

April 10, 2020



2020

**Notice of Annual General and
Special Meeting and Management
Proxy Circular**

Annual General and Special Meeting | **May 14, 2020**

TSX: PXT

CHAIRMAN'S MESSAGE

As I write this message in early April the world is adjusting to a number of new restrictions on the ways that we conduct our personal lives and our businesses. These include limitations on gatherings that make it impossible to conduct the Annual General and Special Meeting of our shareholders in the traditional manner. Management has made arrangements to conduct the meeting in a way to limit human interaction and still provide a forum for you to ask questions, but the overwhelming demand for virtual hosting services has required us to delay the meeting until May 14, 2020.

The format of the meeting will unfortunately provide limited opportunities for interaction with, and questions from, our stakeholders as compared to prior years. In addition to the detailed information in the Management Information Circular that is prescribed under applicable securities laws, we wanted to include this message to provide additional context for the compensation and governance disclosure set out in the Management Information Circular.

The compensation program summarized within the Management Information Circular relates to performance of individual executives and of the Company at large, in 2019. It is important to remember that context when considering the program given the conditions affecting the business environment at present. As stated in our news release of April 2, 2020, effective April 1, 2020 and for the remainder of 2020, our executive leadership will take a 10% salary reduction and the board of directors will take a 10% in cash retainer fees.

Let me take a moment to address the current environment: oil prices have fallen at a record pace, energy companies are cutting capital budgets and reducing staff, debt burdens have compounded falling cash flow and are existential threats for many companies. Against that competitive backdrop, Parex retains its hallmarks – a peerless balance sheet, an outstanding resource base and a talented and proven workforce. Those are the fundamental aspects that Parex management continues to deploy in pursuit of advancing the business. Our cash on hand grew in 2019 such that at December 31, 2019, as we entered this downturn, we had US\$344 million of working capital, and as at March 31, 2020, we had an approximate cash position of US\$390 million, no long term debt and an undrawn credit facility of US\$200 million. We believe that Parex is well positioned for the challenges presented in the current business environment and with low sustaining capital requirements, the Company is able to withstand a prolonged period of low and volatile energy pricing.

In my message a year ago I wrote that the Company's high-level objectives for 2019 were:

- to ensure maintenance of per share production and reserves through investing less than half of funds flow from operations and buying back our shares through a normal course issuer bid;
- to develop reserves and extend our resource base to replace production at low risk; and
- to deploy a significant portion of funds flow in growth activities including the addition of new exploration areas and appraisal of successful exploration.

Those goals were to be achieved while maintaining positive working capital to provide financial flexibility.

All those high-level objectives for 2019 were achieved. Management will continue to review and right-size the capital program for 2020. That will be done in the context of having the financial flexibility to make choices that best serve the interests of our stakeholders rather than making decisions required for survival. As noted above, we believe that Parex is well positioned to survive this downturn and to thrive in the future.

From a governance standpoint, we continue to progress through board of directors renewal as well as oversight of management succession and development. This annual Meeting will mark the retirement of two of our founding directors, Mr. Curtis Bartlett and Mr. Ron Miller. Both of them have served as directors for 10 years and we thank them for their contributions and counsel through that term and we wish them well in their future endeavours. The Corporate Governance and Nominating Committee has recommended that we reduce the size of the board and replace only one of the departing directors. After conducting a thorough search, the Corporate Governance and Nominating Committee of the board has recommended the election of Mr. Sigmund Cornelius as a director. His background is summarized in the materials and we welcome the expertise he will bring to the board as we navigate these uncertain times.

The board continues to steward the Company's management succession and development plans. We believe that we have a slate of qualified internal candidates and are also well positioned to attract management talent through external recruitment of individuals who are drawn to the financial strength and future potential of Parex.

I would like to thank all of you for your support of the Company over the past year as we move forward on our mission of continuing to provide superior returns to our shareholders. In the current turbulent environment, the board remains focused on our key responsibilities: monitoring and governing our business to benefit our shareholders and other stakeholders – our employees, the communities and jurisdictions in which we operate, and the other parties encompassed in our environmental, social and governance framework.

Yours Truly,



"Wayne Foo"

Wayne Foo

Chairman of the Board of Directors



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Date & Time:	May 14, 2020 at 9:30 a.m. (Calgary time)
Place:	Virtual Only Meeting via Audiocast at https://web.lumiagm.com/224600086
Record Date:	March 26, 2020

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 14, 2020 at 9:30 a.m. (Calgary time) for the following purposes:

1. to receive and consider the financial statements of the Company for the year ended December 31, 2019, 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 auditors and to authorize the directors to fix their remuneration as such;
5. to consider and, if deemed advisable, to pass an ordinary resolution approving all unallocated options issuable under the stock option plan of the Company, as more particularly described in the management information circular of the Company dated April 10, 2020 (the "**Information Circular**");
6. to consider an advisory, non-binding resolution (a "**Say on Pay**" vote) on the Company's approach to executive compensation described in the Information Circular; and
7. 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 26, 2020 (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.

Parex holds safety as a core value. We have been carefully monitoring the outbreak of the novel coronavirus ("**COVID-19**") and are proactively implementing measures to prioritize the health and well-being of our employees, customers, suppliers, partners, Shareholders, communities and other stakeholders, while ensuring continuity in the provision of our critical services in each of Canada and Colombia. We are conscious of our responsibility to help slow the spread of the COVID-19 pandemic and reduce its impact on our stakeholders and their health. We take this responsibility seriously. In light of the rapidly evolving global COVID-19 pandemic and to mitigate against its risks, the Meeting will be held in a virtual-only meeting format. **You will not be able to attend the Meeting physically.** A virtual-only meeting format is being adopted in response to the COVID-19 pandemic to give all Shareholders an equal opportunity to participate at the Meeting regardless of their geographic location or the particular constraints, circumstances or risks they may be facing as a result of COVID-19. We are not aware of any items of business to be brought before the Meeting other than those described in the enclosed Meeting materials.

The Meeting can be accessed by logging in online at <https://web.lumiagm.com/224600086>. Registered Shareholders and duly appointed proxyholders will be able to attend the Meeting, ask questions and vote, all in real time, provided 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 as guests, but guests will not be able to 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 March 26, 2020, 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 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 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 can listen to the Meeting but will not be able to communicate or vote. Shareholders will not be able to attend the Meeting physically.

If you attend the Meeting online 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 Computershare at **1-800-564-6253**.

If you do not wish to vote at the Meeting, 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:

 <p>BY MAIL Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1</p>	 <p>BY HAND Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1</p>	 <p>BY FACSIMILE 1-866-249-7775 or 1-416-263-9524</p>
 <p>BY TELEPHONE 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America)</p>	 <p>BY INTERNET Use the 15-digit control number at www.investorvote.com, not later than forty-eight (48) hours prior to the time set for the Meeting</p>	

All instructions are listed in the enclosed form of proxy and see also "*Proxies—Voting by Internet*" 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 10th day of April, 2020
BY ORDER OF THE BOARD OF DIRECTORS



"Dave Taylor"
David Taylor
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 14, 2020

PROXIES

Solicitation and Appointment of Proxies

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 of the Company's shareholders ("Shareholders") to be held virtually at <https://web.lumiagm.com/224600086> on May 14, 2020 at 9:30 a.m. (Calgary time), and any adjournments or postponements thereof for the purposes set forth in the accompanying Notice of Annual General and Special Meeting (the "Meeting"). Only shareholders of record on March 26, 2020 are entitled to notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any common shares ("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 April 10, 2020. **All amounts set forth in this Information Circular are stated in Canadian dollars, unless otherwise noted.**

In light of the rapidly evolving global COVID-19 pandemic and to mitigate against its risks, the Meeting will be held in a virtual-only meeting format. You will not be able to attend the Meeting physically. A virtual-only meeting format is being adopted in response to the COVID-19 pandemic to give all Shareholders an equal opportunity to participate at the Meeting regardless of their geographic location or the particular constraints, circumstances or risks they may be facing as a result of COVID-19. We are not aware of any items of business to be brought before the Meeting other than those described in the enclosed Meeting materials.

If you attend the Meeting online 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 Computershare at 1-800-564-6253.

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 and strike out the other names. 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 Trust Company of Canada ("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 located at the bottom of your proxy at www.investorvote.com, 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 and see also "Proxies - Voting by Internet" in this Information Circular.

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 can listen to the Meeting but will not be able to participate or vote. Shareholders will not be able to attend the Meeting physically.

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 online 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 9:30 a.m. (Calgary time) on May 12, 2020 or, in the case of 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.

Proxyholders must vote your Common Shares according to your instructions, 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 space provided on the form of proxy sent to you and follow all of the instructions therein, prior to 9:30 a.m. (Calgary time) on May 12, 2020 or, in the case of 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) must ALSO register their proxyholder at www.computershare.com/PDSQ before 9:30 a.m. (Calgary time) on May 12, 2020 or, in the case of 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.** 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 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 5 set out below under the heading “*Proxies – Solicitation and Appointment of Proxies – How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting Online*” to attend and vote at the Meeting.

(B) Attending the Meeting and Voting Online

If you are a registered Shareholder or duly appointed proxyholder and wish to attend and vote at the virtual Meeting, please follow these steps:

1. Log into <https://web.lumiagm.com/224600086> at least one hour before the Meeting starts.
2. Click "Shareholder".
3. Enter your 15 digit Control Number (found on your form of proxy) as your username.
4. Enter the following password (which is case sensitive): **parex2020**
5. 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, 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 day 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 online 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.

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 online during the Meeting.

(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 Financial Solutions, Inc. ("**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 instructions 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 space provided on the voting instruction form sent to you and follow all of the instructions therein. **Beneficial Shareholders appointing a third party proxyholder (other than the Parex proxy nominees) must ALSO register their proxyholder at www.computershare.com/PDSQ before 9:30 a.m. (Calgary time) on May 12, 2020 or, in the case of 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.** 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 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 5 set out above under the heading "*Proxies – Solicitation and Appointment of Proxies – How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting Online*" to attend and vote at the Meeting.

(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 must ALSO register with Computershare as proxyholder at www.computershare.com/PDSQ before 9:30 a.m. (Calgary time) on May 12, 2020 or, in the case of 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. 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 duly appointed proxyholder, you can follow steps 1 through 5 set out above under the heading "*Proxies – Solicitation and Appointment of Proxies – How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting Online*" 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.

Attending the Meeting as a Guest

Guests can listen to the Meeting but are not able to vote or ask questions at the Meeting. Guests can log into the Meeting by following these steps:

1. Log into <https://web.lumiagm.com/224600086> at least one hour before the Meeting starts.
2. Click "Guest" and then complete the online form.

Persons Making the Solicitation

The 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.

The Company is not using "notice-and-access" to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. The Company will not send proxy-related materials directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders by Broadridge or through the non-objecting Beneficial Shareholder's intermediary. The Company intends to pay for the costs of an intermediary to deliver proxy-related materials to objecting Beneficial Shareholders.

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.

Voting by Internet

Shareholders 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. If Shareholders vote by internet, their vote must be received not later than 9:30 a.m. (Calgary time) on May 12, 2020 or 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. 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.

ADVISORIES

This Information Circular contains certain oil and gas metrics, including finding, development and acquisition ("FD&A") costs, production per debt adjusted share and recycle ratio, which 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. Such metrics have been included herein to provide readers with additional measures to describe and evaluate the Company's performance; 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. 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 ("bbl") 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. 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. Production per debt adjusted share is calculated by dividing annual production for the period over the weighted average Common Shares outstanding adjusted for the effect of working capital. Recycle ratio is calculated as fourth quarter funds flow from operations for the noted year per bbl divided by FD&A cost per bbl for that year.

Funds flow from operations may from time to time be used by the Company but does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Management uses this non-GAAP measure for its own performance measurement and to provide shareholders and investors with an additional measure of the Company's efficiency and its ability to fund a portion of its future capital expenditures. Refer to the Company's management, discussions and analysis for the three months and years ended December 31, 2019 and 2018, dated March 10, 2020 for information on how this non-GAAP measure is calculated.

Certain reserves information contained in this Information Circular is based upon an evaluation (the "**GLJ Report**") prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**") dated February 5, 2020 and effective December 31, 2019 and an evaluation prepared by GLJ dated February 7, 2019 and effective December 31, 2018. 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, 2019 reserves presented are based on GLJ's forecast pricing effective January 1, 2020 and all December 31, 2018 reserves presented are based on GLJ's forecast pricing effective January 1, 2019.

"Boes" 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.

All dollar amounts in this Information Circular are in Canadian dollars, unless otherwise noted.

This document contains forward-looking information ("**forward-looking information**" or "**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. All such forward-looking statements are subject to important risks, uncertainties and assumptions, including, without restriction, risks and uncertainties related to the COVID-19 pandemic and the volatile market conditions related thereto. 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.

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 26, 2020, there were 141,408,366 Common Shares issued and outstanding, stock options ("**Options**") to purchase 2,541,177 Common Shares issued under the Company's stock option plan ("**Option Plan**"), restricted share units ("**RSUs**") representing the right to receive 1,493,972 Common Shares issued under the Company's restricted share unit plan ("**RSU Plan**"), performance-based RSUs ("**PSUs**") representing the right to receive, subject to meeting certain conditions, 320,500 Common Shares issued under the RSU Plan, 245,785 deferred share units ("**DSUs**") representing the right to receive a cash payment issued under the Company's deferred share plan ("**DSU Plan**"), 1,056,117 restricted share units ("**Cash/Share Settled RSUs**" or "**CRSUs**") representing the right to either receive a cash payment or Common Shares purchased on the open market issued under the Company's cash or share settled restricted share unit plan ("**Cash/Share Settled RSU Plan**") and 433,700 performance-based restricted share units ("**Cash/Share Settled PSUs**" or "**CPSUs**") representing the right to either receive, subject to meeting certain conditions, a cash payment or Common Shares purchased on the open market issued under the Cash/Share Settled RSU Plan, which have been granted to certain directors, officers and employees of the Company or of its subsidiaries. The Cash/Share Settled RSU Plan was implemented on February 7, 2019. See "*Statement of Executive Compensation – Executive Compensation Components – Long-Term Incentives – Cash/Share Settled RSUs and Cash/Share Settled PSUs*" in this Information Circular for more information on the Cash/Share Settled RSU Plan.

As at April 10, 2020, there were 139,906,671 Common Shares issued and outstanding, Options to purchase 2,525,577 Common Shares issued under the Option Plan, RSUs representing the right to receive 1,455,054 Common Shares issued under the RSU Plan, PSUs representing the right to receive, subject to meeting certain conditions, 316,800 Common Shares issued under the RSU Plan, 245,785 DSUs representing the right to receive a cash payment issued under the DSU Plan, 1,016,817 Cash/Share Settled RSUs representing the right to either receive a cash payment or Common Shares purchased on the open market issued under the Cash/Share Settled RSU Plan and 433,700 Cash/Share Settled PSUs representing the right to either receive, subject to meeting certain conditions, a cash payment or Common Shares purchased on the open market issued under the Cash/Share Settled RSU Plan.

