the definition of Beneficial Owner pursuant to a distribution by the Corporation or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) in the circumstances contemplated in subparagraph 1.1(e)(v)), but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;
- (ff) "**Offeror's Securities**" means the Voting Shares Beneficially Owned by an Offeror on the date of an Offer to Acquire;
- (gg) "**ordinary course dividends**" means cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends, in the aggregate, do not exceed the greatest of:
 - (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and

- (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (hh) **"Permitted Bid"** means a Take-over Bid made by an Offeror by way of a Take-over Bid Circular which also complies with the following additional provisions:
 - (i) the Take-over Bid is made to all holders of record of Voting Shares wherever resident as registered on the books of the Corporation, other than the Offeror;
 - (ii) the Take-over Bid contains, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified provision that:
 - (A) no Voting Shares will be taken up or paid for pursuant to the Take-over Bid:
 - (I) prior to the close of business on the 105th day following the date of the Take-over Bid or such shorter minimum deposit period that a take-over bid (which is not exempt from the general take-over bid requirements under Applicable Securities Laws (including, for greater certainty, Part 2 of NI 62-104)) must remain open for deposits of securities thereunder, in the applicable circumstances as such time, pursuant to Applicable Securities Laws; and
 - (II) if, at the close of business on such date, less than 50% of the Voting Shares held by Independent Shareholders have been deposited pursuant to the Take-over Bid and not withdrawn;
 - (B) Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period described in subparagraph (ii)(A)(I) of this definition and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
 - (C) if the condition set forth in subparagraph (ii)(A)(II) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than ten days Business Days from the date of such public announcement;

provided, however, that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided further that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition. For purposes of this Agreement if a Take-Over Bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also include a Competing Permitted Bid;

- (ii) **"Permitted Bid Acquisition"** means an acquisition made pursuant to a Permitted Bid or a Competing Permitted Bid; provided, however, that if a Take-over Bid that qualified as a Permitted Bid when made ceases to be a Permitted Bid because it ceases to meet any or all of the requirements set forth in Subsection 1.1(hh) above prior to the time it expires (after giving effect to any extension) or is withdrawn, any acquisition of Voting Shares made pursuant to such Take-over Bid shall not be a Permitted Bid Acquisition;
- (jj) **"Permitted Lock-up Agreement"** means an agreement between an Offeror and another Person (the **"Locked-up Person"**) whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-over Bid that is a Permitted Bid (the **"Lock-up Bid"**) and the agreement:
 - (i) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that is higher than the consideration contained in or proposed to be contained in the Lock-up Bid; or
 - (ii) (A) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that exceeds by as much as or more than a specified amount (the **"Specified Amount"**) the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid; and (B) does not by its terms provide for a Specified Amount that is greater than 7% of the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid;

and, for greater certainty, the Permitted Lock-up Agreement may: (1) contain a right of first refusal in favour of the Offeror; or (2) require a period of delay to give the Offeror an opportunity to match or exceed the consideration offered in another Take-over Bid or transaction; or (3) contain other similar limitations on a Locked-up Person's right to withdraw Voting Shares from the Permitted Lock-up Agreement and not tender such Voting Shares to the Lock-up Bid, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares in sufficient time to tender to the other Take-over Bid or participate in the other transaction; and

(iii) does not provide for the payment by the Locked-up Person, in the event that the Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws the Voting Shares in order to tender to another Take-over Bid or participate in another transaction, of any "break-up" fees, "top-up" fees, penalties, expense reimbursement or other amounts that exceed in the aggregate the greater of:

(A) the cash equivalent of 2.5% of the consideration that the Locked-up Person would have received under the Lock-up Bid; and

(B) 50% of the amount by which the consideration payable to the Locked-up Person under another Take-over Bid or transaction exceeds the consideration such Locked-up Person would have received under the Lock-up Bid; and

(iv) is disclosed to the public, including the Corporation, by making copies thereof available not later than the date on which the Lock-up Bid has been publicly announced (or, if the Lock-up Bid has been publicly announced prior to the date on which the Permitted Lock-up Agreement is entered into, not later than such date);

(kk) "**Person**" shall include any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate or other entity;

(ll) "**Pro Rata Acquisition**" means an acquisition by a Person of Beneficial Ownership of Voting Shares as a result of: a Dividend Reinvestment Acquisition; a stock dividend, a stock split or other event pursuant to which a Person becomes Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of Voting Shares; the acquisition or exercise by such Person of rights to purchase Voting Shares distributed to such Person in the course of a distribution to all holders of Voting Shares pursuant to a rights offering or pursuant to a prospectus; or a distribution of Voting Shares or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or a distribution by way of a private placement; provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition;

(mm) "**Record Time**" means 5:00 p.m. (Calgary time) on September 29, 2009;

(nn) "**Redemption Price**" has the meaning ascribed thereto in subparagraph 5.1(a);

(oo) "**Right**" means a right to purchase one Common Share, upon the terms and subject to the conditions set forth in this Agreement;

(pp) "**Rights Certificate**" has the meaning ascribed thereto in subparagraph 2.2(c) and shall be in substantially the form of Exhibit A to this Agreement;

(qq) "**Rights Register**" has the meaning ascribed thereto in subparagraph 2.6(a);

(rr) "**Securities Act (Alberta)**" shall mean the *Securities Act*, R.S.A. 2000, c. S-4, as amended, and the regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;

(ss) "**Securities Act (Ontario)**" shall mean the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and the regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;

(tt) "**Separation Time**" means the close of business on the tenth Trading Day after the earlier of:

(i) the Stock Acquisition Date; and

(ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or Competing Permitted Bid);

or such later time as may be determined by the Board of Directors, provided that:

- (A) if any Take-over Bid referred to in subparagraph (ii) of this definition expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
 - (B) if the Board of Directors determines pursuant to subparagraph 5.1(d) or (e) to waive the application of Section 3.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;
- (uu) "**Shareholder**" means a holder of Voting Shares;
- (vv) "**Shareholders' Meeting**" means the annual and special meeting of Shareholders to be held on or about May 9, 2018, or any adjournment or adjournments thereof;
- (ww) "**Stock Acquisition Date**" means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to the early warning or equivalent requirements of Applicable Securities Laws) by the Corporation or an Acquiring Person indicating that a Person has become an Acquiring Person;
- (xx) "**Subsidiary**": a Person shall be deemed to be a Subsidiary of another Person if:
- (i) it is controlled by:
 - (A) that other Person; or
 - (B) that other Person and one or more Persons each of which is controlled by that other Person; or
 - (C) two or more Persons each of which is controlled by that other Person; or
 - ii. it is a Subsidiary of a Person that is that other's Subsidiary;
- (yy) "**Take-over Bid**" means an Offer to Acquire Voting Shares or other securities if, assuming the Voting Shares or other securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of the Offer to Acquire by the Person making the Offer to Acquire, such Voting Shares (including all Voting Shares that may be acquired upon exercise of all rights of conversion, exchange or purchase attaching to the other securities) together with the Offeror's Securities would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire;
- (zz) "**Take-over Bid Circular**" means a circular for a Take-over Bid prepared in accordance with Applicable Securities Laws;
- (aaa) "**Termination Time**" means the time at which the right to exercise Rights shall terminate pursuant to Section 5.1;
- (bbb) "**Trading Day**", when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;
- (ccc) "**U.S. - Canadian Exchange Rate**" means, on any date:
- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate, and
 - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith;
- (ddd) "**Voting Shares**" means the Common Shares and any other shares of capital stock or voting interests of the Corporation entitled to vote generally in the election of all directors; and
- (eee) "**Voting Share Reduction**" means an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding or which may be voted, increases the proportionate number of Voting Shares Beneficially Owned by any Person.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections, subparagraphs, paragraphs and subparagraphs and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 References to Agreement

References to "this Agreement", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Agreement, as amended or supplemented from time to time, and not to any particular Article, Section, subsection, paragraph, subparagraph or other provision hereof and include any and every instrument supplemental or ancillary hereto. Unless the context otherwise requires, references in this Agreement to an Article, Section, subsection, paragraph, subparagraph or Exhibit by number, letter or otherwise refer to the Article, Section, subsection, paragraph, subparagraph or Exhibit, respectively, bearing that designation in this Agreement.

1.5 Grandfathered Person

For the purposes of determining whether a Person is an Acquiring Person and interpreting the definition of "Acquiring Person", a Person shall not be and shall not be deemed to be an Acquiring Person if such Person (a "**Grandfathered Person**"):

- (a) is the Beneficial Owner of more than 20% of the outstanding Voting Shares determined as at the Record Time; or
- (b) becomes the Beneficial Owner of more than 20% of the outstanding Voting Shares after the Record Time and such Person's Beneficial Ownership of Voting Shares does not exceed the number of Voting Shares Beneficially Owned by such Person immediately prior to the Record Time by more than 1% of the issued and outstanding Voting Shares as at the Record Time,

provided:

- (c) that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall after the Record Time become the Beneficial Owner of additional Voting Shares constituting more than 1% of the then outstanding Voting Shares otherwise than pursuant to one or more Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or the issuance or exercise of stock options granted by the Corporation, if applicable to such Person,
- (d) that such Grandfathered Person shall not become an Acquiring Person as a result of one or more Voting Share Reductions; and
- (e) that, if this exception shall cease to be applicable to a Grandfathered Person as aforesaid, such a Grandfathered Person shall be and shall be deemed to be an Acquiring Person as at and from the time that this exception shall not be so applicable.

1.6 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

For purposes of this Agreement:

- (a) in determining the percentage of outstanding Voting Shares Beneficially Owned by any Person, all unissued Voting Shares as to which such Person is deemed the Beneficial Owner shall be deemed to be outstanding; and the percentage of outstanding Voting Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times \frac{A}{B}$$

where:

A = the number of votes for the election of all directors generally attaching to the outstanding Voting Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

1.7 Acting Jointly or in Concert

For purposes of this Agreement, and without limitation to the meaning set forth in NI 62-104, a Person is acting jointly or in concert with every other Person who is a party to any agreement, commitment or understanding, whether formal or informal and whether or not in writing, with the first mentioned Person to acquire or offer to acquire Voting Shares (other than pursuant to an agreement contemplated by subparagraph 1.1(e)(iv) hereof, or customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of private placement and other than pursuant to pledges of securities in the ordinary course of business).

