

PAREX RESOURCES INC.

CODE OF CONDUCT

MISSION STATEMENT:

Provide superior shareholder returns through exploration for and exploitation of large, early stage resource plays in moderate risk jurisdictions.

VALUE STATEMENT:

Parex Resources Inc. is a place where people work to enjoy shared success. Team performance is necessary to achieve our Mission.

We value:

- *Responsibility – to our employees, to the communities in which we operate and to our other stakeholders;*
- *Profitable growth;*
- *Effective cost management;*
- *Sustained performance.*

We are:

- *Biased to action, not delay;*
- *Driven to prove the commercial viability of our concepts;*
- *Rewarded for creating shareholder value;*
- *Team based;*
- *Managed by data whenever possible;*
- *Clear and objective in our depiction and management of the risks that are an inherent part of our business;*
- *Aware of the roles we need to play and accepting of those requirements.*

PURPOSE AND SCOPE

Parex Resources Inc. (the "**Corporation**") requires professional and ethical conduct from its directors, officers, consultants, and employees. No director, officer, consultant or employee will be expected or permitted to achieve results through violations of laws or regulations or through unscrupulous dealings. This Code of Conduct (the "**Code**") is intended to document some of the specific principles of conduct and ethics which will be followed by the Corporation's directors, officers, consultants and employees in their performance of their responsibilities with respect to the Corporation's business in order to maintain a culture of honesty, integrity and accountability within the Corporation.

All directors, officers, consultants and employees of the Corporation are expected to follow this Code in all aspects of business activity. In any situation where there is a question about compliance with both the letter and spirit of the Corporation's policies and applicable laws, guidance from the Disclosure Committee (as defined in the Disclosure, Confidentiality, Insider Trading & Blackout Period Policy & Procedures) should be sought. The Code sets forth general principles and does not supersede the specific policies and procedures that are covered in specific policy statements or the governing laws and regulations of any jurisdiction in which the Corporation carries on business. References in the Code to the "Corporation" or "Parex" means Parex Resources Inc. and any of its subsidiaries.

Compliance with the Code is necessary to the success of the Corporation and is necessary to uphold the trust of shareholders in the Corporation. Violation of the Code is grounds for disciplinary action up to and including termination of employment, with cause and without notice, and possible legal prosecution.

VALUES OF THE CORPORATION

The Corporation strives to increase its value to employees, consultants, suppliers, agents and shareholders through its commitment to assembly of proven teams, partnering with local players, applying new technology, achieving rapid growth and low finding and development costs and profitable operations.

The Corporation endeavours to provide a positive working environment, free of discrimination and harassment, in which employees, consultants, suppliers, agents and shareholders alike are treated with dignity and respect.

The Corporation fulfills these commitments by upholding ethical conduct and by cultivating and maintaining the Corporation's reputation as a good corporate citizen. A strong foundation of solid corporate governance has guided the development of the Corporation. The Corporation endorses the principals of transparency and responsiveness to shareholders and markets in all of our activities and at all levels of the organization. As a director, officer, consultant or employee of the Corporation this means that all business activities and operations of the Corporation will be conducted in an ethical manner and will comply with Corporation policies, standards set forth in this Code, and applicable laws and government regulations in the jurisdictions in which they operate as well as consider local custom or tradition.

Each director, officer, consultant and employee of the Corporation must:

- Provide, or cause to be provided, full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the applicable securities commissions and in other public communications made by the Corporation;
- Comply, and take reasonable actions to encourage others within the Corporation to comply, with applicable governmental laws, rules and regulations;
- Promptly report violations of the Code by one of the means set out in the Reporting Violations section of this Code; and
- Promote accountability for adherence to this Code.

CONFLICTS OF INTEREST

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interest of the Corporation. A conflict situation can arise when a service provider takes actions or has an interest that may make it difficult to perform his or her work effectively. Conflicts of interest also arise when an employee, officer, director, consultant, or a member of his or her family receives improper personal benefit as a result of his or her position in the Corporation. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between the Corporation and any other organization in which a member of the Corporation or member of his or her family has an interest.

Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by the Board of Directors. Full disclosure enables directors, officers, consultants, and employees

to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulties arise. Examples of situations involving a conflict of interest include, but are not limited to the following:

- Conducting business with a firm owned, partially owned or controlled by a director, officer, consultant, or employee or a relative of such person;
- Owning a material financial interest in the Corporation's vendors, customers or competitors;
- Performing work, with or without compensation, for a competitor, governmental or regulatory entity, customer or supplier of the Corporation, or doing any work for a third party that may adversely affect the individual's performance or judgment on the job or diminish the individual's ability to devote the necessary time and attention to their duties;
- Using Corporation property, materials, supplies, funds or other resources for personal purposes.