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**") and to receive *pro rata* upon liquidation, dissolution or winding-up of the Company, the remaining property of the Company.

The Company has not declared or paid dividends on the Common Shares since incorporation and any decision made by the Board to pay dividends from time to time will be based upon, among other things, the level of cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and other business and legal considerations as the Board considers relevant, including the satisfaction of the liquidity and solvency tests imposed by the *Business Corporations Act* (Alberta) ("**ABCA**") for the declaration and payment of dividends.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is March 26, 2020.

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 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.

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, 2019 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) members and that nine (9) directors be elected to hold office until the next annual general meeting of the Company, or until their successors are elected or appointed. There are presently ten (10) directors of the Company. Mr. Bartlett and Mr. Miller will not be standing for re-election to the Board and Mr. Sigmund Cornelius has been recommended for election to the Board at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at nine (9) members, and in favour of the election as directors of the nine (9) nominees hereinafter set forth:

Lisa Colnett	Glenn McNamara
Sigmund Cornelius	Carmen Sylvain
Robert Engbloom	David Taylor
Wayne Foo	Paul Wright
G.R. (Bob) MacDougall	

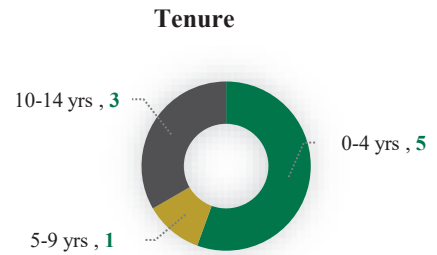
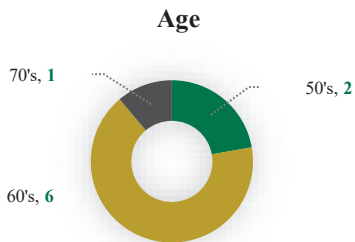
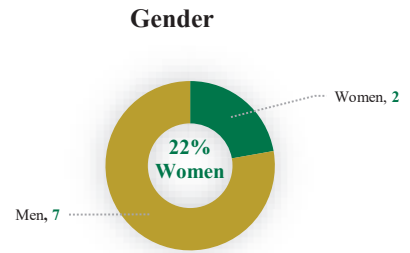
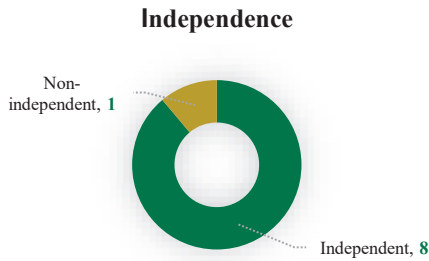
2019 Voting Results

Motions	Outcome of Vote	Votes For		Against/Withheld	
		Number	Percentage	Number	Percentage
Fixing the number of directors at ten (10)	Approved*	-	-	-	-
Election of the following nominees as directors:	Approved	-	-	-	-
Curtis Bartlett		113,805,377	99.28	827,384	0.72
Lisa Colnett		114,623,027	99.99	9,734	0.01
Robert Engbloom		111,001,011	96.83	3,631,750	3.17
Wayne Foo		110,876,614	96.72	3,756,147	3.28
G. R. (Bob) MacDougall		114,628,386	100.00	4,375	0.00
Glenn McNamara		113,694,281	99.18	938,480	0.82
Ron Miller		113,542,622	99.05	1,090,139	0.95
Carmen Sylvain		114,120,174	99.55	512,587	0.45
David Taylor		114,147,712	99.58	485,049	0.42
Paul Wright		112,983,698	98.56	1,649,063	1.44
Appointment of Auditors	Approved*	-	-	-	-
Advisory vote on executive compensation	Approved	112,128,469	97.82	2,504,292	2.18

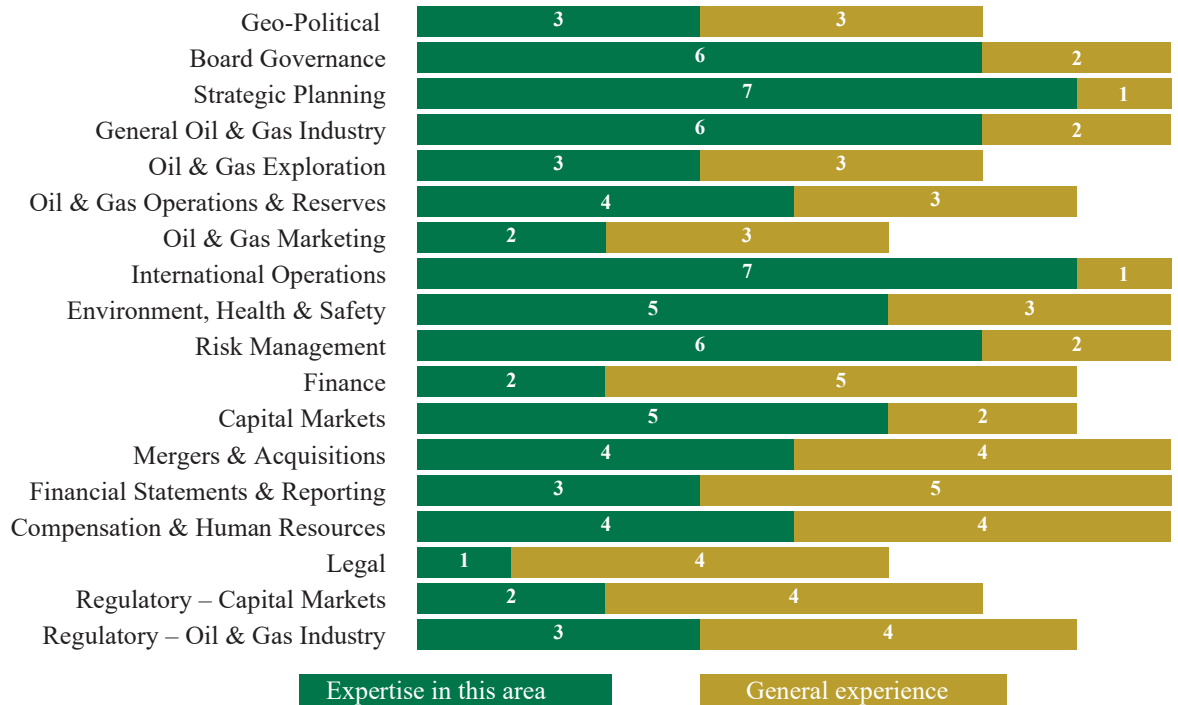
* vote conducted by way of show of hands

BOARD OF DIRECTORS

Our Board at Glance



Summary of Directors' Experience/Expertise



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 and certain other information in respect of each of the nominees is set forth below

Lisa Colnett



Age: 62

Residence: Ontario, Canada

Director since: May 12, 2015⁽¹⁾
Independent

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

Other Public Boards:
Parkland Fuel Corporation

Meeting Attendance:
7/7 Board of Directors (100%)
6/6 Compensation and Human Resources (100%)
5/5 HSE and Reserves (100%)

Principal Occupation for Last 5 Years

Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Fuel Corporation, an independent marketer of fuels across Canada. 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. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise

- Board Governance
- Strategic Planning
- International Operations
- Risk Management
- Finance
- Compensation & Human Resources

Annual General Meeting Voting Results					Share Ownership Requirement	
Year	% of votes For	Target Level (\$)	Current holding as multiple of Target	Status		
2018	99.99	\$190,000	3 times	Comply		
2019	99.99	\$200,000	5 times	Comply		

Securities Held	2019		2018	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	4,000	\$96,000	4,000	\$65,400
Options	-	\$-	-	\$-
DSUs	36,980	\$893,067	34,160	\$558,174
RSUs	-	\$-	-	\$-
PSUs	-	\$-	-	\$-
CRSUs	2,820	\$68,103	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$1,057,170		\$623,574

Sigmund Cornelius



Age: 66

Residence: Houston, Texas

Director since: Nominee⁽¹⁾

Parex Board and Committees:
To be determined upon election

Other Public Boards:
CARBO Ceramics Inc.

Meeting Attendance: N/A

Principal Occupation for Last 5 Years

Currently President and Chief Operating Officer of Freeport LNG Development L.P., a company based in Houston, Texas. From 1980 to 2010, he held various management and senior positions at ConocoPhillips Company, retiring as Chief Financial Officer in 2010. Mr. Cornelius is currently a member of the board of CARBO Ceramics Inc. He has served on the board of multiple public and private companies, including Western Refining Inc., NiSource Inc., Andeavor Logistics LP, DCP Midstream LP, Columbia Pipeline Group Inc., and Chevron Philips Chemical Co.

Key Experience and/or Expertise

- Strategic Planning
- International Operations
- Risk Management
- Finance
- Capital Markets
- Mergers & Acquisition

Annual General Meeting

Voting Results		Share Ownership Requirement		
Year	% of votes For	Target Level (\$)	Current holding as multiple of Target	Status
2019	N/A	N/A	N/A	N/A

Securities Held	Number	2019		2018	
		Value ⁽²⁾	Number	Value ⁽³⁾	
Common Shares	-	\$-	-	\$-	
Options	-	\$-	-	\$-	
DSUs	-	\$-	-	\$-	
RSUs	-	\$-	-	\$-	
PSUs	-	\$-	-	\$-	
CRSUs	-	\$-	-	\$-	
CPSUs	-	\$-	-	\$-	
Total:		\$-		\$-	

Robert Engbloom



Age: 70

Residence: Alberta, Canada

Director since: September 29, 2009⁽¹⁾
Independent

Parex Board and Committees:

Board of Directors (Lead Director)
Corporate Governance and Nominating

Other Public Boards:

None

Meeting Attendance:

7/7 Board of Directors (100%)
5/5 Corporate Governance and Nominating (100%)

Principal Occupation for Last 5 Years

Counsel, Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group. Mr. Engbloom has more than 40 years of experience in the areas of mergers and acquisitions, governance, corporate and securities law. His broad experience spans a range of businesses both public and private, operating nationally and internationally, primarily in the energy industry.

Key Experience and/or Expertise

- Board Governance
- Strategic Planning
- General Oil & Gas Industry
- Risk Management
- Capital Markets
- Mergers & Acquisition
- Legal
- Regulatory – Capital Markets

Annual General Meeting Voting Results

Year	% of votes For	Target Level (\$)	Share Ownership Requirement	
			Current holding as multiple of Target	Status
2018	97.67	250,000	9 times	Comply
2019	96.33	250,000	11 times	Comply

Securities Held	2019		2018	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	85,000	\$2,052,750	100,000	\$1,635,000
Options	-	\$-	-	\$-
DSUs	33,890	\$818,443	30,720	\$502,272
RSUs	-	\$-	-	\$-
PSUs	-	\$-	-	\$-
CRSUs	3,170	\$76,555	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$2,947,748		\$2,137,272

Wayne Foo



Age: 63

Residence: Alberta, Canada

Director since: August 28, 2009⁽¹⁾
Non Independent

Parex Board and Committees:
Board of Directors (Chairman)

Other Public Boards:
None

Meeting Attendance:
7/7 Board of Directors (100%)

Principal Occupation for Last 5 Years

Currently Chairman of the Board of Directors of Parex. Chief Executive Officer of Parex from September 29, 2009 to May 10, 2017. Chief Executive Officer and President of Parex from September 29, 2009 to November 5, 2015. President and Chief Executive Officer of Petro Andina Resources Inc. from 2004 to 2009. President and Chief Executive Officer of Dominion Energy Canada Ltd. from 1998 to October 2002, and then Consultant until March 2003.

Key Experience and/or Expertise

- Board Governance
- Strategic Planning
- General Oil & Gas Industry
- Oil & Gas Exploration
- Oil & Gas Operations & Reserves
- International Operations
- Environment, Health and Safety
- Risk Management
- Capital Markets
- Compensation & Human Resources
- Regulatory – Oil & Gas Industry

Annual General Meeting Voting

Year	% of votes For	Target Level (\$)	Share Ownership Requirement	
			Results	Current holding as multiple of Target
2018	97.59	380,000	72 times	Comply
2019	96.72	380,000	100 times	Comply

Securities Held	Number	2019		2018	
		Value ⁽²⁾	Number	Value ⁽³⁾	
Common Shares	1,558,740	\$37,643,571	1,658,740	\$27,120,399	
Options	235,000	\$2,311,150	485,000	\$1,937,150	
DSUs	18,935	\$457,280	15,410	\$251,953	
RSUs	172,000	\$4,152,080	222,000	\$3,627,480	
PSUs	11,000	\$265,540	11,000	\$179,740	
CRSUs	3,525	\$85,128	-	\$-	
CPSUs	-	\$-	-	\$-	
Total:		\$44,914,749		\$33,116,722	

G. R. (Bob) MacDougall



Age: 56

Residence: Alberta, Canada

Director since: October 4, 2016⁽¹⁾
Independent

Parex Board and Committees:
Board of Directors
Compensation and Human Resources
HSE and Reserves

Other Public Boards:
None

Meeting Attendance:
7/7 Board of Directors (100%)
6/6 Compensation and Human Resources (100%)

Principal Occupation for Last 5 Years

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 Executive Vice President and Chief Operating Officer of Vermilion Energy Corporation from 2004 to 2012. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise

- General Oil & Gas Industry
- Oil & Gas Operations & Reserves
- International Operations
- Environment, Health & safety

Annual General Meeting Voting Results

Share Ownership Requirement

<i>Year</i>	<i>% of votes For</i>	<i>Target Level (\$)</i>	<i>Current holding as multiple of Target</i>	<i>Status</i>
2018	100	190,000	4 times	Comply
2019	100	200,000	6 times	Comply

Securities Held	2019		2018	
	<i>Number</i>	<i>Value⁽²⁾</i>	<i>Number</i>	<i>Value⁽³⁾</i>
Common Shares	23,039	\$556,392	23,039	\$376,688
Options	-	\$-	-	\$-
DSUs	22,880	\$552,552	20,060	\$327,981
RSUs	-	\$-	-	\$-
PSUs	-	\$-	-	\$-
CRSUs	2,820	\$68,103	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$1,177,047		\$704,669

Glenn McNamara



Age: 67

Residence: Alberta, Canada

Director since: October 4, 2016⁽¹⁾
Independent

Parex Board and Committees:

Board of Directors
Finance and Audit
HSE and Reserves

Other Public Boards:

Whitecap Resources Inc.