1.8 Generally Accepted Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Chartered Professional Accountants of Canada, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

ARTICLE 2 THE RIGHTS

2.1 Legend on Common Share Certificates

Certificates representing Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to the Common Shares, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Protection Rights Plan Agreement made as of September 29, 2009, as amended and restated as of May 12, 2015 and as of May 9, 2018 (the "**Rights Agreement**"), between Parex Resources Inc. (the "**Corporation**") and Computershare Trust Company of Canada, as rights agent, as amended from time to time, the terms of which are hereby incorporated herein by reference and a copy of which may be inspected during normal business hours at the principal office of the Corporation. Under certain circumstances, as set out in the Rights Agreement, the Rights may be amended, redeemed, may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall also evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend, until the earlier of the Separation Time and the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, one Common Share. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Right will be evidenced by the certificate for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:
 - (i) the Rights shall be exercisable; and
 - (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares.

Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail or arrange to be mailed to each holder of record of Rights as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (A) a rights certificate ("**Rights Certificate**") representing the number of Rights held by such holder at the Separation Time and having such markers of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(B) a disclosure statement describing the Rights;

provided that a Nominee shall be sent the materials provided for in subparagraphs (A) and (B) above in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Voting Shares which are Beneficially Owned by another Person, the Corporation may require such first-mentioned Person to furnish such information and documentation as the Corporation deems necessary or appropriate to make such determination.

- (d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its principal office in the city of Calgary the Rights Certificate evidencing such Rights together with:
- (i) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (ii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate, which is accompanied by a completed Election to Exercise that does not indicate that such Right is null and void as provided by subparagraph 3.1(b) and payment as set forth in subparagraph 2.2(d), the Rights Agent (unless otherwise instructed by the Corporation if the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
- (i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions),
 - (ii) after receipt of such certificate, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder,
 - (iii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares,
 - (iv) when appropriate, after receipt of such cash, deliver the same to or to the order of the registered holder of the Rights Certificate, and
 - (v) tender to the Corporation all payments received on exercise of the Rights.
- (f) If the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to Section 5.5) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all securities delivered upon exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the *Business Corporations Act* (Alberta) and Applicable Securities Laws in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any securities upon exercise of Rights;
 - (iii) use reasonable efforts to cause all securities issued upon exercise of Rights to be listed on the stock exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;
 - (iv) cause to be reserved and kept available out of its authorized and unissued classes of securities, the number of securities that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;

- (v) pay when due and payable any and all Canadian and, if applicable, United States, federal, provincial and state transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for securities in a name other than that of the holder of the Rights being transferred or exercised; and
- (vi) after the Separation Time, except as permitted under Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) If the Corporation shall at any time after the Record Time and prior to the Expiration Time:
 - (i) declare or pay a dividend on its Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) other than pursuant to any optional stock dividend program;
 - (ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
 - (iii) combine or change the outstanding Common Shares into a smaller number of Common Shares; or
 - (iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange for existing Common Shares;

except as otherwise provided in this Section 2.3, the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date such that:

- (A) if the Exercise Price and number of Rights outstanding are to be adjusted:
 - (I) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the "**Expansion Factor**") that a holder of one Common Share immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof; and
 - (II) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor;

and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, combination or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it; and

- (B) if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof.

If after the Record Time and prior to the Expiration Time the Corporation shall issue any securities other than Common Shares in a transaction of a type described in subparagraphs 2.3(a)(i) or (iv), such securities shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment.

- (b) If the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be adjusted to that price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Common Share; and
- (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

If such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit, stock option or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that, in the case of any Dividend Reinvestment Plan, the right to purchase Common Shares is at a price per share of not less than 90 percent of the Market Price of the Common Shares.

- (c) If the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation in which the Corporation is the continuing corporation) of evidences of indebtedness, cash (other than an ordinary course dividend or a dividend referred to in subparagraph 2.3(a)(i)), assets or rights or warrants (excluding those referred to in subparagraph 2.3(b)), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
 - (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and
 - (ii) the denominator of which shall be such Market Price per Common Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of
 - (i) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to subparagraph (a) above; and
 - (ii) the record date for the applicable distribution, in the case of an adjustment made pursuant to subparagraph (b) or (c) above, subject to readjustment to reverse the same if such distribution shall not be made.
- (e) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Exercise Price; provided, however, that any adjustments which by reason of this subparagraph 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest hundredth of a share. Notwithstanding the first sentence of this subparagraph 2.3(e), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Termination Date. Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:
 - (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment,
 - (ii) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate, mail a brief summary thereof to each holder of Rights, and issue a press release advising of the relevant adjustment.

- (f) If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in subparagraph (a)(i) or (a)(iv) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by subparagraphs (a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subparagraphs (a), (b) and (c) above, but subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with section 5.4, such adjustments, rather than the adjustments contemplated by subparagraphs (a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.
- (g) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right, all subject to further adjustment as provided herein.
- (h) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (i) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.
- (j) Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that the Board of Directors shall in good faith determine to be advisable in order that any (i) consolidation or subdivision of the Common Shares, (ii) issuance wholly or in part for cash or Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares, (iii) stock dividends or (iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares shall not be taxable to such Shareholders.
- (k) The Corporation covenants and agrees that, after the Separation Time, it will not, except as permitted by Section 5.1 or Section 5.4, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.
- (l) If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to, any adjustment required pursuant to Section 3.1.
- (m) If the Corporation shall at any time after the Record Time and prior to the earlier of the Separation Time and the Expiration Time issue any Common Shares otherwise than in a transaction referred to in subparagraph 2.3(a) each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such share.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares or other securities, property or assets, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, property or assets, if applicable, represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such Common Shares or other securities, property or assets on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two of its Chairman, President, Vice Presidents or Corporate Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent in writing of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and disclosure statements describing the Rights, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and send such Rights Certificates to the holders of the Rights pursuant to subparagraph 2.2(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Registration of Transfer and Exchange

- (a) After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "**Rights Registrar**") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. If the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.
- (b) After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subparagraphs 2.6(d) and 3.1(b), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (c) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (d) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.
- (e) The Corporation shall not be required to register the transfer of Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and,
 - (ii) such security or indemnity as may be reasonably required by each of them in their sole discretion to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.8 Persons Deemed Owners

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that, prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;
- (c) that after the Separation Time, the Rights Certificate will be transferable only upon registration of the transfer on the Rights Register as provided herein;
- (d) that, prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided herein);
- (f) that, in accordance with the provisions of Section 5.4, without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reasons of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of Shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares or securities of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in Event

- (a) Subject to subparagraphs 3.1(b) and 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to four times the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in event that after the Stock Acquisition Date an event of a type analogous to any of the events described in Section 2.3 has occurred).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:
- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person); or
 - (ii) a transferee of Rights, direct or indirect, of an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person) who becomes a transferee in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person), that has the purpose or effect of avoiding subparagraph 3.1(b)(i);

shall become null and void without any further action, and any holder of such Rights (including any transferee of, or other successor to, such Rights, whether directly or indirectly) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any right whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subparagraph 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this subparagraph 3.1(b) and such Rights shall become null and void.

- (c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either subparagraph 3.1(b)(i) or (ii) or transferred to any Nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby are void in the circumstances specified in subparagraph 3.1(b) of the Rights Agreement.

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so in writing by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in either subparagraph 3.1(b)(i) or (ii).

- (d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the *Business Corporations Act* (Alberta) and Applicable Securities Laws in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

3.2 Fiduciary Duties of the Board of Directors of the Corporation

For clarification it is understood that nothing contained in this Article 3 shall be considered to affect the obligations of the Board of Directors to exercise its fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares reject or accept any Take-over Bid or take any other action (including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Take-over Bids or other proposals to the Shareholders of the Corporation with respect to any Take-over Bid or otherwise that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties).

ARTICLE 4 THE RIGHTS AGENT

4.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and the Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder, including the reasonable fees and disbursements of any expert retained by the Rights Agent. The Corporation also agrees to indemnify the Rights Agent, its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability, costs, claims, actions, damages or expenses, incurred without negligence, bad faith or wilful default on the part of the Rights Agent, for anything done or suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its acceptance, execution and administration of this Agreement in reliance upon any certificate for Voting Shares or Common Shares, or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current directors of the Corporation, provided that failure to inform the Rights Agent of any such event, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

4.2 Merger or Amalgamation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4. In case at the time each successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) If at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificate shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of Right Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may retain, at the expense of the Corporation, and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken, suffered or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (such approval not to be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Voting Shares or Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the authorization, execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subparagraph 3.1(b)) or any adjustment required under the provisions of Section 2.3 or be responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept written instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation, and to apply to such individual for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice (or such lesser notice as is acceptable to the Corporation) in writing delivered or mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail in accordance with Section 5.9 at the expense of the Corporation. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail in accordance with Section 5.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent then the resigning Rights Agent (at the Corporation's expense) or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but upon payment of its outstanding fees and expenses the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and give notice thereof to the holders of the Rights in accordance with Section 5.9. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 5 MISCELLANEOUS

5.1 Redemption and Waiver

- (a) Subject to the prior consent of the holders of the Voting Shares, or the Rights as set forth in subparagraph 5.4(c), the Board of Directors acting in good faith may, at its option, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) If the Board of Directors elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.
- (c) Within 10 days after the Board of Directors electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the Rights in accordance with Section 5.9. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or other than in connection with the purchase of Common Shares prior to the Separation Time.
- (d)
 - (i) Subject to the prior consent of the holders of the Voting Shares as set forth in subparagraph 5.4(b), the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares and otherwise than in the circumstances set forth in subparagraph 5.1(e) hereof, waive the application of Section 3.1 hereof to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of Shareholders called to approve such waiver.
 - (ii) The Board of Directors may, until a Flip-in Event shall occur, upon written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares; provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event pursuant to this subparagraph 5.1(d)(ii), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any future Flip-in Event in respect of any other Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares prior to the expiry, termination or withdrawal of the Take-over Bid in respect of which the waiver is, or is deemed to have been granted under this subparagraph 5.1(d)(ii).