Situations where loyalties to the Corporation could be compromised must be avoided. If an individual believes that he or she is involved in a potential conflict of interest, he or she must discuss it with his or her immediate supervisor and report it to the Disclosure Committee.

CORPORATE OPPORTUNITIES

No director, officer, consultant or employee shall:

- Take for himself or herself personally any opportunity of which he or she becomes aware through the use of the Corporation's property, information or position when such opportunity could be of benefit or interest to the Corporation;
- Make it possible for a third party to take any opportunity of which he or she becomes aware through the use of the Corporation's property, information or position when such opportunity could be of benefit or interest to the Corporation, unless the Corporation has expressly decided not to attempt to take such opportunity;
- Use the Corporation's property, information or position for personal gain; or
- Compete with the Corporation in any way.

CONFIDENTIALITY

Directors, officers, consultants and employees must always maintain confidentiality of all information entrusted to them by the Corporation or that otherwise comes into their possession in the course of their service or relationship with the Corporation, except when disclosure is authorized or legally mandated. Confidential information includes all confidential and proprietary information about the Corporation including intellectual property, acquisition and divestiture plans, business and marketing plans, employee and consulting information, including contact information, and information about suppliers including pricing and contact information.

Directors, officers, consultants and employees shall comply with all confidentiality policies adopted by the Corporation from time to time and with confidentiality provisions contained in agreements to which they or the Corporation is a party. More specifically, all directors, officers, consultants and employees of

the Corporation will encourage full compliance with the Disclosure, Confidentiality, Insider Trading & Blackout Period Policy & Procedures.

The obligation to not use or disclose confidential information continues even after a person has terminated their association (whether voluntarily or in-voluntarily) with the Corporation.

PROTECTION OF PERSONAL DATA

The Corporation undertakes to protect the right to privacy of its customers, vendors, employees, and public administrators by ensuring that private information entrusted to the Corporation through normal course of business is not disclosed, except where required by law. The Corporation shall heed all personal data rules and regulations established in international laws and conventions and, accordingly, they shall not collect, process, store, keep, disclose or use personal data in any manner that may infringe the aforesaid rules and regulations and shall respect the legitimate rights of data subjects.

PROTECTION AND PROPER USE OF CORPORATION ASSETS

All directors, officers, consultants and employees should endeavour to protect the Corporation's assets. Theft, carelessness and waste have a direct impact on the Corporation's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation.

Corporate assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. The Corporation's assets also include any expenditures that are made with Corporation's funds and these expenditures should be made for the Corporation's legitimate business purposes and in the best interest of the shareholders. Corporate assets may never be used for illegal purposes.

The obligations to protect Corporation assets includes protecting proprietary and confidential information. The obligation to preserve proprietary information continues even after a person has terminated their association (whether voluntarily or in-voluntarily) with the Corporation.

USE OF E-MAIL AND INTERNET SERVICES

E-mail systems and Internet services are provided to facilitate work related to the Corporation. Incidental and occasional personal use is permitted, however, it should never be used for personal gain or any improper purpose. Directors, officers, consultants and employees may not send any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment. Messages containing junk mail and trivia hampers the ability of the Corporation's systems to handle legitimate Corporation business and are prohibited.

Messages (including voice mail) and computer information are considered property of the Corporation and directors, officers, consultants and employees should not have any expectation of privacy. Unless prohibited by law, the Corporation reserves the right to access and disclose this information as necessary. Do not access, send messages or store any information that would be inappropriate if seen or heard by other individuals.

INSIDER TRADING

Insider trading is unethical and illegal. Directors, officers, consultants and employees are not allowed to trade in securities of the Corporation while in possession of material non-public information regarding the

Corporation. It is also illegal to "tip" or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further. The Corporation's Disclosure, Confidentiality, Insider Trading & Blackout Period Policy & Procedures further sets out a director, officer, consultant or employee's obligations in respect of trading in the Corporation's securities.