Meeting Attendance:

7/7 Board of Directors (100%)
6/6 Finance and Audit (100%)
5/5 HSE and Reserves (100%)

Principal Occupation for Last 5 Years

Currently 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. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise

- Board Governance
- Strategic Planning
- General Oil & Gas Industry
- Oil & Gas Exploration
- Oil & Gas Operations & Reserves
- Oil & Gas Marketing
- International Operations
- Environment, Health & Safety
- Risk Management
- Capital Markets
- Mergers & Acquisitions
- Financial Statements & Reporting
- Compensation & Human Resources
- Regulatory – Oil & Gas Industry

Annual General

Meeting

Voting Results

Share Ownership Requirement

<i>Year</i>	<i>% of votes</i>	<i>For Target Level (\$)</i>	<i>Current holding as multiple of Target</i>	<i>Status</i>
2018	99.02	\$180,000	2 times	Comply
2019	99.18	\$180,000	4 times	Comply

Securities Held	2019		2018	
	<i>Number</i>	<i>Value⁽²⁾</i>	<i>Number</i>	<i>Value⁽³⁾</i>
Common Shares	4,780	\$115,437	4,780	\$78,153
Options	-	\$-	-	\$-
DSUs	22,880	\$552,552	20,060	\$327,981
RSUs	-	\$-	-	\$-
PSUs	-	\$-	-	\$-
CRSUs	2,820	\$68,103	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$736,092		\$406,134

Carmen Sylvain



Age: 59

Residence: Quebec, Canada

Director since: July 7, 2017⁽¹⁾
Independent

Parex Board and Committees:
Board of Directors
Corporate Governance and Nominating

Other Public Boards:
None

Meeting Attendance:
7/7 Board of Directors (100%)
5/5 Corporate Governance and Nominating (100%)

Principal Occupation for Last 5 Years

Currently strategic advisor to the QG100 business network. Ms. Sylvain is a former diplomat with 30 years of combined experience in foreign affairs, international trade and investment. She was 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.

Key Experience and/or Expertise

- Geo-Political
- Board Governance
- Strategic Planning
- International Operations
- Environment, Health & Safety
- Risk Management

Annual General Meeting Voting Results

Year	% of votes For	Target Level (\$)	Share Ownership Requirement	
			Current holding as multiple of Target	Status
2018	99.99	160,000	1 time	Comply
2019	99.55	160,000	3 times	Comply

Securities Held	2019		2018	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	2,344	\$56,607	1,384	\$22,628
Options	-	\$-	-	\$-
DSUs	14,280	\$344,862	11,460	\$187,371
RSUs	-	\$-	-	\$-
PSUs	-	\$-	-	\$-
CRSUs	2,820	\$68,103	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$469,572		\$209,999

David Taylor



Age: 63

Residence: Alberta, Canada

Director since: May 11, 2017⁽¹⁾

President since: November 5, 2015 and

CEO since May 11, 2017

Non-Independent

Parex Board and Committees:

Board of Directors

Other Public Boards:

None

Meeting Attendance:

7/7 Board of Directors (100%)

Principal Occupation for Last 5 Years

President and Chief Executive Officer of Parex since May 11, 2017. Prior to that, Mr. Taylor was Parex' President from November 5, 2015 and prior thereto Executive Vice President Exploration and Business Development of Parex from September 29, 2009 to November 5, 2015. Vice President Business Development of Petro Andina Resources Inc. from 2007 to 2009. Prior thereto, Vice President, Exploration and International Operations with Husky Energy Inc. from August 2000 to July 2007 and Vice President, Exploration for Renaissance Energy Ltd. from June 1998 to August 2000.

Key Experience and/or Expertise

- Geo-Political
- Strategic Planning
- General Oil & Gas Industry
- Oil & gas Exploration
- Oil & Gas Operations & Reserves
- Oil & Gas Marketing
- International Operations
- Environment, Health & Safety
- Risk Management
- Capital Markets
- Mergers & Acquisitions
- Financial Statements & Reporting
- Compensation & Human Resources
- Regulatory – Oil & Gas Industry

Annual General

Meeting Voting

Results

Share Ownership Requirement

Year	% of votes For	Target Level (\$)	Current holding as	
			multiple of Target	Status
2018	99.99	1,680,000	4 times	Comply
2019	99.58	1,780,000	6 times	Comply

Securities Held	2019		2018	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	455,500	\$11,000,325	455,500	\$7,447,425
Options	252,350	\$1,740,526	440,050	\$1,348,050
DSUs	-	\$-	-	\$-
RSUs	208,050	\$5,022,327	243,050	\$3,971,437
PSUs	188,500	\$4,550,390	131,600	\$2,150,334
CRSUs	47,800	\$1,154,370	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$23,467,938		\$14,917,246

Paul Wright



Age: 60

Residence: Alberta, Canada

Director since: September 29, 2009⁽¹⁾
Independent

Parex Board and Committees:

Board of Directors
Finance and Audit (Chair)
Corporate Governance and Nominating

Other Public Boards:

None

Meeting Attendance:

7/7 Board of Directors (100%)

Principal Occupation for Last 5 Years

Currently works as a financial consultant. Mr. Wright is a Chartered Professional Accountant, CA with over 35 years of industry experience. He has worked in senior financial roles in both domestic and international oil and natural gas companies. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise

- Geo-Political
- Board Governance
- Strategic Planning
- General Oil & Gas Industry
- International Operations
- Finance
- Capital Markets
- Mergers & Acquisitions
- Financial Statements & Reporting
- Regulatory – Capital Markets

Annual General Meeting

Year	Voting Results		Share Ownership Requirement		
	% of votes For	Target Level (\$)	Current holding as multiple of Target	Status	
2018	99.39	210,000	7 times	Comply	
2019	98.56	210,000	8 times	Comply	

Securities Held	2019		2018	
	Number	Value ⁽²⁾	Number	Value ⁽³⁾
Common Shares	36,000	\$869,400	61,000	\$997,350
Options	-	\$-	-	\$-
DSUs	31,980	\$772,317	29,160	\$476,766
RSUs	-	\$-	-	\$-
PSUs	-	\$-	-	\$-
CRSUs	2,820	\$68,103	-	\$-
CPSUs	-	\$-	-	\$-
Total:		\$1,709,820		\$1,474,116

(1) Parex' directors will hold office until the next annual general meeting of the Company's Shareholders or until each director's successor is appointed or elected pursuant to the ABCA.

(2) The market value of Common Shares for 2019 is the number of Common Shares held by each nominee as of December 31, 2019 multiplied by the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15. The value of Options of each nominee is based on the difference between the market price of the Common Shares on the TSX at December 31, 2019 of \$24.15 and the exercise price of the Options. The value of DSUs for 2019 is the number of DSUs held by each nominee as of December 31, 2019 multiplied by the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15. The value of RSUs and PSUs for 2019 is the number of PSUs and RSUs held by each nominee as of December 31, 2019 multiplied by the closing price

of the Common Shares on the TSX on December 31, 2019 of \$24.15 less the \$0.01 exercise price. The value of PSUs assumes a payout multiplier of 1x. The value of CRSUs and CPSUs for 2019 is the number of CRSUs and CPSUs held by each nominee as of December 31, 2019 multiplied by the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15. The value of CPSUs assumes a payout multiplier of 1x.

- (3) The total market value of Common Shares for 2018 is the number of Common Shares held by each nominee as of December 31, 2018 multiplied by the closing price of the Common Shares on the TSX on December 31, 2018 of \$16.35. The value of Options of each nominee is based on the difference between the market price of the Common Shares on the TSX at December 31, 2018 of \$16.35 and the exercise price of the Options. The value of DSUs for 2018 is the number of DSUs held by each nominee as of December 31, 2018 multiplied by the closing price of the Common Shares on the TSX on December 31, 2018 of \$16.35. The value of RSUs and PSUs for 2018 is the number of PSUs and RSUs held by each nominee as of December 31, 2018 multiplied by the closing price of the Common Shares on the TSX on December 31, 2018 of \$16.35 less the \$0.01 exercise price. The value of PSUs assumes a payout multiplier of 1x. The value of CRSUs and CPSUs for 2018 is the number of CRSUs and CPSUs held by each nominee as of December 31, 2018 multiplied by the closing price of the Common Shares on the TSX on December 31, 2018 of \$16.35. The value of CPSUs assumes a payout multiplier of 1x.

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 April 10, 2020, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, **1,994,668** Common Shares constituting approximately 1.4 % 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 United States Enrichment Corporation ("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 has been a director of CARBO Ceramics Inc. ("CARBO") since November 2009. In March 2020, CARBO and its direct wholly-owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code.

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.

Certain information regarding the Company's Audit Committee, including the fees paid to the Company's auditors in the last two fiscal years, 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, 2019, an electronic copy of which is available on the Company's SEDAR profile at www.sedar.com.

Approval of Unallocated Options

Section 613(a) of the TSX Company Manual provides that every three (3) years after the institution of a security based compensation arrangement all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders.

As the Option Plan is considered to be a security based compensation arrangement under the TSX Company Manual and the Option Plan provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding Options is not a fixed number and instead shall not exceed a number of Common Shares equal to a percentage of the issued and outstanding Common Shares from time to time (less the number of Common Shares issuable pursuant to all other security based compensation arrangements), approval will be sought at the Meeting to approve the grant of unallocated Options under the Option Plan. When Options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under outstanding Options are referred to as allocated Common Shares. The Company has additional Common Shares that may be reserved for issuance pursuant to future grants of Options under the Option Plan, but as they are not subject to current Option grants, they are referred to as unallocated Options.

As at March 26, 2020, the maximum number of Common Shares issuable under the Option Plan and all other security based compensation arrangements of the Company, including the RSU Plan, may not exceed 5.0% of the Common Shares outstanding from time to time. As at March 26, 2020, the Company had Options to acquire 2,541,177 Common Shares outstanding under the Option Plan, representing 1.80% of the issued and outstanding Common Shares as at that date, leaving up to 4,529,241 Common Shares available for future grants under the Option Plan before taking into account RSU and PSU grants which further reduces the unallocated entitlements.

In addition, as at March 26, 2020, the Company had Options, RSUs and PSUs to acquire an aggregate of 4,355,649 Common Shares outstanding under the Option Plan and the RSU Plan, representing 3.08% of the issued and outstanding Common Shares as at that date, leaving up to 2,714,769 Common Shares available for future grants under the Option Plan and all other security based compensation arrangements, based on the number of Common Shares outstanding as at that date. If any Options granted under the Option Plan shall be exercised or shall expire, terminate or be cancelled for any reason without having been exercised in full, additional Common Shares will be unallocated and available for the purposes of future grants under the Option Plan and all other security based compensation arrangements of the Company. As at April 10, 2020, the maximum number of Common Shares issuable under the Option Plan and all other security based compensation arrangements of the Company, including the RSU Plan, may not exceed 5.0% of the Common Shares outstanding from time to time. As at April 10, 2020, the Company had Options to acquire 2,525,577 Common Shares outstanding under the Option Plan, representing 1.8 % of the issued and outstanding Common Shares as at that date, leaving up to 4,469,756 Common Shares available for future grants under the Option Plan before taking into account RSU grants which further reduces the unallocated entitlements. In addition, as at April 10, 2020, the Company had Options and RSUs to acquire an aggregate of 4,297,431 Common Shares outstanding under the Option Plan and the RSU Plan, representing 3.1 % of the issued and outstanding Common Shares as at that date, leaving up to 2,697,093 Common Shares available for future grants under the Option Plan and all other security based compensation arrangements, based on the number of Common Shares outstanding as at that date. If any Options granted under the Option Plan shall be exercised or shall expire, terminate or be cancelled for any reason without having been exercised in full, additional Common Shares will be unallocated and available for the purposes of future grants under the Option Plan and all other security based compensation arrangements of the Company.

For a summary of the current terms of the Option Plan see "*Statement of Executive Compensation – Executive Compensation Components – Long-Term Incentives – Options*" in this Information Circular. Also see a copy of the Option Plan attached hereto as Appendix "D".

Shareholder Approval

If approval of the grant of unallocated Options under the Option Plan is obtained at the Meeting, the Board of Directors will be able to grant Options and the Company will not be required to seek further approval for unallocated Options under the Option Plan until May 14, 2023. If approval is not obtained at the Meeting, Options which have not been allocated as of May 14, 2020 and Common Shares which are reserved for issuance pursuant to Options which are outstanding as of May 14, 2020 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution.

At the Meeting, the following ordinary resolution (the "**Unallocated Option Resolution**") will be presented:

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

1. all unallocated Options under the Option Plan are approved and authorized until May 14, 2023;
2. any one officer or director of the Company be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; 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 Unallocated Option Resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of management to vote proxies in favour of the Unallocated Option Resolution.**

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 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 meeting of Shareholders held in 2019, Shareholders voted 97.82% in favour of the Company's approach to executive compensation described in the Company's management information circular dated April 2, 2019.

Shareholders will be asked at the Meeting to vote, on an advisory basis, on the acceptance of Parex' 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 our compensation programs are centred on a pay-for-performance culture and are aligned with the long-term development strategy of our business in the interest 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' 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 2021. 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 April 10, 2020."

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 DSU Plan was approved by the Board on April 1, 2015 and by Shareholders on May 12, 2015. DSU grants were made to independent directors on November 9, 2015, November 14, 2016, May 15, 2017, May 11, 2018 and May 10, 2019. The Cash/Share Settled RSU Plan was approved by the Board on February 7, 2019, which Cash/Share Settled RSU Plan does not pursuant to TSX policies, require Shareholder approval. Cash/Share Settled RSUs were granted to independent directors on May 10, 2019.

The Compensation and Human Resources Committee ("**C&HR Committee**") retained Lane Caputo Compensation Inc. ("**Lane Caputo**") in Q1 2019 to review the organization's current Compensation Philosophy and to adjust, if required, how Parex intends to remunerate its executives and directors with an emphasis on alignment to corporate culture and business strategy. The study found that the existing portfolio approach to long-term incentives is in line with market practice, balancing between medium-term and long-term performance measurement and retention, with no changes recommended. Additionally, a review of the competitive marketplace for executive talent and an analysis of the existing peer group by Lane Caputo and the C&HR Committee resulted in the removal of Advantage Oil & Gas Ltd., Bonavista Energy Corporation, Bellatrix Exploration Ltd., Crew Energy Inc. and Obsidian Energy Ltd. from the peer group as these companies were no longer of relevant size. These companies were replaced with ARC Resources Ltd., Baytex Energy Corp., Crescent Point Energy Corp., Frontera Energy Corp., Geopark Ltd. and International Petroleum Corp., representing companies of more relevant size and, where available, international operations. See "*Statement of Executive Compensation – Comparator Group*" in this Information Circular.

Based on Lane Caputo's review of Parex independent director compensation against the peer group, changes were made to compensation for the Chair of the C&HR Committee and to the Chair of the Health, Safety and Environment and Reserves Committee ("**HSE and Reserves Committee**") effective January 1, 2019.

The current directors' compensation program is as follows, which is only available to directors who are not also NEOs. Directors are paid in cash in quarterly instalments:

Components of Director Compensation for 2019

Cash Retainer

Annual Retainer Fees

Member of the Board	\$ 35,000
Chairman of the Board	\$ 60,000
Lead Director of the Board	\$ 20,000

Committee Annual Retainer Fees

Standing Committee Member	\$ 5,000
Chair of Finance and Audit Committee	\$ 7,500
Chair of C&HR Committee	\$ 5,000
Chair of HSE and Reserves Committee	\$ 5,000
Chair of a standing committee of the Board other than the Finance and Audit, C&HR and HSE and Reserves	\$ 2,500

Meeting Fees

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 in cash and/or be awarded in Cash/Share Settled RSUs and DSUs. 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.