- (e) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within eight Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this subparagraph 5.1(e) must be on the condition that such Person, within 10 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.
- (f) If a Person makes a Permitted Bid or a Competing Permitted Bid or a Take-Over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to subparagraph Section 5.1(d)(ii), the application of Section 3.1, pursuant to which Voting Shares are taken up and paid for by such Person, then the Board of Directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the expiry date of the Permitted Bid or Competing Permitted Bid, as the case may be.
- (g) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (h) Upon the Rights being redeemed pursuant to subparagraph 5.1(g), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.

5.2 Expiration

No Person shall have any rights whatsoever pursuant to or arising out of this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in subparagraphs 4.1(a) and (b).

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

- (a) Without the approval of any holders of Voting Shares or Rights, the Corporation may make amendments or supplements to this Agreement to correct any clerical or typographical error or which are required to maintain the validity or effectiveness of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such change, supplement or amendment.
- (b) Subject to subparagraph 5.4(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary, rescind, supplement any of the provisions of this Agreement and the Rights. Such consent shall be deemed to have been given if the action requiring such approval is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of the holders of Voting Shares.
- (c) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights which have not become void pursuant to subparagraph 3.1(b) present or represented at and entitled to vote at a meeting of the holders and representing a majority of the votes cast in respect thereof.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented and entitled to vote at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof or those Rights which, prior to the Separation Time, are held by Shareholders other than Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the *Business Corporations Act* (Alberta) with respect to meetings of Shareholders of the Corporation.

(e) Any amendments or supplements made by the Corporation to this Agreement pursuant to subparagraph 5.4(a), which are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder, shall:

- (i) if made before the Separation Time, be submitted to the holders of the Voting Shares of the Corporation at the next meeting of such Shareholders and the holders of Voting Shares may, by the majority referred to in subparagraph 5.4(b) confirm or reject such amendment;
- (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of holders of Voting Shares and the holders of Rights may, by resolution passed by the majority referred to in subparagraph 5.4(d) confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the holders of Voting Shares or the holders of Rights or is not submitted to the Shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the holders of Voting Shares or holders of Rights as the case may be.

(f) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, variation or rescission to this Agreement and/or the Rights as referred to in this Section 5.4 within five days of effecting such amendment, variation or rescission.

5.5 Fractional Rights and Fractional Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable an amount in cash equal to the same fraction of the Market Price of a whole Right determined on the date on which such fractional Right would otherwise be issuable.
- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. Fractions of Common Shares may, at the election of the Corporation, be evidenced by scrip certificates or in lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to subparagraph (a) or (b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash in full to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be, in accordance with Section 2.2(e)(iii).

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered holders of the Rights; and any registered holder of any Rights, without the consent of the Rights Agent or of the registered holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any person subject to, this Agreement.

5.7 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, and, without limitation, necessary approval of the Toronto Stock Exchange shall be obtained, such as to the issuance of Common Shares upon the exercise of Rights under subparagraph 2.2(d). Notwithstanding any provision of this Agreement, any amendment to this Agreement will be subject to the prior written consent of the Toronto Stock Exchange.

5.8 Unlawful Distributions

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada or the United States, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure that such compliance is not required, including, without limitation, establishing procedures for the issuance to a Canadian or the United States resident trustee of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto (but reserving to the trustee or to the trustee and the Corporation, as the Corporation may determine, absolute investment discretion with respect thereto) and the sale thereof and remittance of proceeds of such sale, if any, to the Persons entitled thereto. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes. Notwithstanding the foregoing, to the extent that the issuance or delivery of the Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any such jurisdiction in which such issue or delivery would be so unlawful, such Rights or securities shall be issued and delivered to such Persons to the extent the same may be so issued and delivered in reliance upon applicable exemptions from registration requirements in such jurisdictions.

5.9 Notices

Any notice or demand authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

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

Fax: (403) 265-8216
Attention: Chief Financial Officer

Any such notice or demand shall be deemed to have been received if delivered, on the date of delivery, or if sent by prepaid first class mail, on the fifth Business Day after mailing thereof, except in the case of interruption of regular mail service, in which case such notice shall be delivered.

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Corporation) as follows:

Computershare Trust Company of Canada 600, 530 – 8th Avenue S.W.
Calgary, AB T2P 3S8 Fax: (403) 267-6529 Attention: Manager, Stock Transfer

Any such notice or demand shall be deemed to have been received if delivered, on the date of delivery, or if sent by prepaid first class mail, on the fifth Business Day after mailing thereof, except in the case of interruption of regular mail service, in which case such notice shall be delivered.

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. In the event of any interruption of mail service, such notice required or permitted to be given hereunder will be deemed to be sufficiently given by advertisement of such notice in daily newspapers published in each of the cities of Calgary and Toronto.

5.10 Costs of Enforcement

The Corporation agrees that if the Corporation or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

5.11 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

5.12 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

5.13 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Alberta and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

5.14 Severability

If any Section, subsection, paragraph, subparagraph or other provision hereof or the application hereof to any circumstances or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, subsection, paragraph, subparagraph or other provision or such right shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, subsections, paragraphs, subparagraphs and other provisions hereof or rights hereunder in such jurisdiction or the application of such Section, subsection, paragraph, subparagraph or other provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.15 Effective Date

Notwithstanding its amendment and restatement as of the date hereof, this Agreement is effective from and after the Record Time.

5.16 Reconfirmation

Assuming this Agreement is approved and confirmed by a resolution passed by Shareholders at the Shareholders' Meeting by the majority referred to in subparagraph 5.4(b), if this Agreement is not subsequently reconfirmed by a resolution passed by holders of the Voting Shares by the majority referred to in the last sentence of subparagraph 5.4(b) at every third annual meeting of the Corporation following the Shareholders' Meeting, or if this Agreement is not presented for reconfirmation by Shareholders prior to such dates, as the case may be, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and after the date of termination of such applicable meeting of Shareholders; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

5.17 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors in good faith, shall not subject the Board of Directors to any liability to the holders of the Rights.

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

5.20 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou que en découlent soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in English.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

PAREX RESOURCES INC.

By: (signed) "David R. Taylor",
David R. Taylor, President and CEO

By: (signed) "Kenneth G. Pinsky"
Kenneth G. Pinsky, Chief Financial Officer and Corporate Secretary

COMPUTERSHARE TRUST COMPANY OF CANADA

By: (signed) "Donald Santini"

By: (signed) "Jacqueline Fisher"

EXHIBIT A
[Form of Rights Certificate]

Certificate No. _____

_____ Rights

THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(b) OF THE SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM MAY BECOME VOID.

Rights Certificate

This certifies that _____, or its registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Protection Rights Plan Agreement dated as of the 29th day of September, 2009, as amended and restated as of May 12, 2015 (the "**Rights Agreement**") between Parex Resources Inc., a corporation incorporated under the *Business Corporations Act* (Alberta) (the "**Corporation**") and Computershare Trust Company of Canada, a trust company, as rights agent (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement), one fully paid common share of the Corporation (a "**Common Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in the City of Calgary, Alberta. Until adjustment thereof in certain events as provided in the Rights Agreement, the Exercise Price is Fifty (\$50.00) dollars.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive securities of an entity other than the Corporation, assets, debt, equity or other securities or property or assets of the Corporation, or more or less than one Common Share (or a combination thereof), all as provided in the Rights Agreement.

The Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part thereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal office of the Corporation and are available upon written request.

The Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and the date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights now exercised.

No fractional Common Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made as provided in the Rights Agreement.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$0.00001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a Shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to Shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting Shareholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

The Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent. WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

DATE: _____

PAREX RESOURCES INC.

By: _____

By: _____

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Authorized Signature

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer the within Rights Certificate on the books of the within-named Corporation, with full power of substitution.

Date: _____

Signature

Signature Guarantee:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed by the assignor if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert therewith. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

Signature

(please print name of Signatory)

(To be attached to each Rights Certificate)
FORM OF ELECTION TO EXERCISE

TO: VALIANT TRUST COMPANY

RE: PAREX RESOURCES INC.

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such shares be issued in the name of:

Address

Social Insurance, Social Security or Other Taxpayer Identification Number

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Address

Social Insurance, Social Security or Other Taxpayer Identification Number

Date: _____

Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed by exercisor if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert therewith. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

Signature

(please print name of Signatory)

NOTICE

In the event the Certificate set forth above in the applicable Forms of Assignment or Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof and, in the case of an Assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

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 (as defined below) 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 ("**Written Notice**") 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 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.

Unless otherwise determined by the Board:

- A. if a Blackout Period (as defined in the DSU Plan) is in effect, a DSU Participant may not deliver the Written Notice or a Distribution Date Selection Notice until the seventh (7th) business day after the end of the Blackout Period, and any Distribution Date set out in a Distribution Date Selection Notice delivered prior to the Blackout Period that occurs during the Blackout Period shall be extended to be the date that is seven (7) business days after the end of the Blackout Period; and

- B. unless a Participant has previously delivered a Written Notice and, as applicable, a Distribution Date Selection Notice, if the Separation Date occurs during a Blackout Period, such DSU Participant's entitlement to receive one or more Cash Payments in respect of DSUs recorded in the DSUs Participant's Account (as defined in the DSU Plan) shall be determined in accordance with the following: (i) the references to "the Separation Date" in sections 4.6 and 4.7 of the DSU Plan (other than the second reference in section 4.6(b)(ii) of the DSU Plan) shall be deemed to be references to "the date that is fifteen (15) business days after the end of such Blackout Period ("**Single Payment Entitlement Date**")"; and (ii) the Written Notice may only be provided by a DSU Participant following the 7th business day after the end of the Blackout Period and prior to the Single Payment Entitlement Date.
- C. if a DSU Participant's entitled to a Cash Payment would by operation of either of the above two paragraphs, extend beyond the Final Payout Date, such entitlement will be paid such DSU Participant 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**" which includes performance Cash/Share Settled PSUs ("**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 2020 Cash/Share Settled PSU awards that vested in March 2023 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 CosRSUs 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 CosRSU may be outstanding is, such period, not in excess of three years plus the time period required to settle the vested CosRSUs.