ENTERTAINMENT, GIFTS AND FAVOURS

Directors, officers, consultants and employees may not offer, solicit or accept entertainment, gifts or favours in order to secure preferential treatment for themselves or for the Corporation. Situations where judgment might be influenced or appears to be influenced by improper considerations must be avoided. Gifts and entertainment may only be accepted or offered by a director, officer, consultant or employee in the normal exchanges common to established business relationships. Examples of an acceptable exchange of gifts or favours are as follows:

- the gifts or favours are permitted by prevailing legislation in force in each country, by the ethical principles of their respective cultures and by internal regulations;
- the gifts or favours do not contradict the values of ethical conduct and transparency adopted by the Corporation;
- the gifts or favours are not detrimental to the Corporation's image; and
- the gifts or favours are delivered or received according to common commercial practice or a generally accepted social custom, or are objects or gifts with a token or economically insignificant value.

An exchange of such entertainment, gifts and favours shall create no sense of obligation. Cash must never be offered or accepted by a director, officer, consultant and employee as a gift.

BRIBERY AND CORRUPTION

Employees must comply with all laws prohibiting improper payments to domestic and foreign officials. In Canada, the *Corruption of Foreign Public Officials Act* (the "**Act**") provides that every person commits an offence who, in order to obtain or retain an advantage in the course of business, directly or indirectly gives, offers or agrees to give or offer a loan, reward, advantage or benefit of any kind to a foreign public official or to any person for the benefit of a foreign public official as consideration for an act or omission by the official in connection with the performance of the official's duties or functions, or to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions.

No director, officer, consultant or employee of the Corporation may, either directly or indirectly, make or offer any payment in cash or in kind or in any other benefit to any person in the employment of another public or private entity, member of a political party or candidate for a public office with the intention of unlawfully obtaining or maintaining businesses or other benefits.

No individual associated with the Corporation may, either directly or indirectly, make or offer any payment in cash or in kind or any other benefit to any person in an effort to persuade that person to abuse any real or apparent influence to obtain a business or other benefit from any public or private entity.

Additionally, no individual associated with the Corporation may, either directly or indirectly, make or offer any payment in cash or in kind or any other benefit to any person if it is known that all of part of the

money or payment in kind will be directly or indirectly offered or delivered to any public or private entity, political party or candidate to public office for any illicit purpose.

Facilitation payments consist of delivering money or any other item of value, regardless of the amount, in exchange for guaranteeing or expediting the course of a formality or processing by any court, public authority or official body. Although certain types of "facilitation" payments may not be illegal, the Corporation's policy is to avoid such payments. If any director, officer, consultant or employee finds that adherence to the Corporation's policy would cause a substantial, adverse effect on operations, that fact should be reported to the Corporation's senior management which will determine whether an exception may lawfully be authorized. If the facilitating payment is made, such payment must be properly entered and identified on the books of the Corporation and all appropriate disclosures made.

Violation of the Act is a criminal offence and every person who contravenes the Act is guilty of an indictable offence and liable to imprisonment. If the violation results in any revenues or profits payable to the Corporation, those revenues or profits are subject to forfeiture to the Government. In addition to the disciplinary actions set out by the Act, any director, officer, consultant or employee who violates the Act will also be subject to disciplinary actions by the Corporation as set out in this Code of Conduct.

FAIR DEALING

The Corporation believes in fair and open competition, and adheres to the requirements of the *Competition Act* (Canada) (the "**Competition Act**"). The purpose of the Competition Act is to maintain a competitive marketplace by prohibiting certain activities that might reduce or prevent competition or harm consumers and sets out certain prohibitions on how competitors may deal with each other, as well as how businesses treat their suppliers and customers.

Each director, officer, consultant and employee should endeavour to deal fairly with the Corporation's customers, suppliers, competitors, shareholders and employees. No director, officer, consultant or employee should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse or privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favours.

Directors, officers, consultants and employees must report any known or suspected violations of the above principles of fair dealing, including regarding the Competition Act, to the Disclosure Committee.

CUSTOMER RELATIONS

All directors, officers, consultants and employees of the Corporation must act with integrity when dealing with customers of the Corporation in order to provide a quality product and excellent service. The Corporation aims for development of long-term relationships with its customers based on mutual trust and respect.

PARTNER RELATIONS

The Corporation aims to establish relationships with its business partners based on trust, respect, ethical principles, transparency of information and the implementation of common knowledge, experiences and competencies to reach common objectives for mutual benefit. Directors, officers, consultants and

employees of the Corporation will be committed to applying these same principles when dealing with directors, officers, consultants and employees of partnering companies.

VENDOR AND CONTRACTOR RELATIONS

When selecting vendors and contractors for the Corporation, directors, officers and employees must be impartial and objective. Individuals must apply quality and cost criteria in these processes and avoid any personal interest that may be in conflict with the interests of the Corporation.

The Corporation will inform its vendors and contractors of this Code with the goal of securing the best possible application of the principles established herein.