Directors are entitled to a payment of \$1,500 for attendance 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 C&HR 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.

Directors are reimbursed for miscellaneous out-of-pocket expenses, if any, incurred in carrying out their duties as directors.

DSU Plan

The DSU Plan allows the Board or the C&HR 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 on the Separation Date (as defined below) or such later date as the DSU Participant may elect by written notice delivered to the Chief Financial Officer 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 C&HR 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 C&HR 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 C&HR 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 Participant's Account, on one of the following dates (the "**Distribution Date**"): (a) 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**"); or (b) such later date as the DSU Participant may elect by written notice delivered to the CFO of the Company prior to the Separation Date, provided that in no event will a DSU Participant be permitted to elect a date which is later than December 1 of the calendar year following the calendar year in which the Separation Date occurs.

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 Participant's Account on the Distribution Date multiplied by the Fair Market Value (as defined below) per Common Share (the "**Distribution Value**") on the Distribution Date, less any applicable

withholding taxes, within ten (10) business days after the Distribution Date. 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.

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 Participant without the consent of that Participant.

Cash/Share Settled RSU Plan

On February 7, 2019, the Board approved the adoption by Parex of the Cash/Share Settled RSU Plan, which Cash/Share Settled RSU Plan does not, pursuant to TSX policies, require Shareholder approval. The Cash/Share Settled RSU Plan allows the Board to grant Cash/Share Settled RSUs, each of which is a right to receive a cash payment 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' 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; 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

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' 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.

Except as required by law and the terms of the Cash/Share Settled RSU Plan, the rights of a Participant 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 Cash/Share Settled RSU may be outstanding is, such period, not in excess of three years plus the time period required to settle the vested Cash/Share Settled RSUs.

If a Participant ceases to be in the employ of 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 Cash/Share Settled RSUs credited to the Participant's Account 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 Cash/Share Settled RSUs in the Participant's Account effective as at the Forfeiture Date (as defined in the Cash/Share Settled RSU Plan).

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 Cash/Share Settled 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 Cash/Share Settled RSUs.

If a Participant retires from the Parex Group, the terms of all Cash/Share Settled RSUs held by such Participant will not change as a result of such Retirement (as defined in the Cash/Share Settled RSU Plan), subject to any terms in a retirement agreement entered into by the Participant and the Company.

Prior to each vesting date, Participants will be required to make an election for all vested Cash/Share Settled RSUs 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 Cash/Share Settled RSUs 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 a cash payment would otherwise occur in respect of vested Cash/Share Settled RSUs during a Black Out Period, the making of such payment shall be delayed to a date which is seven 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 seven 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.

The Board may amend or discontinue the Cash/Share Settled RSU Plan or amend any Cash/Share Settled RSU or Cash/Share Settled RSU agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any Cash/Share Settled RSU previously granted under the Cash/Share Settled RSU Plan or any related Cash/Share Settled RSU agreement, except as otherwise permitted by the Cash/Share Settled RSU Plan.

Summary of Director Compensation⁽¹⁾

Name	Fees earned ⁽²⁾ (\$)	Share-based awards		Option-based awards ⁽⁵⁾ (\$)	All other compensation (\$)	Total (\$)
		(DSUs) ⁽³⁾ (\$)	(CRSUs) ⁽⁴⁾ (\$)			
Curtis Bartlett	\$58,000	\$59,981	\$59,981	Nil	Nil	\$177,963
Lisa Colnett	\$81,500	\$59,981	\$59,981	Nil	Nil	\$201,463
Robert Engbloom	\$85,000	\$67,426	\$67,426	Nil	Nil	\$219,852
Wayne Foo	\$110,000	\$74,977	\$74,977	Nil	Nil	\$259,954
G. R. (Bob) MacDougall	\$81,500	\$59,981	\$59,981	Nil	Nil	\$201,463
Glenn McNamara	\$72,000	\$59,981	\$59,981	Nil	Nil	\$191,963
Ron Miller	\$80,875	\$59,981	\$59,981	Nil	Nil	\$200,838
Carmen Sylvain	\$58,000	\$59,981	\$59,981	Nil	Nil	\$177,962
Paul Wright	\$75,125	\$59,981	\$59,981	Nil	Nil	\$195,088

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 \$21.27, being the weighted average of the prices at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of May 10, 2019, 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 (CRSUs) is \$21.27, being the weighted average of the prices at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of May 10, 2019. 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 2019.

Director Fees

Fees were paid to directors in 2019 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 Plan Awards – Directors

In accordance with the directors' compensation program, incentive plan awards in the form of cash-settled DSUs and Cash/Share Settled RSUs were provided to directors in 2019. No non-equity incentive compensation was provided to directors in 2019.

The intent 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. Directors have not been granted options-based awards (Options) since 2013, or share-based awards under the RSU Plan (RSUs) since 2014.

Outstanding Option-based and Share-based Awards – Independent Directors (as at December 31, 2019)

Option-Based Awards⁽¹⁾

Name	Grant Date	Number of securities underlying unexercised Options	Option exercise price (\$/common Share)	Option expiration date	Value of unexercised in-the-money Options ⁽²⁾ (\$)
Curtis Bartlett	N/A	N/A	N/A	N/A	N/A
Lisa Colnett	N/A	N/A	N/A	N/A	N/A
Robert Engbloom	N/A	N/A	N/A	N/A	N/A
Wayne Foo ⁽³⁾	09-Nov-2015	70,000	\$10.94	09-Nov-2020	\$924,700.00
	14-Nov-2016	125,000	\$15.66	14-Nov-2021	\$1,061,250.00
	09-Mar-2017	40,000	\$16.02	09-Mar-2022	\$325,200.00
G. R. (Bob) MacDougall	N/A	N/A	N/A	N/A	N/A
Glenn McNamara	N/A	N/A	N/A	N/A	N/A
Ron Miller	N/A	N/A	N/A	N/A	N/A
Carmen Sylvain	N/A	N/A	N/A	N/A	N/A
Paul Wright	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Options were not granted to non-management directors after 2013.
- (2) Based on the difference between the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15 and the exercise price of the Options.
- (3) These options were granted to Mr. Foo while he was CEO of Parex and prior to his appointment as Chairman of the Board.

Share-Based Awards

Name	Grant Date	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⁾		Market or payout value of vested share-based awards not paid out or distributed	
		RSUs (#)	PSUs (#)	RSUs (\$)	PSUs (\$)	RSUs ⁽²⁾⁽³⁾ (\$)	PSUs ⁽²⁾⁽³⁾ (\$)
Curtis Bartlett	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lisa Colnett ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert Engbloom	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wayne Foo ⁽⁵⁾	09-Nov-2015	N/A	N/A	N/A	N/A	2,051,900	N/A
	14-Nov-2016	N/A	N/A	N/A	N/A	1,569,100	N/A
	09-Mar-2017	7,334	11,000	177,043	265,540	354,037	Nil
G. R. (Bob) MacDougall ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Glenn McNamara ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ron Miller	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carmen Sylvain ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paul Wright	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, less the \$0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs or PSUs that were not vested as at December 31, 2019.
- (2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, less the \$0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs or PSUs that were vested but not exercised as at December 31, 2019.
- (3) RSUs were not granted to non-management directors after 2014. PSUs have not been granted to non-management directors.
- (4) Ms. Colnett joined the Board in 2015, with Mr. MacDougall and Mr. McNamara joining in 2016 and Ms. Sylvain in 2017.
- (5) These RSUs and PSUs were granted to Mr. Foo while he was CEO of Parex and prior to his appointment as Chairman of the Board.

Share-Based Awards

Name	Grant date	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	CRSUs	DSUs	CRSUs	DSUs	CRSUs
Curtis Bartlett	09-Nov-2015	Nil	N/A	Nil	N/A	\$241,500	N/A
	14-Nov- 2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$169,050	N/A
	11-May- 2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil
Lisa Colnett	14-May-2015	Nil	N/A	Nil	N/A	\$120,750	N/A
	09-Nov-2015	Nil	N/A	Nil	N/A	\$241,500	N/A
	14-Nov-2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$169,050	N/A
	11-May-2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil
Robert Engbloom	09-Nov-2015	Nil	N/A	Nil	N/A	\$241,500	N/A
	14-Nov- 2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$190,785	N/A
	11-May- 2018	Nil	N/A	Nil	N/A	\$140,553	N/A
	10-May-2019	Nil	3,170	Nil	76,556	\$76,556	Nil
Wayne Foo	15-May-2017	Nil	N/A	Nil	N/A	\$214,331	N/A
	11-May-2018	Nil	N/A	Nil	N/A	\$157,820	N/A
	10-May-2019	Nil	3,525	Nil	85,129	\$85,129	Nil
G. R. (Bob) MacDougall	09-Nov-2015	Nil	N/A	Nil	N/A	\$21,735	N/A
	14-Nov- 2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$169,050	N/A
	11-May- 2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil
Glenn McNamara	06-Oct-2016	Nil	N/A	Nil	N/A	\$21,735	N/A
	14-Nov- 2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$169,050	N/A
	11-May- 2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil
Ron Miller	09-Nov-2015	Nil	N/A	Nil	N/A	\$241,500	N/A
	14-Nov- 2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$169,050	N/A
	11-May- 2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil
Carmen Sylvain	11-Jul- 2017	Nil	N/A	Nil	N/A	\$152,145	N/A
	11-May-2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil
Paul Wright	09-Nov-2015	Nil	N/A	Nil	N/A	\$241,500	N/A
	14-Nov- 2016	Nil	N/A	Nil	N/A	\$169,050	N/A
	15-May-2017	Nil	N/A	Nil	N/A	\$169,050	N/A
	11-May- 2018	Nil	N/A	Nil	N/A	\$124,614	N/A
	10-May-2019	Nil	2,820	Nil	68,103	\$68,103	Nil

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, 2019 of \$24.15 by the number of Common Shares issuable pursuant to DSUs and CRSUs, as applicable, that were not vested as at December 31, 2019.
- (3) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15 by the number of Common Shares issuable pursuant to DSUs and CRSUs, as applicable, that were vested but not paid out or distributed as at December 31, 2019.

Name	Option-based awards – value vested during the year ⁽¹⁾	Share-based Awards value vested during the year ⁽³⁾		Non-equity incentive plan compensation – value earned during the year ⁽⁴⁾
	(\$)	DSUs (\$)	CRSUs (\$)	(\$)
Curtis Bartlett	N/A	\$62,125	Nil	N/A
Lisa Colnett	N/A	\$62,125	Nil	N/A
Robert Engbloom	N/A	\$69,835	Nil	N/A
Wayne Foo	\$259,087.90 ⁽²⁾	\$77,656	Nil	N/A
G.R. (Bob) MacDougall	N/A	\$62,125	Nil	N/A
Glenn McNamara	N/A	\$62,125	Nil	N/A
Ron Miller	N/A	\$62,125	Nil	N/A
Carmen Sylvain	N/A	\$62,125	Nil	N/A
Paul Wright	N/A	\$62,125	Nil	N/A

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) Option-based awards were granted to Mr. Foo while he was CEO of Parex and prior to his appointment as Chairman of the Board.
- (3) Based on multiplying the closing price of the Common Shares on the TSX on the vesting date by the number of DSUs and CRSUs, as applicable, that vest on such date.
- (4) The Company did not provide non-equity incentive plan compensation to independent directors during the year ended December 21, 2019.

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 the Corporate Governance Guidelines.

Board Assessments

The Corporate Governance and Nominating Committee, in conjunction with the Chairman 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. In 2017, the Company implemented new forms of assessment and processes for evaluating the performance as a whole, of the committees of the Board, as well as a self-assessment and skills matrix, see "*Board Accountability*" below. The skills matrix that was developed by the Board is set forth below. The skills and/or experience (denoted by "●") of current Board members are reflected within the table. Directors are identified by their last names.

Experienced and/or Expertise	Bartlett	Colnett	Engbloom	Foo	MacDougall	McNamara	Miller	Sylvain	Taylor	Wright
Geo-Political	●	○	●	●	○	●	●	●	●	●
Board Governance	●	●	●	●	●	●	●	●	●	●
Strategic Planning	●	●	●	●	●	●	●	●	●	●
General Oil & Gas Industry	●	●	●	●	●	●	●	●	●	●
Oil & Gas Exploration	●	○	●	●	●	●	●	○	●	●
Oil & Gas Operations & Reserves	●	●	●	●	●	●	●	○	●	●
Oil & Gas Marketing	○	●	○	●	○	●	●	○	●	●
International Operations	●	●	●	●	●	●	○	●	●	●
Environment, Health & Safety	●	●	●	●	●	●	○	●	●	●
Risk Management	●	●	●	●	●	●	●	●	●	●
Finance	●	●	●	●	○	●	●	●	●	●
Capital Markets	●	○	●	●	●	●	●	●	●	●
Mergers & Acquisitions	●	●	●	●	●	●	●	●	●	●
Financial Statements & Reporting	●	●	●	●	●	●	●	●	●	●
Compensation & Human Resources	●	●	●	●	●	●	●	●	●	●
Legal	●	○	●	●	○	●	●	○	●	●
Regulatory – Capital Markets	●	○	●	●	○	●	●	●	●	●
Regulatory – Oil & Gas Industry	●	○	●	●	●	●	●	●	●	●

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

Board Accountability

On an annual basis the directors perform an individual assessment and receive an anonymous and confidential peer assessment, from their Board peers, of their work on the Board and its committees. The results are compiled and provided to the Chair of the Board, who along with the Lead Director meets with each director one-on-one to engage in an open two-way discussion on any issues that either wants to raise, with an emphasis placed on maximizing the contribution of each director to the Board and continually improving the effectiveness of the Board. At this meeting, directors may comment on their contributions to the Board as well as the contributions of their peers. The final piece of the individual assessment process is the review of the skills matrix noted above, outlining the experience

and background of the directors in a variety of key subject areas. This 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 recruitment of new members.

Compensation

The C&HR 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*" in this Information Circular.

The C&HR 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 C&HR 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*" in this Information Circular.

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.

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* (without management present) to facilitate open and candid discussion. In 2019 there were seven Board meetings; five HSE and Reserves Committee meetings; six Finance & Audit Committee meetings; five Corporate Governance and Nominating Committee meetings; and six C&HR 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.

Director Independence

The Company currently has ten directors, a majority of which are independent directors within the meaning of NI 58-101. Curtis Bartlett, Lisa Colnett, Robert Engbloom, G.R. (Bob) MacDougall, Glenn McNamara, Ron Miller, Carmen Sylvain, and Paul Wright are all independent directors of the Company within the meaning of NI 58-101. If appointed as a director, Mr. Cornelius will be considered an independent director within the meaning of NI 58-101. Wayne Foo, who was the Company's CEO until May 11, 2017 and Dave Taylor who is the current President and CEO of the Company are not independent. 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, C&HR Committee, Corporate Governance and Nominating Committee and HSE and Reserves Committee of the Board are all comprised entirely of independent directors.