If a Participant ceases to be a director or officer, or 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 CosRSUs 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 CosRSUs 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 Cash/Share Settled RSUs in such grant (vested and unvested) by the quotient obtained from dividing the number of days from the date of grant of such Cash/Share Settled RSUs to the Forfeiture Date by 1,095 and then subtracting the number of Cash/Share Settled RSUs 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 Cash/Share Settled RSUs to the Forfeiture Date by 1,095. Any unvested CosRSUs 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 CosRSUs 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 CosRSUs. If the Participant's death occurs within 90 days of the next vesting date applicable to such unvested CosPSUs, the vesting date for such unvested CosPSUs shall be deemed to be that vesting date and the Payout Multiplier for such unvested CosPSUs shall be determined as of such vesting date.

If a Participant ceases to be an officer of or be in the employ of, or other Service Provider to, any entities comprising the Parex Group as a result of the Participant's retirement:

- a. by reason of Retirement (70) (as defined below), then the terms of all CosRSUs held by such Participant, including the time during which such CosRSUs may be outstanding shall not change as a result of such retirement; or
- b. the Participant's retirement by reason of Retirement (65) (as defined below), then (i) the terms of all CosRSUs held by such Participant that were granted on or after January 1, 2024 shall not change as a result of such retirement; and (ii) the terms of all CosRSUs held by such Participant that were granted prior to January 1, 2024 shall terminate pursuant to the forfeiture provisions of the Cash/Share Settled RSU Plan) as a result of such Retirement (65),

in either case, subject to the terms of the Retirement Agreement (as defined below) entered into by the Participant and the Company.

For the purposes of the Cash/Share Settled RSU Plan Retirement (70) and Retirement (65) have the meanings set out in the applicable retirement policies maintained by the Company. Pursuant to the Retirement Policy - Officers and Employees, the following terms have the noted meanings:

- a. **"Retirement (70)"** means: (a) the date that a Participant who is an officer or bona fide employee of the Company or a subsidiary voluntarily ceases to be an officer or bona fide employee of the Company reaches the age of sixty (60) and voluntarily ceases to be an officer or bona fide employee of the Company provided that at such time the Participant: (i) has reached the age of sixty (60); (ii) has provided continuous services to Company or a subsidiary for a minimum of ten (10) years; (iii) has provided the Company with six (6) months prior written notice of the Participant's intention to retire; and (iv) 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 CosRSUs notwithstanding the provisions noted above in respect of such retirement) (a **"Retirement Agreement"**) with the Company respecting such Participant's retirement from any employment with the Company or a subsidiary in a form that is acceptable to the Company; or (b) such other meaning as the CEO of the Company in the case of a Participant who is not an officer or director of the Company or a subsidiary or, any other entity designated by the Board from time to time, and the Board in all other cases, may determine from time to time.

- b. **"Retirement (65)"** means: (a) the date that a Participant who is an officer or bona fide employee of the Company or a subsidiary voluntarily ceases to be an officer or bona fide employee of the Company provided that at such time: (i) the Participant has reached the age of fifty-five (55); (ii) the Participant has provided continuous services to the Company or a subsidiary for a minimum of five (5) years; (iii) the combination of the Participant's age and years of continuous service to the Company or a subsidiary aggregate at least sixty five (65); (iv) the Participant has provided the Company with six (6) months prior written notice of the Participant's intention to retire; and (E) is offered by the Company the opportunity to enter into a Retirement Agreement, and subsequently enters into a Retirement Agreement, with the Company; or (b) such other meaning as the CEO of the Company in the case of a Participant who is not an officer or director of the Company or a subsidiary or, any other entity designated by the Board from time to time, and the Board in all other cases, may determine from time to time; provided that at the relevant time the Participant satisfies the criteria of Retirement (65) and also satisfies the criteria of Retirement (70), such designation of Retirement (65) shall be deemed to mean, for all purposes, Retirement (70).

Pursuant to the Retirement Policy – Directors, for the purpose of the Cash/Share Settled RSU Plan, for a director of the Company (who is not also an employee or officer of any member of the Parex Group), "Retirement (70)" shall mean either: (i) the date the director voluntarily ceases to be a director of the Company provided that at such time the director: (A) has continually been a director of the Company for a minimum of 8 years, (B) has at all times carried out his or her duties as a director of the Company, in compliance with his or her fiduciary duties at law (C) has provided the Company with 6 months prior written notice with the intention to retire as a director and (D) is offered to enter into a Retirement Agreement, and subsequently enters into a Retirement Agreement; or (ii) such other meaning as the Board may determine, subject to the Company's Retirement Policy - Directors.

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 (as defined in the Cash/Share Settled RSU Plan), 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 CosPSUs 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 CosRSUs 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 CosRSUs 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 CosRSU 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 CosRSUs 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 CosRSU 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, suspend or terminate the Cash/Share Settled RSU Plan or amend any CosRSU or CosRSU agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any CosRSU previously granted under the Cash/Share Settled RSU Plan or any related CosRSU agreement, except as otherwise permitted by the Cash/Share Settled RSU Plan.

Appendix "F"

Restricted Share Unit Plan (Longer Duration)

PAREX RESOURCES INC.
RESTRICTED SHARE UNIT PLAN
(LONGER DURATION)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For purposes of this Plan:

- (a) "**Account**" means an account maintained by the Corporation for each Participant and which will be credited by means of a book-keeping entry with RSUs that are granted in accordance with the terms of this Plan and the RSU Agreements;
- (b) A company is an "**affiliate**" of another company if:
 - (i) one of them is the Subsidiary of the other; or
 - (ii) each of them is controlled by the same company or individual;
- (c) "**Applicable Withholding Amounts**" has the meaning ascribed thereto in Section 2.8(b);
- (d) "**Black Out 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 Participant that holds an RSU;
- (e) "**Board**" means the board of directors of the Corporation as constituted from time to time;
- (f) "**Cash Payment**" has the meaning ascribed thereto in Section 4.4(a);
- (g) "**Cause**" shall mean any acts or omissions that constitute "just cause" at common law for the summary dismissal of employment or service without reasonable notice or pay in lieu of notice;
- (h) "**Change of Control**" means:
 - (i) the purchase or acquisition of any Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, 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, Shares carrying the right to cast more than 50% of the votes attaching to all Shares, but excluding any issue or sale of 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 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;
- (i) "**Committee**" has the meaning ascribed thereto in Section 2.4;

- (j) **"Constructive Dismissal"** means, unless consented to in writing by the Participant, any action which constitutes constructive dismissal at common law including, without limiting the generality of the foregoing:
- (i) a material decrease in the title, position, responsibility or powers of the Participant;
 - (ii) a requirement to relocate to another city, province, or country; or
 - (iii) any material reduction in the value of the Participant's benefits, base wages, compensation, plans and programs,
- provided that*, Constructive Dismissal shall not include any removal of title or position on a temporary basis should the Participant be anticipated to be unable to perform the material and substantial duties of the Participant's service for a period of three (3) cumulative months where such inability arises as a result of sickness or injury;
- (k) **"Convertible Securities"** means any securities convertible or exchangeable into Shares or carrying the right or obligation to acquire Shares;
- (l) **"Corporation"** means Parex Resources Inc., and includes any successor corporation thereof;
- (m) **"Dividend Equivalents"** has the meaning ascribed thereto in Section 4.8;
- (n) **"Exercise and Election Notice"** has the meaning ascribed thereto in Section 4.3(a);
- (o) **"Exercise Date"** has the meaning ascribed thereto in Section 4.3(a);
- (p) **"Fair Market Value"** with respect to a Share, as at any date, means the closing trading price per Share on the TSX (or, if the 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 Shares occurs) on the last Trading Day preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
- (q) **"Forfeiture Date"** means the date, as determined by the Board, on which a Participant ceases to be a Participant pursuant to Section 4.9 and, if the Participant is an employee and the Participant's employment is terminated without Cause, the date shall be extended to include the applicable period of statutory notice, if any, pursuant to the governing employment standards legislation, but shall not include any period of reasonable notice that the Corporation may be required at common law or contract to provide to the Participant nor any period of salary continuance, any period of contractual notice or any pay in lieu of notice;
- (r) **"Forfeiture on Leaving Provisions"** has the meaning ascribed thereto in Section 4.9(a);
- (s) **"Grant Date"** means the date or dates on which a grant of RSUs is made to a Participant in accordance with Section 4.1;
- (t) **"Good Reason"** has the meaning ascribed to that term in any executive employment agreement entered into between the Participant and the Parex Group, and in the absence of such meaning being ascribed in any such agreement means any of the following without the written agreement of the Participant: (i) any adverse change, by the Parex Group in any of the duties, powers, rights, discretions, title, or lines of reporting such that immediately after such change or series of changes, the responsibilities and status of the Participant, taken as a whole, are not at least substantially equivalent to those assigned to the Participant immediately prior to such change, (ii) any reason which would constitute Constructive Dismissal, or (iii) an adverse change in the Participant's remuneration (base wages, benefits, bonus, equity related compensation, and perquisites), such that immediately after such change or series of changes, the Participant's remuneration taken as a whole is not at least substantially equivalent to the Participant's remuneration prior to such change;
- (u) **"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;
- (v) **"Insider"** and **"associate"** each have the meaning ascribed thereto in Part I of the Company Manual of the TSX, as amended from time to time;
- (w) **"Parex Group"** means collectively, the Corporation and any entity that is a Subsidiary of the Corporation from time to time, and any other entity designated by the Board from time to time as a member of the Parex Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities)
- (x) **"Participant"** means a Service Provider determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Service Provider deemed eligible to continue to participate in this Plan in accordance with Section 4.9;
- (y) **"Payment Shares"** has the meaning ascribed thereto in Section 4.5(a);