NON-PROFIT, PROFESSIONAL ASSOCIATION AND POLITICAL PARTICIPATION

The Corporation supports its directors, officers, consultants and employees who contribute to their communities through involvement with charitable, community service and professional organizations. If directors, officers, consultants or employees use the Corporation for such activities they should only do so with the prior consent of the President and Chief Executive Officer.

Directors, officers, consultants and employees engaging in the political process must take care to separate their personal activities from their association with the Corporation.

A director, officer, consultant or employee must speak as an individual and not as a spokesperson of the Corporation.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Each director, officer, consultant and employee must at all times comply with applicable law within any jurisdiction that the Corporation carries on business, and should avoid any situation which could be perceived as improper, unethical or indicate a casual attitude towards compliance with the law.

No director, officer, consultant or employee shall collaborate with third parties in violating any law. Individuals must act honestly and with integrity in all contact and in all transactions with legal authorities and government employees and officials and must endeavour that information submitted by them is accurate, concise and complete. Directors, officers, consultants and employees must not hamper requests for information received from civil servants or the fulfillment of any other duties that a civil servant may perform in the legitimate exercise of their authority, provided that they are established in and exercised in accordance with prevailing laws and other legal provisions.

Directors, officers, consultants and employees are expected to be sufficiently familiar with any legislation that applies to their directorship, office or employment and shall recognize potential liabilities, seeking direction from the Disclosure Committee and legal advice where appropriate. Ensuring compliance with the law remains the each individual's personal responsibility. Ignorance of legislation or dependence upon this Code or its supporting policies and procedures does not constitute a defence.

SAFETY, HEALTH AND COMPLIANCE WITH ENVIRONMENTAL LAWS

The Corporation is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Corporation will operate in compliance with applicable environmental laws and regulations, within all jurisdictions that the Corporation carries on business. The Corporation's

commitment to protecting its employees, consultants, customers, and surrounding environment from any negative or harmful impact is outlined in the Corporation's Safety, Health and Environment Manual.

All directors, officers, consultants and employees are responsible for maintaining a safe workplace by following safety and health rules and practices. The Corporation is committed to keeping its workplaces free from hazards. Any accidents, injuries, unsafe equipment, practices or conditions must be immediately reported to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all employees, the environment and third parties, employees and consultants must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively.

If any director, officer, consultant or employee has any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should discuss the matter with a member of the Operations and Reserves Committee.

HUMAN RIGHTS, DISCRIMINATION AND HARASSMENT

The Corporation undertakes to respect and to uphold the human rights and public liberties. Consequently, all directors, officers, consultants and employees of the Corporation must support this commitment by carrying out their professional activities fully respecting and protecting the human rights and public liberties of themselves and those around them.

The Corporation is also committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual.

Harassment occurs when an individual is subjected to unwelcome verbal or physical conduct concerning race, religious beliefs, sexual orientation, colour, place of origin, gender, mental or physical disability, ancestry, marital status, age, family status or source of income and:

- When submission to such conduct is made either implicitly or explicitly a condition of employment;
- When submission to or rejection of such conduct is used as a basis for any employment decision including, but not limited to, matters of promotion, raise in salary, job security or benefits affecting the employee and evaluation; or
- When such conduct has the purpose or the effect of interfering with the person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual harassment, being discrimination on the grounds of gender, is a violation of human rights legislation. Sexual harassment is defined as one or a series of incidents involving unwelcome sexual advances, requests for sexual favours, or other verbal or physical conduct of a sexual nature and occurs:

- When such conduct might reasonably be expected to cause embarrassment, insecurity, discomfort, offence or humiliation to another group or person;
- When submission to such conduct is made either implicitly or explicitly a condition of employment;

- When submission to or rejection of such conduct is used as a basis for any employment decision; or
- When such conduct has the purpose or the affect of interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Workplace sexual harassment can occur at the office, at office related social functions, work assignments outside the office, work related conferences or training sessions, work related travel, or over the telephone or by e mail.

Directors, officers, consultants and employees are encouraged to speak out when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs. Similarly, the Corporation encourages directors, officers, consultants and employees who believe they may have witnessed harassment upon a co-worker to speak out about the conduct and to report it. Individuals employed in the Province of Alberta also have the right to contact Alberta Human Rights Commission to make a complaint of harassment. Once a complaint or report of harassment is received by the Corporation, it will be kept as confidential as it can be in light of the response required. An investigation may be undertaken immediately if required and all necessary steps should be taken to resolve the problem. Regardless of the outcome of a harassment complaint made in good faith, the director, officer, consultant or employee lodging the complaint, as well as anyone providing information, will not be retaliated against. Retaliation includes, but is not limited to, dismissal, demotion, unwanted transfer, denial of opportunities within the Corporation or harassment of an individual as a result of his or her having made a complaint or having provided evidence regarding the complaint.