The Chairman of the Board, Mr. Wayne Foo, retired from the position of CEO of Parex on May 11, 2017. As at May 11, 2020, Mr. Foo will be an independent director within the meaning of NI 58-101, since it will have been three years since his retirement as an employee or executive office of Parex and, 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. During the period that Mr. Foo was not an independent director, the Company appointed a Lead Director, Robert Engbloom who is independent within the meaning of NI 58-101. Mr. Engbloom's role as Lead Director is to continue, going forward for an additional year, in observance of governance best practices. The Company has adopted a written description for the Chairman 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;

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- enabling the design and implementation of effective committees of the Board including the selection of members;
 - enhancing the Board effectiveness through guiding the Board composition and its succession planning, orientation of new directors and annual assessments of the Board and Committee effectiveness;
 - working with management to provide counsel and guidance regarding the strategic management process and definition of significant business challenges;
 - monitoring and evaluating the performance of the CEO and senior officers of the Company; 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 of our directors are presently directors of other issuers that are reporting issuers (or the equivalent). Ms. Colnett is a director of Parkland Fuel Corporation. Mr. McNamara is a director of Whitecap Resources Inc. Mr. Cornelius is a director of CARBO Ceramics Inc.

Director Retirement Policy

The Company's director retirement policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Company to the Chairman of the Board on an annual basis, which resignation will be effective immediately prior to the next annual meeting of Shareholders. The Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant. The Company's director retirement policy was implemented in 2014 and is reviewed periodically for relevance.

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 – Board Assessments*".

Parex does not currently have a policy regarding term limits for 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 "*Corporate Governance – Director Retirement Policy*" in this Information Circular.

Diversity

Parex recognizes the benefits of diversity within its Board, at the executive level and all levels of the organization. It further recognizes the importance of meritocracy and fairness in its recruitment and promotion practices and overall corporate environment. To ensure these, it adopted a Board and Management Diversity policy in August 2016. The policy reflects the Board belief that Board nominations and executive officer ("**Management**") appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements and needs of the Board and Management at the applicable time. The Company is committed to a meritocracy and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the good governance, guidance and leadership needed to achieve the Company's business objectives, without reference to their age, gender, race, ethnicity or religion, is in the best interest of the Company and all of its stakeholders. In recommending Board nominations, the Corporate Governance and Nominating Committee applies an established skills matrix aligned with the requirements of the Company and aimed at achieving Board composition that is in the best interests of the Company and its stakeholders.

Parex does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of women board nominees or candidates for executive management positions or that would otherwise direct the composition of the Board or the Company's executive management team. 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. Currently, Parex does not have any women on its executive management team. However, including the broader Parex leadership group which is comprised of 34 employees, 6 are women or 18% and 20 are employees from South America.

While the emphasis in filling Board vacancies has been finding the best qualified candidates given the needs and circumstances of the Board, a nominee's diversity of age, gender, race, ethnicity, religion, experience and other attributes has and will be considered favourably in the assessment of director nominees. Moreover, as to gender, the Board is receptive to increasing the representation of women on the Board as turnover occurs, taking into account the skills, background, experience and knowledge desired at that particular time by the Board. Parex does consider the level of representation of women on the Board in the recruitment for new directors. Two of the last four director appointments have been women or 50% of the most recent appointments. Currently, of the 10 directors, 2 are women (20%). Following this year's Meeting, if all 9 nominated directors are appointed, the Board will have 2 (22%) female directors.

Education of Directors

All members of the Board are members of the Institute of Corporate Directors. If all nominated directors are elected, five directors, namely, Lisa Colnett, G.R. (Bob) MacDougall, Glenn McNamara, Carmen Sylvain and Paul Wright will have completed the Directors Education program. The Board has agreed to pay the tuition for any director of the Company who enrolls in one of the continuing education programs of the Institute of Corporate Directors.

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 the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Institute of Chartered Accountants, the Institute of Chartered Accountants 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.

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, human resources, 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.

Orientation of Directors

The Chairman 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.

Other Board Committees and Position Descriptions

The Company has established the Finance and Audit Committee, the C&HR 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, 2019, an electronic copy of which is available on the internet on the Company's SEDAR profile at www.sedar.com and see "*Statement of Executive Compensation – Compensation Governance – Mandate of the C&HR Committee*" in this Information Circular for a description of the mandate of the C&HR 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 the Company's operating, development and portfolio management strategies, capital allocation, budgeting and forecasting and ensuring that the Company has in place an adequate process to review all material capital investments; and
- reviewing and monitoring the adequacy of the Company's Health, Safety and Environmental emergency response policies, plans, reporting and resources.

See above under "*Orientation of Directors*" and "*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 Chairman of the Board and the Chairman of each Board committee. See "*Director Independence*" above for a summary of the written position description for the Chairman of the Board. Each of the Company's written committee mandates provide that the committee shall appoint one member as committee Chairman 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 such 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 plan approved by the Board for the appointment, development and succession of senior 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.

Share Ownership Policy

The Board has adopted a mandatory equity ownership policy for directors and executive officers. Independent directors are required to acquire and hold Common Shares with a minimum aggregate market value of four 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 four times his base annual salary. 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 amended 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 of Common Shares required. As of December 31, 2019, all of the independent directors and executive officers of the Company were in compliance with the policy.

Name and Principal position	Salary (\$)	Target ownership guideline level (\$)	Current Holdings		Comply with ownership policy
			Shares (#)	Value (\$) ⁽¹⁾	
David Taylor President and CEO	\$445,000	\$1,780,000	455,500	\$ 11,000,325	Yes
Kenneth Pinsky Chief Financial Officer and Corporate Secretary	\$350,000	\$1,050,000	300,000	\$ 7,245,000	Yes
Eric Furlan Chief Operating Officer	\$408,022	\$816,044	148,977	\$ 3,597,795	Yes
Ryan Fowler Senior Vice President Exploration	\$330,000	\$660,000	107,300	\$ 2,591,295	Yes
Lee DiStefano President Parex Colombia	\$300,000	\$600,000	160,169	\$ 3,868,081	Yes

Note:

- (1) Value is calculated using the closing price of the Company's shares on the TSX on December 31, 2019 of \$24.15 per Common Share.

Ethical Business Conduct

The Company has had a code of conduct since the inception of the Company in 2009. The code of conduct was most recently reviewed and amended in August 2019. A copy of the code of conduct can be obtained on the Company's SEDAR profile at www.sedar.com 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 addition, the Company has implemented a Whistleblower program throughout the organization.

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.

Enterprise Risk Management

The Board and Management are responsible to oversee Parex' enterprise risk management process ("ERM process"). The Board has delegated to the appropriate committee of the Board responsibility to review and assess the identification and management of enterprise risk management matters pertaining to such committee of the Board as follows:

Finance and Audit Committee	Oversight of financial risks including balance sheet risk and review of appropriate risk management policies and strategies. Engaging directly with our external auditors and internal control auditors in respect of financial controls and financial disclosure.
HSE and Reserves Committee	Oversight of the disclosure of Parex' oil and gas reserves and reporting requirements, including the appointment of a qualified external reserves evaluator. Oversight of Parex' environmental, health and safety practices and programs and monitoring of surface access, including security risk.
C&HR 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.
Corporate Governance & Nominating	Oversight of corporate governance practices including Board composition, education, Committee compensation and effectiveness.

The Board as a whole has retained oversight on CEO succession, Parex' business strategy, ethics-related practices and policies, and Parex' approach to corporate and social responsibility and our community relations efforts.

Parex' 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' 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 program are documented in a semi-annual summary presented to the Board of Directors as well as through regular updates.

Environment, Social and Governance

Parex, as an oil and gas company working in emerging markets, is extremely focused on being a sustainable business, which includes ensuring that the communities where the Company operates benefit from its operations and the environment and the health and safety of its communities and employees are not compromised. Parex actively engages stakeholders to ensure that its actions and initiatives yield positive socio-economic benefits, including local employment and training.

The Company targets community investments in projects that contribute to local development as well as improve local infrastructure and services. Cognizant that the Company is a guest in Colombia, Parex relies on key partnerships and align its social programs with local development priorities and mechanisms such as "Works For Taxes", a Government of Colombia program that invites companies to pay up to 50% of their taxes by funding projects that improve the quality of life in areas affected by armed conflicts. Parex was the first company in the country to use this mechanism in 2018, investing ~US\$340,000 to provide, among other things, furniture, multi-media classrooms, computers, video-beams and didactic kits to preschool-aged children and school-aged children. Building on the prior year success and using similar national and local governments programs, Parex invested in Colombia in 2019 US\$1.6 million equipping 51 schools with computers, chemistry and physics labs, furniture, etc, - reaching over 16,700 students from the municipalities of Tame, Saravena and Arauca with this investment.

Over the last 6 years, we have strategically invested in the communities within our operating jurisdictions, funding projects in Colombia totalling US\$18.5 million (with US\$3.7 million invested in 2019) and benefiting many people – for example, the "**Home Improvement Projects**" benefited 976 underprivileged families by improving their housing conditions; and at the same time contributing to the UN Sustainable Development Goal 1 (SDG 1: No Poverty). Parex has been recognized for some of its social investments. In 2018, The Colombian Ministry of Mines and Energy awarded the Company's "**Water For All**" initiative for its contribution to the generation of a sustainable environment. Through this project, Parex has funded, since 2013, access to clean water in rural communities by installing water-supply infrastructure. In 2019, the Company installed water purification systems (e.g. filters and treatment plants) covering 6,600

people. A key project was the installation of a 27 km-water pipeline in the small village of Puerto Rico in San Vicente de Chucurí, Santander, providing for the first time access to clean water to 45 families. Parex continues to focus on impactful community investments, such as investing in post-secondary education with a gift of \$2 million to the Faculty of Science (University of Calgary) establishing five Parex Resources Innovation Fellowships.

Parex' key sustainability performance indicators and various community initiatives, accessible on the [Company's Sustainability Page](#), are discussed in detailed in our annual sustainability reports (published in accordance with GRI Standards), highlighted in the sustainability scorecard, and covered in the Company's 2019 response to CDP's (formerly Carbon Disclosure Project) Climate change questionnaire and water security questionnaire.

Stakeholder Engagement

Parex is focused on engaging multiple stakeholders, including Shareholders. Through regular dialogue with its Shareholders, Parex believes that direct and constructive interaction creates a strong alignment of the interests of Shareholders with the interests of the Board and management. Parex' Shareholder base is primarily comprised of institutional investors. The Company's conducts regular engagement with investors through non-deal roadshows, face to face meetings and broker sponsored conferences. Additionally, our executive leadership team hosts teleconferences to discuss our quarterly financial and operating results. The teleconferences are audiocast and available to analysts and Shareholders and the public. In total, during 2019 we conducted 163 meetings with investors, including 113 meetings led by David Taylor, President and CEO. The Company's annual Shareholders meeting is also typically a forum where multiple stakeholders have an opportunity to directly engage with the Board of Directors, Executives and staff.

On November 8, 2019, a meeting was held between Ms. Colnett (Chairman of the C&HR Committee), Mr. Engbloom (Lead Director/Chairman of the Corporate Governance and Nominating Committee) and the Canadian Coalition for Good Governance ("CCGG"). This meeting provided an opportunity for these independent directors to discuss Parex' governance and compensation practices with CCGG and to gain insight on industry themes and trends as identified by CCGG through engagement meetings with other companies. Following this meeting, the directors that attended provided a summary meeting report to the remaining Board members.

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' principal objectives and identify the principal strategic and operational opportunities and risks of our 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 and emerging opportunities and threats designed to provide the Board the information required for them to discuss and analyse 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 with Management. From time to time, external advisors are invited to present at these meetings. A fulsome in-camera session concludes each of these sessions.

Succession Planning

The Board is responsible for the stewardship of the Company with oversight in several key areas, including succession planning. Succession planning is a regular topic of discussion at Corporate Governance and Nominating committee meetings, and subsequent Board meetings where potential Board candidates are considered and discussed.

The Board also has responsibility for senior officer succession planning and specifically, succession planning for the President and CEO. In 2019, succession planning for senior officers was regularly discussed at C&HR Committee meetings and Board meetings, in camera, with the President and CEO summarizing details of the development of individual executives. Areas covered included executive development, leadership development and succession plans for each senior officer position including the President and CEO position.

All of the Parex executives are invited to attend Board meetings and the annual strategic planning session, which provides additional opportunities for the Board to interact with Management. Further, the Board, as a whole, reviews the annual performance assessments for the President and CEO and the leadership team at year-end providing further insights to an executive's performance against their predetermined goals.

COMPENSATION LETTER TO SHAREHOLDERS

Dear Fellow Parex Shareholders:

At the last annual general meeting, the Company held its third Say on Pay vote, providing Shareholders with an opportunity to express their views on Parex' executive compensation program. On behalf of the Board and in particular, the members of the C&HR Committee, we appreciate the endorsement of our approach. Thank you for your support with 98% of Shareholders voting "For" the Company's approach to executive compensation.

Stewardship and oversight of executive compensation is an important Board responsibility. We want to ensure that total compensation elements are incenting and rewarding the appropriate Executive behaviors and business outcomes that support our long-term strategy and Shareholder interests without inviting undue risks. As Chair of the C&HR Committee, I would like to share with you our approach to executive compensation, including the framework we used to make compensation decisions for 2019.

In February 2019, the C&HR Committee recommended, and the Board approved, a strategic compensation review and it was completed in the second quarter. The consultant to the C&HR Committee, Lane Caputo, provided advice and support. The Company's executive compensation philosophy and program was reviewed by looking at market practice and good governance best practices. No significant changes resulted from this review as it was concluded that the current philosophy, objectives and program design met our goals. We did revise our executive compensation comparator group to better reflect our current business stage, international operations and size.

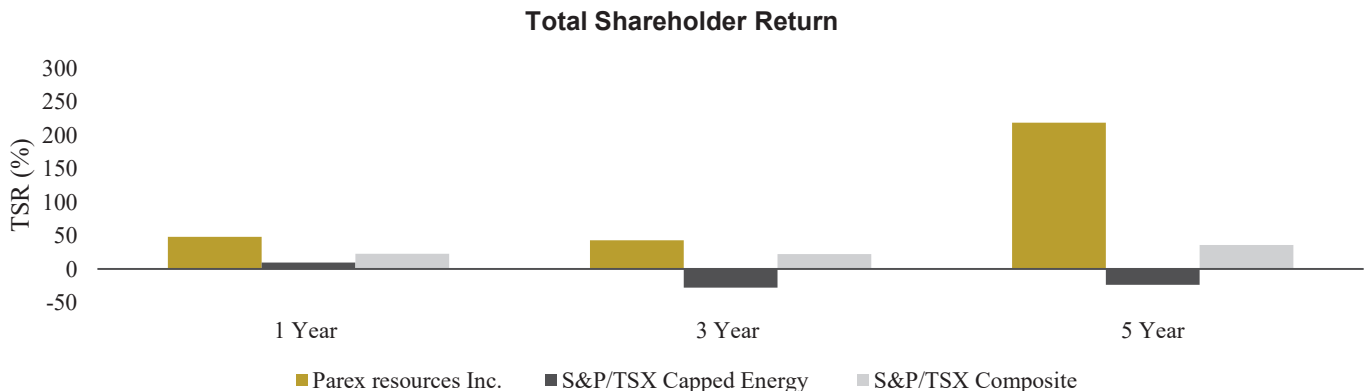
Compensation Discussion: Our Philosophy and Key Objectives

The executive compensation program is designed to focus executives' efforts and to reward the sustained attainment of individual and Company performance goals. At the recommendation of the C&HR Committee, the Board approved an executive compensation program, based on the following key objectives:

- Rewarding performance according to the achievement of business objectives;
- 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.