- (z) "**Performance Measures**" for any period that the Board in its sole discretion shall determine, means the performance measures that may, without restriction, be taken into consideration in determining the Performance Multiplier in respect of any Performance RSU;
- (aa) "**Performance Multiplier**" means the performance multiplier determined by the Board in accordance with Section 4.7 hereof;
- (bb) "**Performance RSU**" means a right, designated in a RSU Agreement as a "Performance RSU", to receive a Cash Payment, Payment Shares or Treasury Shares in accordance with this Plan and a RSU Agreement;
- (cc) "**Person**" means an individual, partnership, body corporate, association, joint venture, syndicate, government, or other form of entity or organization;
- (dd) "**Plan**" means this Restricted Share Unit Plan (Longer Duration);
- (ee) "**Plan Agent**" means such entity as is appointed by the Board or the Committee from time to time to act as Plan Agent under the Plan;
- (ff) "**Restricted Share Unit**" or "**RSU**" means a right to receive a Cash Payment, Payment Shares or Treasury Shares in accordance with this Plan and a RSU Agreement, and includes Performance RSUs;
- (gg) "**Retirement**" has the meaning set out in the applicable Retirement Policy;
- (hh) "**Retirement Agreement**" has the meaning set out in the applicable Retirement Policy(ies);
- (ii) "**Retirement Policy**" means the retirement policy or policies maintained by the Corporation, as amended from time to time;
- (jj) "**Retirement (65)**" has the meaning set out in the applicable Retirement Policy(ies);
- (kk) "**RSU Agreement**" has the meaning set forth in Section 3.2;
- (ll) "**Security Based Compensation Arrangements**" has the meaning ascribed thereto in Part VI of the Company Manual of the TSX, as amended from time to time;
- (mm) "**Service Provider**" means an officer or employee of one or more of the entities comprising the Parex Group;
- (nn) "**Share**" means a common share of the Corporation;
- (oo) "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (pp) "**Term**" has the meaning ascribed thereto in Section 4.9(a);
- (qq) "**Trading Day**" any day on which the Shares are traded on the TSX (or, if the Shares are not at the applicable time then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, any day on which the Shares trade on such stock exchange on which the majority of the trading volume and value of the Shares occurs);
- (rr) "**Treasury Shares**" has the meaning ascribed thereto in Section 4.6;
- (ss) "**TSX**" means the Toronto Stock Exchange;
- (tt) "**US Participant**" means a Participant that is (i) a United States citizen or green card holder; or (ii) a United States resident who is subject to United States income taxation, each of whom will be bound by the terms and conditions of the US Acknowledgment attached as Schedule "A" to the RSU Agreement with respect to each grant of RSUs; and
- (uu) "**Vesting Date**" means, with respect to any RSU, the date upon which such RSU shall irrevocably vest in accordance with the terms hereof, including, without restriction, Section 4.2 hereof.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof. Words denoting inclusiveness (such as "include" or "includes" or "including") or particularity (such as "in particular" or "such as") are, whether or not so stated, not limited by the context or by the words or phrases which precede or succeed them.

ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating Service Providers in the growth and development of the Parex Group by providing them with RSUs; (b) more closely align Service Providers interests with those of the Corporation'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 Corporation's long-term success.

2.2 Administration of the Plan

Subject to Section 2.4, this Plan shall be administered by the Board.

2.3 Authority of the Board

The Board shall have the full power to administer this Plan, including, but not limited to, the authority to:

- (a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;
- (b) adopt, amend, suspend and rescind such rules and regulations for administration of this Plan as the Board may deem necessary in order to comply with the requirements of this Plan, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;
- (c) subject to Section 3.1, determine the Service Providers to whom RSUs may be granted;
- (d) grant such RSUs on such terms and conditions, and in such numbers, as it determines including, without limitation: the time or times at which RSUs may be granted; the term of each RSU; whether restrictions or limitations are imposed on the Payment Shares purchased or Treasury Shares issued pursuant to a RSU and the nature of such restrictions and limitations, if any; and any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;
- (e) determine the Term of each RSU and the time or times when each RSU shall vest and any other terms or conditions with respect to the vesting of RSUs granted hereunder, in whole or in part;
- (f) determine the individual measures comprising the Performance Measures and the weighting of each such measure;
- (g) determine the Performance Multiplier to be applied at the time of vesting of a Performance RSU;
- (h) take any and all actions permitted by this Plan; and
- (i) make any other determinations and take such other action in connection with the administration of this Plan that it deems necessary or advisable.

2.4 Delegation of Authority

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to any director or officer of the Corporation the whole or any part of the administration of this Plan and shall determine the scope of such delegation or sub-delegation in its sole discretion.

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver provided that the Board may not waive any condition that would have the effect of relieving the Corporation of the obligation to issue Treasury Shares pursuant to Section 4.3 and Section 4.6 of this Plan.

2.6 Amendment or Discontinuance of the Plan

- (a) If the Shares are listed for trading on the TSX at the applicable time then subject to any required approval of the TSX, the Board may amend, suspend or terminate this 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 (without, for certainty, the consent of any applicable Participants), except as otherwise permitted hereunder. In addition, the Board may, by resolution, amend this Plan and any RSU granted under it (together with any related RSU Agreement) without shareholder approval, provided however, that at any time while the Shares are listed for trading on the TSX the Board will

not be entitled to amend this Plan or any RSU granted under it (together with any related RSU Agreement) without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Treasury Shares issuable pursuant to this Plan; (ii) to cancel a RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof within 3 months of such cancellation; (iii) to extend the Term of an RSU or time an RSU is outstanding other than as provided for in this Plan; (iv) to permit the assignment or transfer of a RSU other than as provided for in this Plan; (v) to add to the categories of persons eligible to participate in this Plan; (vi) to remove any of Section 4.10(a), Section 4.10(b), Section 4.10(d) or Section 4.10(e) of this Plan or amend any such Section to increase the limits set forth therein; or (vii) to remove or amend this Section 2.6(a).

- (b) Without limitation to Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.
- (c) On termination or suspension of this Plan, any outstanding RSUs under this Plan shall immediately vest and the Cash Payment, Payment Shares or Treasury Shares, as applicable, corresponding to such vested RSUs shall be delivered to the Participant in accordance with and upon compliance with Section 4.4, Section 4.5 or Section 4.6, as applicable, with the Performance Multiplier applicable to any vested Performance RSUs being determined in accordance with Section 4.7. In making any determination to terminate or suspend the Plan, the Board shall provide adequate allowance for the determination of the Performance Multiplier pursuant to Section 4.7 and for Participants to be able to make the exercise and election set out in Section 4.3, with such exercise and election being carried out in accordance with such Section 4.3, *mutatis mutandis*. This Plan will finally cease to operate for all purposes when: (i) the last remaining Participant receives the Cash Payment, Payment Shares or Treasury Shares corresponding to RSUs credited to the Participant's Account; or (ii) all RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements.
- (d) The Board shall not require the consent of any affected Participant in connection with a termination of the Plan in which a Cash Payment has been made or Payment Shares or Treasury Shares have been transferred or issued, respectively, to the Participant in respect of all RSUs held by such Participant.

2.7 Final Determination

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Corporation made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Corporation, the Participants and their beneficiaries and legal representatives.

Subject to Section 2.5, all rights, entitlements and obligations of Participants under this Plan are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein as referred to in Section 2.6.

2.8 Taxes

- (a) A Participant shall be solely responsible for reporting and paying income tax or any other taxes, levies or payments payable in respect of the Cash Payment, the Payment Shares or the Treasury Shares received by the Participant under this Plan. The Corporation will provide each Participant who is resident in Canada with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable Canadian law to report income, if any, arising upon the vesting or exercise of rights under this Plan by a Participant who is resident in Canada for income tax purposes.
- (b) 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, in whole or in part, federal, provincial, and local taxes, domestic or foreign, and any other amounts as required by law to be withheld with respect to any taxable event arising as a result of this Plan, including the grant of RSUs or the vesting of RSUs and the Cash Payment, Payment Shares or Treasury Shares, as applicable, received pursuant thereto, as determined by the Corporation (the "**Applicable Withholding Amounts**"). With respect to required withholding, the Corporation shall have the irrevocable right to (and the Participant consents to the Corporation) set off any Applicable Withholding Amounts, in whole or in part, against amounts otherwise owing by the Corporation to such Participant (whether arising pursuant to the Participant relationship as an 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 as are satisfactory to the Participant and the Corporation, or as are required by the Corporation, as determined in its sole discretion, for the Corporation to meet its withholding obligations as aforesaid. Any reference in this Plan to the payment of cash (including under Section 4.5) or the issuance of Treasury Shares is expressly subject to this Section 2.8.

2.9 Information

Each Participant shall provide the Corporation with all of the information (including personal information) that it requires in order to administer this Plan.

2.10 Account Information

For convenience, information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Corporation may determine and shall include such matters as the Board may determine from time to time or as otherwise may be required by law.

2.11 Indemnification

Each member of the Board or the Committee or any director or officer who is delegated the whole or any part of the administration of this Plan pursuant to Section 2.4 is and shall be indemnified and held harmless by the Corporation against any cost or expense (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or the Committee member or any director or officer who is delegated the whole or any part of the administration of this Plan pursuant to Section 2.4 may have as director or otherwise under the by-laws of the Corporation, any agreement, any resolution of shareholders, or disinterested directors, or otherwise.

ARTICLE 3 ELIGIBILITY AND PARTICIPATION IN THE PLAN

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Service Providers will be eligible to participate in this Plan.

3.2 RSU Agreement

- (a) To receive RSUs, a Participant shall enter into an agreement with the Corporation in such form as determined by the Board from time to time (the "**RSU Agreement**"), within such time period and in such manner as specified by the Board. If an RSU Agreement is not entered into within the time and manner specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.
- (b) If a Participant is a US Participant, the terms and conditions of the US Acknowledgment attached as Schedule "A" to the RSU Agreement for such US Participant shall apply to such US Participant notwithstanding any other provision of the Plan or the relevant RSU Agreement.