ACCURACY OF CORPORATION RECORDS AND REPORTING

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. The Corporation's accounting records are relied upon to produce reports for the Corporation's management, shareholders, creditors, governmental agencies and others.

The Corporation's records must at all times be prepared accurately and maintained properly, in accordance with the Corporation's records management policies, the generally accepted accounting principles and any other applicable laws, rules and regulations. No false, artificial or deceptive entries may be made in the Corporation's records for any reason. The Corporation's books must accurately reflect the transactions it records. The Corporation does not permit intentional misclassification of transactions as to accounts, departments or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and be recorded in the proper account and in the proper accounting period. No director, officer, consultant or employee may engage in, allow or conceal any financial or bookkeeping irregularity.

The Corporation's records are, in fact, property of the Corporation, therefore, the Corporation's records must not be removed from the Corporation's property except for a legitimate business reason and any documents so removed should be returned to the Corporation's property as soon as practical.

Accounting procedures and controls are prescribed by the Corporation's policies and practices. Within these policies and practices, the senior officers of the Corporation have the primary responsibility for establishing and monitoring adequate systems of internal controls in accordance with sound accounting principles, and all employees must adhere to these controls. The Corporation's employees are required to cooperate completely and forthrightly with the Corporation's independent external auditors.

Any director, officer, consultant or employee who has a concern with respect to the improper disclosure of, or failure to disclose any of the Corporation's activities or transactions should bring the matter to the attention of the Finance and Audit Committee or by reporting the concern by way set out in this Code and in the Procedures and Guidelines section of the Corporation's Whistleblower policy. No actions shall be taken against any director, officer, consultant or employee that chooses to do so.

REPORTING VIOLATIONS

The Code cannot, and is not intended to, address all of the situations a director, officer, consultant and employee may encounter. There will be circumstances not covered by this policy and procedure and where a person will be required to make a judgment as to the appropriate course of action. The Board of Directors has established many options for any director, officer, consultant or employee seeking compliance advice or reporting misconduct or violations of this Code. Individuals may contact any of the following:

- their supervisor;
- the President of the Corporation;
- any member of the Disclosure Committee;
- the Corporation's Whistleblower Hotline, EthicsPoint, at ethicspoint.com, 1-888-279-5269;
- the Corporation's outside legal counsel, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: R. Bruce Allford; telephone (403) 260-0100;
- the Province of Alberta's Human Rights Commission, Southern Regional Office, Suite 310, 525 – 11 Avenue S.W., Calgary, Alberta T2R 0C9, telephone (403) 297-6571 (Confidential Inquiry Line); or
- any other member of the Board.

This contact may be on an identified or anonymous basis.

Anyone who seeks advice, raises a concern or reports misconduct or a violation of this Code is following the requirements of this Code and the desires of the Board of Directors. The Corporation encourages such action. Retaliation against anyone who makes a good faith report of misconduct is in breach of this Code and will not be tolerated. The Corporation will take appropriate disciplinary action, including severance from the Corporation, against any individuals engaging in improper retaliatory conduct.

WAIVERS OF THE CODE

Any waiver of this Code for executive officers or directors will be made only by the Board of Directors or a committee of the Board of Directors. Conduct by a director or executive officer which constitutes a material departure from this Code may be promptly disclosed if required by law or stock exchange regulation.

VIOLATION OF THIS CODE

Any determination of a breach of this Code by a director, officer, consultant or employee may result in sanction of the individual by the Board, including asking for his or her resignation. In the case where the

violation by an officer or employee is a fundamental breach of their contract of employment, such breach shall constitute grounds for immediate termination of such employment for cause and without notice or severance. Each director, officer, consultant and employee acknowledges that when the Board determines that an individual has violated the Code and requests the individual's resignation, the individual shall resign as requested.

AUTHORIZATION

Each director and officer of the Corporation shall annually review, sign and deliver to the Corporation a copy of the Code. The Code will be distributed annually to all consultants and employees and reviewed and signed by those individuals.

This Code of Conduct of Parex Resources Inc. is hereby approved on behalf of the Board of Directors on the 30th day of October, 2009 as amended on November 29, 2011.

“Norman McIntyre”

Norman McIntyre
Chairman of the Board of Directors
Parex Resources Inc.