2019 Business Results: How Did We Perform?

The global oil and gas industry continues to be complex and volatile. During 2019, the global oil price ranged from a high of US\$75 per bbl to a low of approximately US\$53 per bbl, closing out the year at US\$64 per bbl. At the time of writing this letter Brent oil has dipped below \$30 per bbl. Parex continued to demonstrate exceptional operational execution, safety performance and notwithstanding a difficult year for TSX listed energy companies, a top quartile Common Share price performance against our peers in 2019. On a year over year basis, the Company increased its oil production, oil reserves, and working capital while reducing its outstanding Common Share count.



Parex' total shareholder return in 2019 was positive (48%), significantly better than the average positive (10%) return for the TSX Capped Energy Index ("**TSX Energy**"). Our 2019 performance represented the 7th consecutive year of surpassing the TSX Energy. In fact, successful execution of our long-term strategy over a five-year period has generated a positive total shareholder return versus a negative return for the TSX Energy.

We believe that our better than peer average Common Share price performance in 2019 reflected the following:

- **Production Growth:** In 2019 production per debt adjusted share grew by 34%;
- **Reserves Growth:** Our externally audited proved plus probable reserves increased by 7% from 185 million barrels of oil equivalent ("**mmboe**") as at December 31, 2018 to 198 mmboe (97% crude oil) as at December 31, 2019;
- **Self-Funded:** This growth in reserves and production was achieved within our internally generated funds flow from operations. Parex 2019 funds flow from operations was US\$571 million and capital expenditures were US\$208 million. The excess funds flow was primarily directed towards Common Share repurchases under our normal course issuer bid and increasing our working capital which we can deploy in the future for additional growth opportunities and/or to buy back additional outstanding Common Shares;
- **Adding Value in a Volatile Oil Price Environment:** FD&A for the year based upon the GLJ Report was US\$7.50/barrel of oil equivalent ("**boe**") for proved reserves and US\$7.57/boe for proved plus probable reserves including FDC; which combined with the full year 2019 funds flow from operations on a per boe basis of US\$29.61/boe, generated a recycle ratio of 3.9 times on a proved plus probable basis;
- **Balance Sheet:** The Company exited 2019 with no bank debt and working capital of US\$344 million. We continued to increase working capital in 2019 with a robust capital expenditure program. Further we repurchased 14.7 million Common Shares in 2019, representing approximately 10% of the Common Shares outstanding at the beginning of the year; and
- **Corporate Social Responsibility:** We maintained a meaningful and impactful community social program within the areas we operate and where our employees live. In 2019, we invested approximately US\$3.7 million in Colombia (as compared to US\$5.3 million in 2018) in several initiatives targeting projects in infrastructure and community development, water sanitation, housing improvement, education and health. In addition to the amount noted above we demonstrated the mutual benefits Parex can provide to multiple stakeholders through additional initiatives such as the Company's 10-year anniversary gifts to the:
 - Faculty of Science (University of Calgary) - US\$2.0 million to launch five Parex Resources Innovations Fellowships to support innovators and encourage research, and
 - Simón Bolívar Hospital in Bogota, Colombia - US\$1.6 million spending, planned during the first half of 2020, to renovate infrastructure and provide specialized medical equipment.

Please see our December 31, 2019 Management's Discussion and Analysis and the audited consolidated financial statements for the years ended December 31, 2019 and 2018 for a further discussion of the operational and financial results of the Company and the definitions of any abbreviated terms used in this letter, which documents are available on our SEDAR profile at www.sedar.com. See also "*Advisories*" in this Information Circular.

Base Salary

Salaries are reviewed regularly to ensure continued alignment with our comparators and with the executive's scope of responsibilities. A salary increase in excess of a 2.5% general market adjustment increase was awarded to David Taylor, President and CEO, to better reflect Mr. Taylor's performance and market positioning to align his salary with that of Parex' peers.

Annual Incentive Plan

For short term incentive compensation for 2019, we determined annual performance goals at the start of the year through a Board approved corporate scorecard that set operational targets and strategic milestones. In February 2020, the C&HR Committee reviewed the 2019 corporate scorecard results against the pre-determined components as summarized below:



Objectives/Targets	Weight	Highlights	Performance Results	Payout
Cost & Margin Optimization	10%	Achieved field, operating and transport cost targets, partially offset by higher than target deep well drilling cost goals.	<input checked="" type="checkbox"/> Reduction in controllable cost <input checked="" type="checkbox"/> Drilling cost in excess of target <input checked="" type="checkbox"/> 2P FD&A 24% less than target	17%
Asset optimization	40%	Achieved top quartile reserve additions and proved plus probable FD&A costs.	<input checked="" type="checkbox"/> Achieved target reserve and resource potential additions and below target 3P additions	36%
Base Operations & Safety	20%	Exceeded production target goals and achieved top quartile safety targets.	<input checked="" type="checkbox"/> Reduced incidents by xx % in 2019 <input checked="" type="checkbox"/> Achieved target production guidance	22%
Project Milestones	30%	Achievement of specific project milestones and deliverables that can have an impact on the business as pre-defined.	<input checked="" type="checkbox"/> Improved ESG disclosure, reporting over 140 GRI indicators <input checked="" type="checkbox"/> Advanced Capachos project <input checked="" type="checkbox"/> Delivered free cashflow yield >15% <input checked="" type="checkbox"/> DeMares project delayed <input checked="" type="checkbox"/> Reclaimed and relinquished lands	30%
100%				105%

As the executive team and staff delivered better than target operational and financial performance, the corporate component of Parex' bonus plan realized a 105% payout as compared to the target of 100%. This reflected the achievement of delivering industry leading key results such as reserve growth, capital efficiency and cost management, as well as achieving key milestones of expanding our portfolio of appraisal and development opportunities in Colombia and safely drilling key wells under budget and on time.

The individual component of the 2019 bonus program for each executive, as well as for all employees, was directly based on performance and results relative to their individual goals that supported the achievement of corporate objectives and initiatives.

Long-term Incentives

Long term incentives make up the majority of our total direct compensation and we made no changes to our compensation structure in 2019.

Please see details of the CPSU relative and operational performance measures in "Statement of Executive Compensation – Executive Compensation Components – Long-Term Incentives – Cash/Share Settled RSUs and Cash/Share Settled PSUs" in this Information Circular. We believe these measures are aligned with generating long term Shareholder value. Our 2020 long-term incentive grant value for executives was again comprised of 25% Options, 25% CRSUs and 50% CPSUs. The Board views the incorporation of CPSUs, and the increase in the CPSU component from 15% in 2018, as providing increased alignment to Shareholders and to be a significant enhancement to the long-term incentive program.

For 2019, at-risk compensation (annual bonus and long-term incentives) for executives represented 73 to 83% of total compensation, consistent with the significant pay for performance weighting of the compensation program.

In 2019, we implemented the Cash/Share Settled RSU Plan. The Cash/Share Settled RSU Plan is a non-dilutive plan in that awards of Cash/Share Settled RSUs are settled by either cash or Common Shares at the employee's election, with any Common Shares being purchased on the open market on behalf of the employee to settle the vested award. As no Common Shares are being issued from treasury by Parex to settle the award, the Cash/Share Settled RSU Plan is non-dilutive and, pursuant to TSX policies, does not require approval of the Shareholders. In connection with the adoption of the Cash/Share Settled RSU Plan, Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan at its Shareholder meeting held in 2019 and as a result

no further grants have been made under the RSU Plan. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms, which is expected to occur in 2023.

With the implementation of the Cash/Share Settled RSU Plan in 2019, the ratio of awards granted in 2020 to the average weighted outstanding Common Shares (“burn rate”) was approximately 0.16%. We have been continuing to reduce the burn rate of Common Shares outstanding as a result of our compensation programs while continuing to align management's long-term interests with Shareholders and to attract and retain a high performing executive team. Please note that there are no other long-term compensation plans in place. Parex implemented a Company matching share purchase savings plan in 2020, however has no pension plan or other share incentive plan at this time.

We anticipate that our approach to executive compensation will continue to evolve over time as we continually strive to match best practices for incentivizing management with good governance, our stakeholders' best interests and the growth of our business, while encouraging decision making and outcomes that are in the best interests of Parex and its Shareholders. We continue to use an independent adviser, Lane Caputo to support compensation decisions made by the C&HR Committee.

Executive Team Enhancement

In April 2019 the Company hired Mr. Josh Share as Vice President Corporate Services, succeeding Mr. Stu Davie who retired in the same month. Mr. Share has been primarily focused on progressing the Human Resources, IT and Administration foundations that have been built for Parex through its first 10 years, in both Calgary and Colombia. Additionally, in February 2020, the Company hired Mr. Jeff Meunier as Vice President New Ventures. Mr. Meunier will be primarily responsible for reviewing business development opportunities where Parex can apply its conventional oil expertise and balance sheet strength.

2019 Strategic Compensation Review

As noted prior in this letter, in February 2019, the C&HR Committee recommended, and the Board approved, a strategic compensation review to be undertaken in 2019 supported by, Lane Caputo, an independent compensation consulting advisor. The review mandate was to:

- Review current business strategy and operations and key development milestones over the next one, three and five-year time horizons;
- Review, assess, consider and evaluate current compensation practices;
- Confirm the executive behaviors Parex wishes to reward;
- Determine how behaviors relate back to Parex’ business strategy;
- Review and update Parex’ peer groups for benchmarking purposes (may include together or separately: stage of development, size, operational geography and operational effectiveness);
- Review possible salary, bonus and LTIP structures versus peers. Taking into account how Parex wishes to remunerate its executives, and why, with an emphasis on alignment to corporate culture, and business strategy; and
- Determine a revised benchmarking peer group for compensation.

The executive compensation review informed us that:

- We needed to make minor adjustments to our peer group to align better to current competitors (primarily production, size, market cap). This resulted in the removal of Advantage Oil & Gas Ltd., Bonavista Energy Corporation, Bellatrix Exploration Ltd., Crew Energy Inc. and Obsidian Energy Ltd. as these companies were no longer of relevant size. These companies were replaced with ARC Resources Ltd., Baytex Energy Corp., Crescent Point Energy Corp., Frontera Energy Corp., Geopark Ltd. and International Petroleum Corp., representing companies of more relevant size and, where available, international operations.
- Members of the Broad Peer Group are generally adhering to good compensation governance practices. This group will provide a suitable proxy for the broader marketplace in which the Company’s competes for executive talent, with a sub-group of six companies that have more directly comparable operations providing context for the compensation practices of Parex’s closest peers within the broader energy market;
- The current portfolio approach to long-term incentives is in line with market practice and provides a balance between medium-term and long-term performance measurement and retention; and

-
- Options should remain part of the LTIP mix to provide focus on longer-term share price appreciation performance.

In closing, I hope this letter and the following Compensation Discussion and Analysis provides you with insight into our performance and executive compensation approach. We are committed to having an executive compensation program that supports the delivery of our strategic plan and the creation of long-term value that benefits you, our Shareholders and all of our stakeholders. To that end we would be pleased to receive feedback from you and to answer any questions you may have at the Meeting.

On behalf of the C&HR Committee and the Board of Directors,

(signed)

"Lisa Colucci"

Chair, C&HR Committee

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company was incorporated in August 2009 and since inception the C&HR Committee has reviewed all aspects of compensation to be provided to the Company's executive officers, including the President and Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and 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" and in this Information Circular collectively referred to as the "Executives").

At the recommendation of the C&HR Committee, the Board approved an 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 of 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.

Key Components

The key components of the Executive compensation program are base salary, short-term incentive (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 variable 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 provided to Executives in the form of taxable paid monthly parking.

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. Total compensation levels are targeted at the median of the Company's peer comparator group when actual overall Executive and corporate performance is satisfactory. Total compensation is targeted to be comparable to above-median compensation when actual overall Executive and corporate performance is exceptional and/or exceeds objectives. When overall Executive and corporate performance is below satisfactory or falls short of threshold objectives, total compensation is targeted to be below the median of the peer comparator group.

Comparator Group

The C&HR Committee retained Lane Caputo in 2019 to conduct a compensation philosophy review with emphasis on Executive pay. The review did not recommend any significant changes, however as an outcome of this study, it was identified that the existing peer group used for benchmarking Executive compensation included companies whose market capitalization and enterprise value were unsuitable for comparison purposes, and lacked peer group companies that operated in international jurisdictions. As a result, five companies were removed (Advantage Oil & Gas Ltd., Bellatrix Exploration Ltd., Bonavista Energy Corporation, Crew Energy Inc. and Obsidian Energy Ltd.) The updated comparator group is listed below.

The Company's comparator group is comprised of oil and natural gas exploration, development and production companies based principally in Calgary, Canada and with several of the companies having an operational focus outside of Canada. The companies in the comparator group are approved by the C&HR Committee, upon management's recommendation. The composition of the group will continue to be reviewed annually by the C&HR Committee for its ongoing business relevant to Parex. The composition of the group is comprised as follows:

Company ⁽¹⁾	Enterprise Value ⁽²⁾ (\$ Millions)	Oil & Liquids Production (Boe/d) (%) ⁽³⁾
ARC Resources Ltd	3,806	25
Baytex Energy Corp.	2,884	82
Birchcliff Energy Ltd.	1,408	22
Canacol Energy Ltd.	1,285	1
Crescent Point Energy Corp.	6,189	91
Enerplus Corporation	2,648	54
Frontera Energy Corp.	1,101	97
Geopark Ltd.	1,719	86
Gran Tierra Energy Inc.	1,408	99
International Petroleum Corp.	9,106	61
NuVista Energy Ltd.	1,361	40
Paramount Resources Ltd.	1,642	39
Peyto Exploration & Development Corp.	1,749	14
TransGlobe Energy Corporation	139	94
Vermilion Energy Inc.	5,326	56
Whitecap Resources Inc.	3,544	84
Peer Comparator Group Average	2,832	59
Parex Resources Inc.	3,086	98

Notes:

- (1) Excluded Pengrowth Energy Corporation from the group as this company was acquired by Cona Resources on January 7, 2020.
- (2) Information was obtained from FactSet on March 24, 2020 and the information is as at December 31, 2019.
- (3) Information is at December 31, 2019 and was obtained from documents filed publicly by the 2019 comparator group on their issuer profiles on SEDAR at www.sedar.com and from Peters & Co Limited's March 16, 2020 Energy Update.