3.3 Participant's Agreement to be Bound

Participation in this Plan by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

ARTICLE 4 TERMS OF THE PLAN

4.1 Grant of RSUs

In accordance with Section 3.2, a grant of RSUs pursuant to this Plan will be made and the number of such RSUs granted, including the number of Performance RSUs granted, if any, will be credited to each Participant's Account, effective as of the Grant Date. The number of RSUs to be offered to each Participant, including the number of Performance RSUs, if any, shall be determined by the Board in its sole discretion.

4.2 Vesting

The Board may, in its sole discretion, determine: (i) the Vesting Date or Vesting Dates and whether there shall be any other conditions or performance criteria to RSU vesting; (ii) the method of vesting; or (iii) that no RSU vesting restriction shall exist. In the absence of any determination by the Board to the contrary, RSUs (other than Performance RSUs) will vest as to one-third (1/3) 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 RSU), and all Performance RSUs will vest on the third anniversary of the Grant Date thereof. Notwithstanding the foregoing, the Board may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted.

4.3 Election and Exercise

- (a) Subject to the terms hereof and the terms of any RSU Agreement, the Participant may exercise any vested RSUs by delivering to the Corporation, Attention: the Chief Financial Officer (or if the Participant in question is the Chief Financial Officer, then to the President and Chief Executive Officer) on a Trading Day, or as otherwise directed by the Corporation, a notice of exercise in writing in the form set forth in Schedule "A" to this Plan (or in such other form as may be approved by the Board from time to time) (an "**Exercise and Election Notice**") signed by the Participant and stating the Participant's intention to exercise some or all vested RSUs recorded in the Participant's Account at the date of such Exercise and Election Notice (such date, the "**Exercise Date**") and specifying the number of vested RSUs to be exercised at the Exercise Date and making an election for all of the vested RSUs that

are to be exercised as at the Exercise Date to receive one (but not more than one) of the following payment alternatives for all such exercised RSUs:

- (i) Cash Payment, in accordance with Section 4.4, for all vested RSUs that are being exercised pursuant to the Exercise and Election Notice and as are recorded in such Participant's Account as of the Exercise Date;
- (ii) Payment Shares, in accordance with Section 4.5, for all vested RSUs that are being exercised pursuant to the Exercise and Election Notice and as are recorded in such Participant's Account as of the Exercise Date; or
- (iii) Treasury Shares, in accordance with Section 4.6, for all vested RSUs that are being exercised pursuant to the Exercise and Election Notice and as are recorded in such Participant's Account as of the Exercise Date,

provided that, notwithstanding the foregoing or anything else in this Plan to the contrary, at any time after (but not later than five (5) Trading Days after) a Participant delivers, or is deemed to deliver, an Exercise and Election Notice in respect of any vested RSUs electing a Cash Payment in accordance with Section 4.4 or electing Payment Shares in accordance with Section 4.5, the Board may, in its sole discretion, determine that such election shall instead be, in the case of an election for a Cash Payment, an election for Payment Shares (in accordance with Section 4.5) or for Treasury Shares (in accordance with Section 4.6), or, in the case of an election for Payment Shares, an election for Treasury Shares (in accordance with Section 4.6); and in the event the Board exercises its discretion as aforesaid, the Participant shall be deemed to have made, in the Exercise and Election Notice delivered or deemed to be delivered by the Participant, the election as so determined by the Board, effective as at the Exercise Date.

- (b) No such exercise or election shall be effective unless and until the Participant has delivered an Exercise and Election Notice with the Corporation as aforesaid on or before either: (i) the expiry of the Term (as may be extended under Section 4.11(b)); or (ii) if Section 4.11(a) is applicable to such election, as soon as reasonably practicable following the expiry of the period set out in Section 4.11(a) and prior to the expiry of the Term (as may be extended under Section 4.11(b)).
- (c) Once a Participant has submitted an Exercise and Election Notice in accordance with Section 4.3(a) and 4.3(b) in respect of vested RSUs, the Participant shall not be entitled to revoke its exercise, or change its election, in respect of such vested RSUs.
- (d) If a Participant fails to submit an Exercise and Election Notice in accordance with this Section 4.3 prior to the expiry of the Term (as may be extended under Section 4.11(b)) in respect of any vested RSUs in such Participant's Account, such Participant shall be deemed to have submitted an Exercise and Election Notice pursuant to Section 4.3(a) for all such vested RSUs in such Participant's Account as at immediately prior to the expiry of the Term (as may be extended under Section 4.11(b)), exercising all such vested RSUs and electing to receive, in accordance with Section 4.4, a Cash Payment for all vested RSUs recorded in the Participant's Account as of immediately prior to the expiry of the Term (as may be extended under Section 4.11(b)).
- (e) In all cases hereunder where a Participant shall be deemed to have submitted an Exercise and Election Notice for vested RSUs as at a particular date, the "Exercise Date" in respect of such Exercise and Election Notice and the exercise of the vested RSUs that are the subject of such Exercise and Election Notice shall be the date on which such Exercise and Election Notice is deemed to have been submitted.

4.4 Delivery of Cash Payment

Upon a Participant submitting (or being deemed to submit) an Exercise and Election Notice electing to exercise vested RSUs and receive a Cash Payment for some or all vested RSU's recorded in such Participant's Account as of the Exercise Date:

- (a) subject to and in accordance with Section 4.3 and this Section 4.4, a Participant shall be entitled to receive a payment equal in value to:
 - (i) the number of vested RSUs that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the Exercise Date and other than Performance RSUs, multiplied by the Fair Market Value of a Share on the Exercise Date; plus
 - (ii) the number of vested Performance RSUs that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in the Participant's Account as at the Exercise Date, multiplied by the Performance Multiplier, with such product multiplied by the Fair Market Value of a Share on the Exercise Date;

(collectively, the "**Cash Payment**"). Upon payment in full of the value of the vested RSUs exercised as aforesaid less any Applicable Withholding Amounts, the vested RSUs exercised as aforesaid shall be cancelled and no further payments shall be made to the Participant under the Plan in respect of such vested and exercised RSUs and such number of vested and exercised RSUs shall be deducted from the holdings of RSUs in such Participant's Account; and

- (b) the Cash Payment less any Applicable Withholding Amounts will be paid to the Participant in cash as soon as practicable (including, as applicable, the period required for the Performance Multiplier to be determined by the Board) after the Exercise Date, or in the event of the Participant's death, to his or her beneficiary or legal representative, in accordance with Section 4.9.

4.5 Delivery of Payment Shares

Upon a Participant submitting (or being deemed to submit) an Exercise and Election Notice electing to exercise vested RSUs and receive Payment Shares for some or all vested RSU's recorded in such Participant's Account as of the Exercise Date:

- (a) subject to and in accordance with Section 4.3 and this Section 4.5, a Participant shall be entitled to receive:
- (i) for each vested RSU that is being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the Exercise Date and other than vested Performance RSUs, cash that will be used by the Plan Agent to purchase one (1) Share on behalf of the Participant; and
 - (ii) for all vested Performance RSUs that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the Exercise Date, cash that will be used by the Plan Agent to purchase, on behalf of the Participant, the number of Shares that is equal to the number of vested Performance RSUs that are being exercised as aforesaid multiplied by the Performance Multiplier,
- with the number of Shares resulting from the application of (i) and (ii) above, as applicable, being collectively referred to herein as the "**Payment Shares**";
- (b) as soon as practicable following the Exercise Date and subject to Section 4.5(g) (and including, as applicable, the period required for the Performance Multiplier to be determined by the Board), the Corporation will pay to the Plan Agent the amount of cash required for the Plan Agent to purchase the Payment Shares on behalf of each Participant;
- (c) the Plan Agent shall use all of the cash paid to it as aforesaid to purchase the Payment Shares on behalf of each Participant, on a securities exchange on which the Shares are listed and traded, as soon as reasonably practicable, with the Payment Shares to be purchased by the Plan Agent (on behalf of the Participant) at the then prevailing market rates;
- (d) as soon as practicable following the purchase of Payment Shares by the Plan Agent on behalf of a Participant as aforesaid, and subject to Section 4.5(g), the Plan Agent shall deliver to the Participant, or in the event of the Participant's death, his or her beneficiary or legal representative in accordance with Section 4.9, the Payment Shares purchased on behalf of such Participant;
- (e) upon delivery of the Payment Shares, such vested RSUs exercised as aforesaid shall be cancelled and no further Payment Shares shall be purchased on the market by the Plan Agent on behalf of the Participant under the Plan in respect of such vested and exercised RSUs and such number of exercised and vested RSUs shall be deducted from the holdings of RSUs in such Participant's Account;
- (f) the Plan Agent shall not be required to deliver or cause to be delivered Shares in settlement of any vested and exercised RSUs hereunder, nor shall the Corporation be required to pay any cash to the Plan Agent as described in Section 4.5(b), unless and until any such purchase and delivery of Shares can be completed in compliance with the applicable laws, regulations, rules, and orders of governmental or regulatory or stock exchange authorities. The Corporation shall be obligated to take all reasonable action, on a timely basis, to comply with any such laws, regulations, rules, orders, or requirements;
- (g) Participants (or their beneficiaries) shall be responsible for all taxes, and fees owing to the Plan Agent, with respect to the payment of cash to the Plan Agent by the Corporation on their behalf, the purchase on their behalf of Payment Shares by the Plan Agent, or the receipt by them of Payment Shares. Notwithstanding anything to the contrary herein, the cash to be paid to the Plan Agent under Section 4.5(a) and Section 4.5(b) may be reduced for Applicable Withholding Amounts and any fees then owing to the Plan Agent by or on behalf of the Participant and the Plan Agent shall not be required to deliver or cause to be delivered Payment Shares to a Participant in settlement of any vested and exercised RSUs hereunder until: (i) an amount equivalent to the Applicable Withholding Amounts are withheld from or paid by the Participant to the Corporation; and (ii) all fees then owing to the Plan Agent by or on behalf of the Participant have been paid to the Plan Agent; and
- (h) the Plan Agent will not be required to purchase fractions of Payment Shares under this Section 4.5 and in lieu of fractional Payment Shares, there will be paid to the Participant by the Plan Agent in due course an amount equal to the then fair market value of such fractional interest (as determined by the Plan Agent), provided that the Plan Agent will not be required to make any payment, calculated as aforesaid, that is less than \$10.00.

4.6 Delivery of Treasury Shares

Upon a Participant submitting (or being deemed to submit) an Exercise and Election Notice electing to exercise vested RSUs and receive Treasury Shares for some or all vested RSU's recorded in such Participant's Account as of the Exercise Date:

- (a) subject to and in accordance with Section 4.3 and this Section 4.6, a Participant shall be entitled to receive:
- (i) for each vested RSU that is being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the Exercise Date and other than vested Performance RSUs, one (1) Share;

(ii) for all vested Performance RSUs that are being exercised pursuant to the Exercise and Election Notice received as aforesaid, as recorded in such Participant's Account as of the Exercise Date, the number of Shares that is equal to the number of vested Performance RSUs that are being exercised as aforesaid multiplied by the Performance Multiplier,

with the number of Shares resulting from the application of (i) and (ii) above, as applicable, being collectively referred to herein as the "**Treasury Shares**";

- (b) as soon as practicable following the Exercise Date and subject to Section 4.6(e) (and including, as applicable, the period required for the Performance Multiplier to be determined by the Board in the normal course), the Corporation shall cause the Treasury Shares in respect of which the vested RSUs have been exercised to be issued to the Participant, unless the Corporation shall have received alternative instructions from the Participant for the registration and/or issuance of such Treasury Shares, or in the event of the Participant's death, shall issue such Treasury Shares to the Participant's beneficiary or legal representative in accordance with Section 4.9;
- (c) upon issuance of the Treasury Shares, such vested RSUs shall be cancelled and no further Treasury Shares shall be issued under the Plan in respect of such vested RSUs and such number of exercised and vested RSUs shall be deducted from the holdings of RSUs in such Participant's Account;
- (d) the Corporation shall not be required to deliver or cause to be delivered Treasury Shares in settlement of any vested and exercised RSUs hereunder, unless and until any such delivery can be completed in compliance with the applicable laws, regulations, rules, and orders of governmental or regulatory or stock exchange authorities. The Corporation shall be obligated to take all reasonable action, on a timely basis, to comply with any such laws, regulations, rules, orders, or requirements;
- (e) Participants (or their beneficiaries) shall be responsible for all taxes with respect to the issuance of Treasury Shares to the Participant or the receipt by them of Treasury Shares. Notwithstanding anything to the contrary herein, the Corporation shall not be required to deliver or cause to be delivered Treasury Shares to a Participant in settlement of any vested and exercised RSUs hereunder until an amount equivalent to the Applicable Withholding Amounts are withheld from or paid by the Participant to the Corporation; and
- (f) the Corporation will not be required under this Section 4.6 to issue fractions of Treasury Shares with the number of Treasury Shares to be issued under this Section 4.6 to be rounded down to the nearest whole Treasury Share.

4.7 Determination of Performance Measures and Performance Multiplier

In connection with each grant of Performance RSUs, the Board shall, in its sole discretion and without restriction (having regard to the principal purposes of the Plan), determine: (i) the minimum and maximum amounts of the Performance Multiplier to be used in respect of each such grant, which minimum shall not be less than zero (0) and which maximum shall not be greater than two (2), unless, in each case, otherwise determined by the Board, and (ii) the individual measures comprising the Performance Measures and the weighting of each such measure. In respect of each Vesting Date of Performance RSUs, the Board will assess the performance of the Corporation for the applicable period based on the Performance Measures applicable to such vested Performance RSUs, in its sole discretion, and, upon the assessment of all Performance Measures and any other factors deemed relevant by the Board, the Board shall determine the applicable Performance Multiplier for such vested Performance RSUs, in its sole discretion.

4.8 Credits for Dividends

A Participant's Account shall be credited with additional Restricted Share Units ("**Dividend Equivalents**") as of each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such Dividend Equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of Restricted Share Units recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Fair Market Value per Share on the record date for the payment of such dividend, with fractions computed to three decimal places. The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation. Any Dividend Equivalents credited pursuant to this Section 4.8 shall have the same terms and conditions as the underlying RSUs to which they relate. For certainty, upon an RSU vesting pursuant to the terms hereof, all Dividend Equivalents credited to a Participant in respect of such vested RSUs shall similarly and contemporaneously vest, and the length of time Dividend Equivalents shall be outstanding hereunder shall be, and be deemed to be, equivalent to the length of time such RSUs (in respect of which such Dividend Equivalents were credited) are to be outstanding, regardless of the date on which the Dividend Equivalent was so credited to a Participant and notwithstanding anything else in this Plan to the contrary.

4.9 RSU Terms

- (a) The term of an RSU shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term (including, without restriction, Section 4.11 hereof), be such period, not in excess of ten (10) years from the Grant Date, as may be determined from time to time by the Board and in the absence of any determination to the contrary will be the time period that is ten (10) years from the Grant Date (such time period being the "**Term**"), and the time that an RSU shall be outstanding shall be the Term plus the time period required to settle the Cash Payment, Payment Shares or Treasury Shares in respect of vested RSUs which have been, or have been deemed to be, exercised hereunder (including the period required for the Performance Multiplier to be determined by the Board in the normal course). In addition, unless otherwise determined by the Board, or unless the Corporation and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment agreement or Retirement Agreement), each RSU shall provide that 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 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 hereof: (i) such Participant shall cease to be a Participant as of the Forfeiture Date; (ii) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (iii) such Participant shall be deemed to have submitted an Exercise and Election Notice pursuant to Section 4.3(a) for any vested RSUs in such Participant's Account as at immediately prior to the Forfeiture Date exercising such vested RSUs and electing to receive the Cash Payment corresponding to any such RSUs that vested prior to the Forfeiture Date; (iv) the Cash Payment for any such vested RSUs shall be delivered to the former Participant in accordance with Section 4.4 as soon as practicable thereafter, including, as applicable, the period required for the Performance Multiplier to be determined by the Board in the normal course (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 including, as applicable, the period required for the Performance Multiplier to be determined by the Board in the normal course); and (v) the former Participant shall not be entitled to any further payments or delivery of any Shares in respect of this Plan (the provisions of the foregoing last sentence of this Section 4.9(a) being the "**Forfeiture on Leaving Provisions**").
- (b) Notwithstanding Section 4.9(a) or anything else contained in this Plan to the contrary but subject in all cases to Section 4.11 hereof, 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 due to the death of the Participant: (i) any unvested grants respecting RSUs, other than unvested Performance RSUs, in the deceased Participant's Account effective as at the time of the Participant's death shall be 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; (ii) in respect of Performance RSUs, any unvested Performance RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the death of the Participant with the result that the deceased Participant shall not forfeit any unvested grants respecting Performance RSUs. If the Participant's death occurs within 90 days of the next Vesting Date applicable to such unvested Performance RSUs, the Vesting Date for such unvested Performance RSUs shall be deemed to be that Vesting Date and the Performance Multiplier for such unvested Performance RSUs shall be determined as of such Vesting Date in accordance with Section 4.7. Otherwise, the unvested Performance RSUs shall be deemed to have vested immediately prior to the Forfeiture Date and in such event, the Performance Multiplier will be one (1); (iii) the deceased former Participant's shall be deemed to have submitted an Exercise and Election Notice pursuant to Section 4.3(a) for all vested RSUs in the Participant's Account (including, for certainty, all RSUs that have vested pursuant to the foregoing provisions of this Section 4.9(b)) immediately prior to the death of such Participant exercising all such vested RSUs and electing to receive the Cash Payment corresponding to all such vested RSUs; and (iv) the Cash Payment for such vested RSUs shall be delivered to the legal representative of the deceased former Participant's estate in accordance with Section 4.4 as soon as practicable (including, as applicable, the period required for the Performance Multiplier to be determined by the Board, as set forth above in this Section 4.9(b)) after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant.
- (c) Notwithstanding Section 4.9(a) or anything else contained in this 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 by reason of Retirement (65), then the Participant shall remain a Participant under this Plan, and terms of all RSUs held by such Participant including, without restriction, the Term and time during which such RSUs may be outstanding, shall not change, and the Forfeiture on Leaving Provisions shall not apply to the Participant or such RSUs as a result of such Retirement (65) subject to the terms of any Retirement Agreement entered into by the Participant and the Corporation.
- (d) Notwithstanding Section 4.9(a) or anything else contained in this Plan to the contrary but subject in all cases to Section 4.11 hereof, 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, and subject to the Participant signing and delivering to Parex a full and final release of the Parex Group (regarding such Participant's employment and cessation of employment) in a form satisfactory to Parex, then a *pro rata* portion of the unvested RSU's (including unvested Performance RSUs) 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:

- (i) for each applicable separate grant of Performance RSUs to such Participant, by multiplying the total number of Performance RSUs 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; and
- (ii) for each applicable separate grant of RSUs other than Performance RSUs, 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 (other than by operation of this Section 4.9(d)).

Any unvested RSUs (including Performance RSUs) 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 Performance RSUs that vest as aforesaid, the Performance Multiplier in respect of such Performance RSUs shall be determined by the Board as of the Forfeiture Date, provided that if no such determination is made by the Board, the Performance Multiplier in respect of such Performance RSUs shall be deemed to be one (1).

- (e) This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to any of the entities comprising the Parex Group, nor does it interfere in any way with the right of the Participant or any of the entities comprising the Parex Group to terminate the Participant's employment or service provision at any time.