While this peer group provides a proxy for the broader marketplace in which the Company competes for executive talent, the C&HR Committee identified a sub-group of six companies that have more directly comparable operations to provide information on the compensation practices of Parex' closest peers within the broader energy market. The six companies in this sub-group are: Canacol Energy Ltd., Frontera Energy Corp., Gran Tierra Energy Inc., Enerplus Corp., Geopark Ltd. and Vermilion Energy Inc.

Compensation data from the comparator group was used as the main factor in the review and consideration of competitive levels and composition of compensation for the Company's Executives, supplemented by data from the 2019 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 C&HR 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' short and long-term strategic plans, such that corporate objectives are a key factor in assessing executive and employee performance. The C&HR 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 and 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 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 C&HR 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 C&HR 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 C&HR Committee and approved by the Board;
- compensation policies and practices in Parex' 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' revenue as outlined below:

	2017	2018	2019
NEO Compensation (CAD thousands) ⁽¹⁾	8,039	8,847	8,920
Oil & Gas Revenue (CAD thousands) ⁽²⁾	743,797	1,251,287	1,477,665
NEO compensation/revenue (%)	1.08	0.71	0.60

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. The 2017 NEO compensation excludes the salary of the Company's former CEO Mr. Wayne Foo.

- (2) Converted to CAD from USD using the Bank of Canada closing average rate for the period (December 31, 2019: \$1.3269; December 31, 2018: \$1.2957; and December 31, 2017: \$1.2986).

The C&HR Committee did not identify any risks associated with Parex' compensation policies and practices for the year ended December 31, 2019 that were reasonably likely to have a material adverse effect on Parex. The C&HR Committee intends to monitor compensation governance and risk assessment practices, as these continue to evolve.

Executive Compensation Components

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).

Position	Fixed Compensation Base Salary (% of Total Compensation)	At-Risk Compensation Incentive Bonus/Long-Term Incentives (% of Total Compensation)
Executives	18.5% - 37.1%	62.9% - 81.5%

Base Salary

The base salary amounts for each Executive are targeted at the median of the Company's peer comparator group, with the potential for base salary amounts to be above the median when actual overall Executive and corporate performance is exceptional and/or exceeds expectations and are reviewed annually. The results of compensation studies carried out for the Company by Lane Caputo in early 2019 indicated that based on competitive market data, a salary increase for all of the Executives was warranted for 2019. Such salary increases were recommended by the C&HR Committee and approved by the Board and were effective January 1, 2019. Going forward, variance from the median could occur on the basis of an Executive's current and sustained performance, skills or potential, or based on material differences in the executive's responsibilities as compared to the peer comparator group. The base salary for the President and CEO is approved by the Board, upon the recommendation of the C&HR Committee. The base salary level for all other Executives is recommended by the President and CEO for consideration and approval by the C&HR 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.

Incentive Bonus

The target annual incentive bonus varies by executive position level and is set as 90% of base salary for the President and CEO and 60% of base salary for the Company's other Executives, including for the President of Parex Colombia.

Payment levels are weighted based on individual and corporate performance goals. The incentive bonus is paid within a range of between 50% and 150% of the target incentive bonus, provided minimum (threshold) performance is achieved, and subject to Board approval for a payment of greater than 150% for outstanding results against individual and corporate goals, as follows:

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%	90%	50%	150%
Chief Financial Officer	75% / 25%	60%	50%	150%
Chief Operating Officer	75% / 25%	60%	50%	150%
Senior Vice President Exploration	75% / 25%	60%	50%	150%
President Parex Colombia	75% / 25%	60%	50%	150%

Note:

- (1) As at December 31, 2019.

The Board approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2019 were approved in early 2019 for each of the performance areas. These goals are determined by the Board to be key performance requirements for the Company, and included cost management and margin optimization, growth of reserves, safety initiatives and other milestones for 2019. In 2019, the achievement level of 105% was based on corporate performance, as described in the Annual Incentive Plan table under "*Executive Compensation Letter to Shareholders*".

The President and CEO evaluates the performance of each Executive (other than the President and CEO). Based on the Executive's achievement of performance goals, the President and CEO recommends the incentive bonus for each Executive to the C&HR Committee for approval. The C&HR 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.

Long-Term Incentives

Long-term incentives recommended by the C&HR Committee are granted by the Board in order to attract and retain high quality 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 2019, 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 2019, the value of the long term incentives awarded to Executives was allocated as to 25% Options, 25% Cash/Share Settled RSUs and 50% Cash/Share Settled PSUs.

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.

Options

The Option Plan is administered by the Board or a committee thereof. For a summary of the Option Plan see Appendix "B" attached to this Information Circular. For a copy of the Option Plan, see Appendix "D" 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 C&HR Committee and approved by the Board. The Board approves Option grants for the President and CEO, upon the recommendation of the C&HR Committee. As of the date hereof, Options to purchase an aggregate of 2,525,577 Common Shares are issued and 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 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.

The Company's Securities Hedging Policy permits directors and officers of the Company to sell a security which such person does not own if such person owns another security convertible into such security or an option or right to acquire such security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the securities so associated to the

purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser. In practice this occurs solely in connection with the administration of the Option Plan where an officer or director of the Company, through the Company's agent Shareworks by Morgan Stanley, exercises his or her vested Options and immediately sells the Common Shares acquired upon exercise of the Options to better facilitate the orderly settlement of such rights, including the payment of applicable withholding taxes.

RSUs and PSUs

The RSU Plan is administered by the Board or a committee thereof. For a summary of the RSU Plan see Appendix "C" attached to this Information Circular. At Parex' annual general and special Shareholders meeting held in 2019, Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan and as a result no further grants can be made under the RSU Plan. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms which is expected to occur in 2023. As of the date hereof, 1,455,054 RSUs and 316,800 PSUs are issued and outstanding, being exercisable for an aggregate of 1,771,854 Common Shares.

PSUs provide a performance multiplier on the base grant of 0 to 2 times, depending upon Company performance versus a defined peer group over a three-year cliff vesting period. The three corporate performance measures for the 2019 PSU vestings each with a one-third weighting, are as follows:

- *Total Shareholder Return ("TSR")*. The payout multiplier will be based on Parex' relative performance within the TSX Capped Energy index, excluding oil sands, royalty, service companies and any issuers that have less than a three-year return history. TSR will be calculated using the volume weighted daily average over the three year period.
- *Production per Common Share Growth (debt or cash adjusted)*. The payout multiplier will be based on Parex' relative performance against a select oil weighted peer group within the TSX Capped Energy index, excluding oil sands, royalty, service companies and any issuers that have less than a three-year return history. Due to the small size of the peer group, the score will be calculated using a straight line with lowest performance being awarded a 0 and best performance a 2.
- *Recycle Ratio*. Based upon total proved reserves FD&A costs, calculated on an annual calendar basis. The payout multiplier will be the average of each calendar year score over the three-year term, based on Parex' relative performance against the same peer group as for the production per share growth performance. Due to the small size of the peer group the score will be calculated using a straight line, with lowest performance being awarded a 0 and best performance a 2.

The above corporate performance measures for the 2017, 2018 and 2019 PSU vestings includes no discretionary elements. As well, for each of the measures, there will be a multiplier of 0 for performance that is below the 25th percentile.

Calculation of Performance of the Long Term Incentive Plan

In February 2017 the Compensation and HR Committee established the performance measures detailed in the table below in order to calculate the 2017 performance payout multiplier, which is used to determine the number of Common Shares to be issued pursuant to PSUs granted in 2017. The Compensation and HR Committee along with the Board assessed our performance.

The performance measures that were chosen we believe help align executive compensation with the long term business. Total Shareholder Return ("TSR") was chosen as a measure as we believe that a portion of the Executive's compensation should be directly aligned with the performance of the shares on a relative basis with the performance of our peers. The other two measures we believe build a sustainable oil & gas business. Production growth on a debt adjusted basis was chosen as the ability to increase production on a per share basis is a better measure of sustainability than absolute production growth as it neutralizes the capital structure. Recycle ratio is a measure of capital efficiency/profitability as it is calculated as funds flow divided by FD&A costs.

Performance Measures	Results/Quartile Ranking	Multiplier	Weighting	Weighted Multiplier Score
TSR vs. the peer group calculated on the basis of a rolling 3 year weighted average ⁽¹⁾	Parex' TSR of 12.2% ranked 1 out of 23 member companies of the S&P/TSX Oil & Gas Index resulting in 1 st quartile score.	2.0X	0.34	0.68
Production growth calculated on a debt adjusted per share basis using a 3 year average of each years rank ⁽²⁾	Parex' finished in the 1 st quartile of the S&P/TSX oil weighted capped energy index excluding integrated and oil sands companies ranking 1 out of 12 companies in 2 years and 2 out of 12 companies in one year.	1.94x	0.33	0.64
Recycle ratio calculated using proved developed producing reserve additions using a 3 year average of each years rank ⁽³⁾	Parex' ranked 1 out of 12 member companies of the S&P/TSX oil weighted capped energy index excluding integrated and oil sands companies for each year of the three year period.	2.0X	0.33	0.66
Total Score				1.98
Payout Multiplier				1.98x

Notes:

- (1) Calculated using the weekly weighted average share price performance with the December 2016 weighted average share price being the starting point and December 31, 2019 the end point. TSR includes the payment of any dividends declared during 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 notional basis to fund the reduced working capital or increase in bank debt.
- (3) The recycle ratio is calculated by dividing the weighted average fund flows from operations netback on a per boe basis for the period October 1 to December 31 of each year for each year of the three year period by the weighted average cost to find or acquire and develop reserves on a per boe basis (including change in future development capital) for the same period. Parex is ranked with the peer group results to determine each year's rank for Parex. The ranking result for the three year period is the simple average of each year's ranking.

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 see "*Director Compensation – Cash/Share Settled RSU Plan*" attached to this Information Circular. Under the Cash/Share Settled RSU Plan, grants of Cash/Share Settled RSUs and Cash/Share Settled PSUs to Executives other than the President and CEO are recommended by the President and CEO, reviewed by the C&HR 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 C&HR Committee. As of the date hereof, 1,016,817 Cash/Share Settled RSUs and 433,700 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.

Cash/Share Settled PSUs provide a performance multiplier on the base grant of 0 to 2 times, depending upon Company performance versus a defined peer group over a three-year cliff vesting period.



Compensation Governance

Compensation & Human Resources Committee

The C&HR 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 of the C&HR Committee are Lisa Colnett (Chair), Bob MacDougall and Ron Miller. Following the Meeting, it is expected that the C&HR Committee will consist of Lisa Colnett (Chair) and Bob MacDougall, as Mr. Miller is not standing for re-election as a director at the Meeting. The skills and experience that enabled the current members of the C&HR 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.

C & HR Committee Member	Independent	Skills & Experience Relevant to C&HR Committee
Lisa Colnett Chairperson ICD.D	Yes	Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Fuel Corporation, an independent marketer of fuels across Canada. 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.
Ron Miller CA, ICD.D	Yes	Co-founder and Partner of Lorem Partners, a private equity investment firm. Director of several private companies and one non-profit organization. Mr. Miller is a Chartered Professional Accountant, CA and a Member of the Institute of Corporate Directors having completed the Directors Education Program.
G. R. (Bob) MacDougall P.Eng., ICD.D	Yes	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 Executive Vice President and Chief Operating Officer of Vermilion Energy Corporation from 2004 to 2012. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Mandate of the C&HR Committee

The C&HR Committee of the Board is responsible for oversight of the Company's executive appointments; succession planning; compensation; human resources; Option Plan, RSU Plan, Cash/Share Settled RSU Plan and DSU Plan disclosures and performance assessment functions.

In particular, the C&HR 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 recommending to the Board:

- (a) appointments of the officers of the Company;
 - (b) the approval of terminations, and severance arrangements for officers;
 - (c) approval of officers' annual compensation and benefits package and related terms of employment based on the officers' annual performance evaluations;
 - (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 increases for the Company's employees (including officers) including cash compensation consisting of salary and bonuses, and the number of new Options, RSUs and Cash/Share Settled RSUs;
5. reviewing annually 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;
 6. 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;
 7. recommending to the Board approval of the terms of the Option Plan, RSU Plan and DSU 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 and DSU Plan annual grants and other compensation plans; and
 8. determine 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 C&HR Committee's responsibilities include the Company having in place a process to provide for the orderly succession of management, including the President and CEO role. The Board reviews the succession plan for the President and CEO as well as for other management positions at least once per year, including the annual Board strategic planning meeting. After delaying succession planning for the President and CEO and for other management positions in 2018 due to the pending strategy repositioning process in 2018, the C&HR Committee has made this item a priority.

Compensation Consultants

In 2018, the C&HR Committee retained Lane Caputo to provide certain information and recommendations concerning Executive compensation in the event of a sale of all or substantially all of the Company's assets under the strategic repositioning process that was announced on July 17, 2018.

Throughout 2019, the C&HR Committee retained Lane Caputo to review and make recommendations for executive and independent director compensation against the Company's peer group of companies as well as review the Company's compensation philosophy and incentive plan. See "*Statement of Executive Compensation- Director Compensation*". A summary of 2019 and 2018 Executive and independent director compensation reviews is listed below.

Consultant	Date Retained	Mandate	Executive Compensation-Related Fees (includes GST)
Lane Caputo	December 31, 2019	Analysis of compensation proposals, preparation of year-over-year comparisons, provision of historical peer group data.	\$7,711.70
Lane Caputo	November 30, 2019	Review & preparation of realizable LTI illustrations.	\$6,197.57
Lane Caputo	October 31, 2019	Review of executive compensation & risk assessment.	\$5250.00

Consultant	Date Retained	Mandate	Executive Compensation-Related Fees (includes GST)
Lane Caputo	September 30, 2019	Review of and recommendations for executive and independent director compensation for Parex against the Company's peer group of companies and risk assessment.	\$35,700.00
Lane Caputo	June 30, 2019	Development & review of Parex compensation philosophy and incentive plan.	\$16,800.00
Lane Caputo	January 4, 2019	Review of and recommendations for executive and independent director compensation for Parex against the Company's peer group of companies.	\$18,921.72
Lane Caputo	October 4, 2018	Provide tax implications of potential payments to Executives in the event of a Change of Control and provide recommendations for executive compensation relative to a smaller Parex resulting from a transaction under the strategic repositioning process.	\$13,683.27
Lane Caputo	August 8, 2018	Provide overview of current industry trends regarding special payments to Executives in the event of a sale of all or substantially all of the Company's assets.	\$3,104.21
Lane Caputo	May 31, 2018	Provide overview of long-term incentives for Executives in a Company equivalent in size to a start-up oil and gas company.	\$2,282.57

Other Information Concerning Executive Compensation

Clawback Policy

The Board has made it a priority to ensure 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 C&HR Committee, the Board adopted an Executive Compensation Clawback Policy (the "**Clawback Policy**") on April 1, 2016 applicable to the President and CEO, CFO and Senior Vice President, Capital Markets & Corporate Planning of the Company (the "**Executive Managers**"), which Clawback Policy has been agreed to by each of the current Executive Managers. If, in the opinion of the independent directors of the Board, Parex' financial results are restated due in whole or in part to intentional fraud or misconduct by one or more of the Executive Managers, the independent directors have the discretion to use their best efforts to remedy the fraud or misconduct and prevent its recurrence. Parex' independent directors may, based upon the facts and circumstances surrounding the restatement, 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 an Executive Manager. In addition, the independent directors may also seek to recover any gains realized with respect to equity-based awards, including Stock Options, RSUs, 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 bonus or 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 Executive Manager in question engaged in the intentional misconduct; (c) the bonus or 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 (d) no remedy, action or proceeding for the recovery of any amount from

an Executive Manager that is provided for in the policy may be commenced after a period of three years from the date such Executive Manager's employment is terminated for whatever reason.