4.10 Limits on Issuance

Notwithstanding any other provision of this Plan:

- (a) the maximum number of Treasury Shares reserved for issuance hereunder and issuable pursuant to outstanding RSUs at any time shall be limited to four million (4,000,000) Shares;
- (b) the maximum number of Treasury Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements shall not exceed 5.0% of the Shares outstanding from time to time;
- (c) the number of Treasury Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements will not exceed 5.0% of the issued and outstanding Shares;
- (d) the number of Treasury Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 5.0% of the issued and outstanding Shares; and
- (e) the number of Treasury Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 5.0% of the issued and outstanding Shares,

such that any RSUs which are granted that otherwise would result in any of the foregoing limitations being exceeded shall be null and void, and deemed to not have been granted *ab initio*.

For the purposes of this Section 4.10, any increase in the issued and outstanding Shares (whether as a result of the issue of Treasury Shares pursuant to vested and exercised RSUs or otherwise) will result in an increase in the number of Treasury Shares that may be issued under each of Sections 4.10(b), Section 4.10(c), Section 4.10(d) and Section 4.10(e), including pursuant to RSUs outstanding at any time. Further, if the acquisition of Shares by the Corporation for cancellation should result in the foregoing tests no longer being met, this shall not constitute non-compliance with this Section 4.10 for any RSUs granted prior to such purchase of Shares for cancellation.

RSUs that are cancelled, terminated or expire shall result in the Treasury Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to this Plan to the extent of any Treasury Shares issuable thereunder that are not issued under such cancelled, terminated or expired RSUs.

4.11 Blackout Periods

Notwithstanding any other provision of this Plan:

- (a) if a Participant would be (or would be deemed to be hereunder) submitting an Exercise and Election Notice and thereby exercising any RSU and making its election in respect of any RSU under Section 4.3(a) hereof during a Black Out Period or during the first Trading Day following the end of such Black Out Period, any such exercise and the making of any such election (or any deemed exercise or election) and the delivery (or deemed delivery) to the Corporation of the Exercise and Election Notice shall be delayed to a date which is no earlier than the third (3rd) Trading Day following the end of the Black Out Period (and in the case of a deemed exercise and election, shall be such third (3rd) Trading Day following the end of the Black Out Period); and
- (b) if the expiration of the Term of a RSU is to occur during a Black Out Period, such Term and the time during which such RSU is outstanding shall be extended to that date which is ten (10) Trading Days following the end of the Black Out Period.

4.12 Non-Qualified Securities

All Shares to be issued to a Participant under this Plan are designated as non-qualified securities for purposes of subsections 110(1.3) to (1.9) of the Income Tax Act (Canada).

ARTICLE 5 EFFECT OF CORPORATE EVENTS

5.1 Alterations in Shares

In the event:

- (a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- (b) that any rights are granted to all or substantially all shareholders to purchase Shares at prices substantially below Fair Market Value as of the date of grant (other than the payment of dividends in respect of the Shares as contemplated by Section 4.8); or
- (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities or property;

then the Board may make such adjustments to this Plan, the maximum number of Treasury Shares issuable hereunder as set out in Section 4.10(a), the Account of each Participant, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants hereunder (provided that if at such time the Shares are listed for trading on the TSX any such adjustments shall also be subject to any required approval of the TSX) and the Participants shall be bound by any such determination.

5.2 Merger, Amalgamation, Take-Over Bid or Sale

If the Corporation 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 Shares and such take-over bid is completed, or if the Corporation 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 Corporation 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 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.

5.3 Change of Control

Notwithstanding any other provision in this 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, and subject to the Participant signing and delivering to Parex a full and final release of the Parex Group (regarding the Participant's employment and cessation of employment) in a form satisfactory to Parex, all RSUs held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest, such Participant shall be deemed to have submitted an Exercise and Election Notice pursuant to Section 4.3(a) for all vested RSUs (including, for certainty, all RSUs that have vested pursuant to the foregoing provisions of this Section 5.3(a)) immediately prior to the termination of such Participant's employment as aforesaid exercising all such vested RSUs and electing to receive the Cash Payment corresponding to all such vested RSUs, with the Cash Payment for such vested RSUs being delivered to the former Participant in accordance with Section 4.4, by no later than immediately following the effective date of the Change of Control. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.3(a), the Performance Multiplier in respect of such Performance RSUs 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 Performance Multiplier in respect of such Performance RSUs 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, and subject to receipt by Parex or the continuing successor corporation of a full and final release of the Parex Group (regarding the Participant's employment and cessation of

employment) in a form satisfactory to Parex or the continuing or successor corporation or other entity and signed by the Participant, 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, such Participant shall be deemed to have submitted an Exercise and Election Notice pursuant to Section 4.3(a) for all vested RSUs (including, for certainty, all RSUs that have vested pursuant to the foregoing provisions of this Section 5.3(b)) immediately prior to the termination of such Participant's employment as aforesaid exercising all such vested RSUs and electing to receive the Cash Payment corresponding to all such vested RSUs. The Cash Payment for such vested RSUs shall be delivered to the former Participant in accordance with Section 4.4. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.3(b), the Performance Multiplier in respect of such Performance RSUs 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 (or by the board of directors or equivalent body of the continuing or successor corporation or other entity as aforesaid), the Performance Multiplier in respect of such Performance RSUs shall be deemed to be one (1).

ARTICLE 6 GENERAL

6.1 General Restrictions and Assignment

Except as required by law and Section 4.9, the rights of a Participant hereunder 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 rights and obligations hereunder may be assigned by the Corporation to a successor to the business of the Corporation.

6.2 Responsibilities of the Corporation and the Plan Agent

Neither the Corporation nor the Plan Agent nor any of their respective trustees, directors, officers, shareholders or representatives will be liable to any Participant for any act or omission or for any failure to act in connection with the operation of the Plan including, without limitation, any claims or liability relating to the prices and times at which Shares are purchased under the Plan, on behalf of a Participant that elects to receive Payment Shares for any vested RSUs pursuant to the terms of this Plan.

6.3 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under this Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

The Corporation makes no representations or warranties to Participants with respect to this Plan or the RSUs whatsoever. Participants are expressly advised that the value of any RSUs under this Plan may fluctuate as the trading price of Shares fluctuates.

In seeking the benefits of participation in this Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

6.4 No Shareholder Rights

A Participant shall not have any of the rights or privileges of a shareholder of the Corporation in respect any RSUs.

6.5 No Guarantees Regarding Tax Treatment

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant of RSUs, the vesting of RSUs, or for any Cash Payment or receipt of Payment Shares or Treasury Shares or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of RSUs 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.

6.6 Continued Employment and Damages

Nothing in this Plan shall confer upon any Participant any right to continue in the employ or service of the Corporation or any of the entities comprising the Parex Group, and nothing herein contained shall interfere in any way with the right of the Corporation or any of the entities comprising the Parex Group, to terminate the employment or service of any Participant at any time.

Notwithstanding any other provision hereof, or any provision of any employment or service agreement between any Participant and any entity in the Parex Group, in no event will a Participant have any right to damages in respect of any loss of any right to RSUs on or after the Forfeiture Date and no severance allowance or termination settlement of any kind in respect of any Participant will include or reflect any claim for loss of any right to RSUs and no Participant shall not have any right to assert, claim, seek or obtain, and shall not assert, claim, seek or obtain, any judgment or award which includes or reflects any such right or claim for loss of any rights to RSUs.

6.7 Compliance with Laws

The administration of the Plan shall be subject to and made in conformity with all applicable laws and any applicable regulations of a duly constituted regulatory authority. Should the Committee, in its sole discretion, determine that it is not feasible or desirable to carry out a grant of Restricted Share Units due to such laws or regulations, the Committee may, at its discretion, consider making any other form of payment or award. If the Committee determines that the consent or approval of any governmental body or stock exchange is necessary or desirable, as a condition of, or in connection with, the crediting of RSUs hereunder, the Corporation shall be under no obligation to credit RSUs hereunder unless and until such consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

6.8 Governing Law

The validity, construction and effect of this Plan and any actions taken or relating to this Plan shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

6.9 Currency

All amounts paid or values to be determined under this Plan shall be in Canadian dollars.

6.10 Severability

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

6.11 Effective Time

This Plan shall be effective as of May 9, 2024 subject to ratification of this Plan by the shareholders of the Corporation at the annual general and special meeting of the shareholders of the Corporation to be held on such date (such meeting, including any adjournment thereof, the "**2024 AGM**"), the TSX and any other applicable regulatory authorities, provided that if this Plan is not ratified by shareholders of the Corporation at the 2024 AGM this Plan shall immediately thereafter terminate and cease to be of any force or effect and all RSUs granted hereunder shall be immediately thereupon be terminated and cancelled, in each case *ab initio*.

Schedule "A"

Exercise and Election Notice - Parex Resources Inc. (the "Corporation")

This Exercise and Election Notice is made with reference to the Corporation's Cash or Share Settled Restricted Share Unit Plan dated [...], 2024, and as further amended from time to time (the "Plan").

Participant Information:

Name: _____

Address: _____

Telephone Number: _____

RSU Information:

Applicable Vesting Date: _____

of vested RSUs being exercised (stipulate vested Performance RSUs as applicable): _____

Settlement of vested RSUs being exercised: _____

****Please pick one (and only one) of Cash Payment, Payment Shares or Treasury Shares but not all three nor any combination.**

Cash Payment

Payment Shares

Treasury Shares

*** If you elect to receive Payment Shares or Treasury Shares please complete the following section.*

Registration and Delivery of Payment Shares:

The Shares acquired pursuant to your Vested RSUs are to be registered in the name of the undersigned and are to be delivered as directed below:

Name: _____

Address: _____

Acknowledgment:

1. This Exercise and Election Notice is subject to the terms and conditions of the Plan.
2. Capitalized terms used in this Exercise and Election Notice and not otherwise defined find their meaning in the Plan.
3. Payment Shares will be purchased by the Plan Agent at prevailing market rates on a securities exchange on which the Shares are listed and traded.
4. Treasury Shares will be issued by the Corporation.

Date

Name

Signature

Parex Resources Inc.

2700 Eighth Avenue Place, West Tower
585 8 Avenue SW, Calgary AB T2P 1G1 Canada

www.parexresources.com