Hedging Policies

Pursuant to the Company's Disclosure, Confidentiality, Insider Trading and Blackout Period Policy and Procedures, no employee, insider, associate or affiliate of the Company shall, at any time, enter into a sale of Common Shares, Options, RSUs, PSUs, Cash/Share Settled RSUs, Cash/Share Settled PSUs or DSUs where such person does not own or has not fully paid for the securities being sold (i.e. a "short sale"). This prohibition is also included in the Company's Securities Hedging Policy ("**Hedging Policy**"), pertaining to directors and officers. See also "*Executive Compensation Components – Executive Compensation Components – Long Term Incentives – Options*". Also pursuant to the Hedging Policy, directors and officers of the Company shall not, directly or indirectly, buy or sell a call or put in respect of a security of the Company, including, for greater certainty, a director or officer of the Company shall not purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, 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.

Changes to Executive Compensation

The C&HR Committee retained Lane Caputo in August 2019 to conduct a review of and provide recommendations for executive compensation against the updated peer group of companies.

In February 2020, using the results of the Lane Caputo report, the C&HR Committee recommended, and the Board approved a base salary increase for the President and CEO, effective January 1, 2020. The new salary positioned the President and CEO between the 25th and 50th salary percentile for this position in the peer group. Also based on the results of the Lane Caputo report, in February 2020 the C&HR Committee recommended and the Board approved salary increases for the CFO, the Chief Operating Officer, the Senior Vice President Exploration and the President of Parex Colombia. The salary increases were effective January 1, 2020.

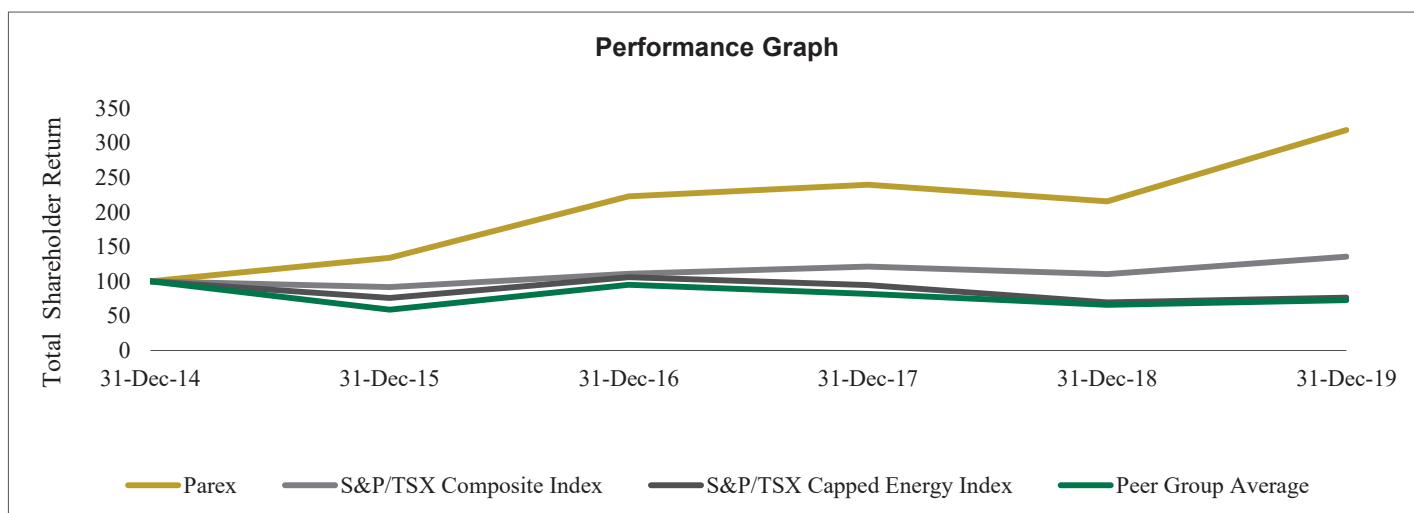
As a result of current market conditions and in order to reduce cash costs in 2020, effective April 1, 2020 and for the remainder of 2020, Executives will take a 10 percent salary reduction and each of the Directors will take a 10 percent reduction in cash retainer fees.

The C&HR Committee recommended and the Board approved 2020 annual long term incentive awards to Executives and employees with a grant date of February 10, 2020. The grants to Executives included Cash/Share Settled PSUs as well as Options and Cash/Share Settled RSUs. The 2020 annual Cash/Share Settled RSU and Cash/Share Settled PSU grants to Executives and employees were awarded under the Cash/Share Settled RSU Plan. Cash/Share Settled PSUs represented 50% of the 2020 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 November 2019, the C&HR Committee recommended and the Board approved an Employee Share Purchase Plan ("**ESPP**"), with the intent to provide Canadian employees with the opportunity to increase their ownership in the Company, further aligning employee and shareholder priorities, while encouraging savings. This program improves Parex' competitive position against its peers when comparing benefits, retirement and perquisite offerings.

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, 2014 to December 31, 2019. 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.



	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Parex	100	134	223	240	216	319
S&P/TSX Composite Index	100	92	111	121	110	136
S&P/TSX Capped Energy Index	100	76	106	95	70	76
Peer Group Average	100	59	95	82	66	73

If \$100 was invested in the Common Shares on December 31, 2014, it would have resulted in a cumulative shareholder return of 219% on December 31, 2019. 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 36%, and the same amount invested in the S&P/TSX Capped Energy Index would have resulted in a cumulative shareholder return of negative 24%.

From December 31, 2014 to December 31, 2019, the total compensation awarded to the three Parex NEO's who were NEOs for this full time period, as reported in the "NEO Summary Compensation Table" in this Information Circular, increased by 72%.

The increase in NEO total compensation has been largely due to the significant increase from 2014 to 2019 of the price of the Common Shares of the Company on the TSX, which reflected the Company's excellent performance and production per Common Share growth in such period. Thus, the increase in NEO total compensation is aligned with the increase in Shareholder value.

NEO total compensation is 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.

NEO Summary Compensation Table⁽¹⁾

Name and Principal position	Year	Salary (\$)	Share-based awards (\$) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	Option-based awards (\$) ⁽⁶⁾	Non-equity incentive plan compensation (\$)		Total compensation ⁽⁹⁾ (\$)
					Annual incentive plans ⁽⁷⁾	All other compensation ⁽⁸⁾ (\$)	
David Taylor President and CEO	2017	400,000	1,032,645	424,500	374,640	57,245	2,289,030
	2018	420,000	1,458,450	175,613	473,043	57,245	2,584,350
	2019	445,000	1,620,000	\$181,152	\$415,519	\$56,900	\$2,718,571
Kenneth Pinsky Chief Financial Officer and Corporate Secretary	2017	340,000	768,480	311,300	262,752	57,245	1,739,777
	2018	340,000	958,410	115,403	267,515	57,245	1,738,573
	2019	350,000	970,313	\$108,503	\$217,875	\$56,900	\$1,703,590
Eric Furlan ⁽¹⁰⁾ Chief Operating Officer	2017	285,000	480,300	192,440	224,523	49,302	1,231,565
	2018	315,000	833,400	100,350	246,796	54,437	1,549,983
	2019	330,000	843,750	\$94,350	\$205,425	\$56,400	\$1,529,925
Ryan Fowler Senior Vice President Exploration	2017	285,000	480,300	192,440	213,408	49,302	1,220,450
	2018	285,000	694,500	83,625	232,329	49,302	1,344,756
	2019	300,000	703,125	\$78,625	\$186,750	\$51,240	\$1,319,740
Lee DiStefano ⁽¹¹⁾ President Parex Colombia	2017	389,580	480,300	192,440	301,067	194,790	1,558,177
	2018	388,710	694,500	83,625	268,113	194,355	1,629,303
	2019	408,022	703,125	\$78,625	\$253,994	\$204,011	\$1,647,776

Notes:

- The Company did not provide long term non-equity incentive plan or pension plan compensation in 2017, 2018 and 2019.
- As per the prescribed requirements for the NEO Summary Compensation Table, PSUs have been combined with RSUs as share-based awards for 2017 and 2018. Although the grant date fair values are the same for PSUs and RSUs, the grant date fair value calculations are shown separately in Note (4) below for RSUs and PSUs. RSUs and PSUs are shown separately in tables that follow the NEO Summary Compensation Table in this Information Circular.
- As per the prescribed requirements for the NEO Summary Compensation Table, Cash/Share Settled PSUs (CPSUs) have been combined with Cash/Share Settled RSUs (CRSUs) as share-based awards for 2019. 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 (5) 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 RSU and 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 RSUs and PSUs, in accordance with International Financial Reporting Standard 2 – Share Based Payments.

Grant Date	Grant date fair value per RSU	Grant date fair value per PSU
March 9, 2017	\$16.01	\$16.01
February 7, 2018	\$18.52	\$18.52

- 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 CRSU	Grant date fair value per CPSU
February 11, 2019	\$18.75	\$18.75

- 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		
	March 9, 2017	February 7, 2018	February 11, 2019
Expected life of Options	4.0 years	4.0 years	4.0 years
Risk-free interest rate	1.11%	1.93%	1.80%
Expected volatility	43.75%	43.29%	39.97%
Expected dividend yield	0%	0%	0%
Grant date fair value per Option	\$5.66	\$6.69	\$6.29

- (7) Incentive plan bonuses for 2017 were paid in February 2018, for 2018 were paid in February 2019, and for 2019 were paid in February 2020.
- (8) All other compensation for Messrs. Taylor, Pinsky, Furlan and Fowler includes the value of paid parking and benefits payments equal to 15% of the officer's base salary, capped at \$50,000 per year. All other cash compensation and perquisites for Mr. DiStefano include benefits payments equal to 20% of his base salary and a foreign service premium and location allowance related to his expatriate assignment in Colombia.
- (9) 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.
- (10) Mr. Furlan was promoted to Chief Operating Officer in February 2018. Prior to this, Mr. Furlan was Senior Vice-President Engineering.
- (11) Mr. DiStefano's salary, annual incentive plan and all other cash compensation and perquisites are paid in US\$ but for purposes of this table, they have been converted to CAN\$ using average foreign exchange rates for each year of employment of 1.2986 for 2017, 1.2957 for 2018, and 1.3269 for 2019.

NEO Incentive Plan Awards

Outstanding Option-based and Share-based Awards (as at December 31, 2019)

Name and Principal position	Grant Date	Option-Based Awards			
		Number of securities underlying unexercised Options	Options exercise price (\$/common Share)	Option expiration date	Value of unexercised in-the-money Options (\$) ⁽¹⁾
David Taylor President and CEO	09-Nov-2015	Nil	10.94	09-Nov-2020	Nil
	14-Nov-2016	90,000	15.66	14-Nov-2021	764,100
	09-Mar-2017	75,000	16.02	09-Mar-2022	609,750
	07-Feb-2018	26,250	18.53	07-Feb-2023	147,525
	11-Feb-2019	28,800	18.75	11-Feb-2024	155,520
Kenneth Pinsky Chief Financial Officer and Corporate Secretary	09-Nov-2015	35,000	10.94	09-Nov-2020	462,350
	14-Nov-2016	80,000	15.66	14-Nov-2021	679,200
	09-Mar-2017	55,000	16.02	09-Mar-2022	447,150
	07-Feb-2018	17,250	18.53	07-Feb-2023	96,945
	11-Feb-2019	17,250	18.75	11-Feb-2024	93,150
Eric Furlan Chief Operating Officer	09-Nov-2015	Nil	10.94	09-Nov-2020	Nil
	14-Nov-2016	50,000	15.66	14-Nov-2021	424,500
	09-Mar-2017	34,000	16.02	09-Mar-2022	276,420
	07-Feb-2018	15,000	18.53	07-Feb-2023	84,300
	11-Feb-2019	15,000	18.75	11-Feb-2024	81,000

Option-Based Awards

Name and Principal position	Grant Date	Number of securities underlying unexercised Options	Options exercise price		Option expiration date	Value of unexercised in- the-money Options (\$) ⁽¹⁾
			(\$/common Share)			
Ryan Fowler Senior Vice President Exploration	09-Nov-2015	66,000	10.94		09-Nov-2020	871,860
	14-Nov-2016	50,000	15.66		14-Nov-2021	424,500
	09-Mar-2017	34,000	16.02		09-Mar-2022	276,420
	07-Feb-2018	12,500	18.53		07-Feb-2023	70,250
	11-Feb-2019	12,500	18.75		11-Feb-2024	67,500
Lee DiStefano President Parex Colombia	09-Nov-2015	44,000	10.94		09-Nov-2020	581,240
	14-Nov-2016	45,000	15.66		14-Nov-2021	382,050
	09-Mar-2017	34,000	16.02		09-Mar-2022	276,420
	07-Feb-2018	12,500	18.53		07-Feb-2023	70,250
	11-Feb-2019	12,500	18.75		11-Feb-2024	67,500

Note:

- (1) Based on the difference between the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15 and the exercise price of the Options.

Share-Based Awards

Name	Grant Date	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⁾		Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾	
		RSUs	PSUs	RSUs	PSUs	RSUs	PSUs
		David Taylor	09-Nov-2015	Nil	N/A	Nil	N/A
	14-Nov-2016	Nil	N/A	Nil	N/A	1,207,000	N/A
	09-Mar-2017	14,334	21,500	116,392	174,580	691,997	Nil
	7-Feb-2018	17,500	52,500	98,175	294,525	211,225	Nil
Kenneth Pinsky	09-Nov-2015	Nil	N/A	Nil	N/A	965,600	N/A
	14-Nov-2016	Nil	N/A	Nil	N/A	965,600	N/A
	09-Mar-2017	10,668	16,000	86,624	129,920	514,954	Nil
	07-Feb-2018	11,500	34,500	64,515	193,545	138,805	Nil
Eric Furlan	09-Nov-2015	Nil	N/A	Nil	N/A	Nil	N/A
	14-Nov-2016	Nil	N/A	Nil	N/A	603,500	N/A
	09-Mar-2017	6,668	10,000	54,144	81,200	321,834	Nil
	7-Feb-2018	10,000	30,000	56,100	168,300	120,700	Nil
Ryan Fowler	09-Nov-2015	Nil	N/A	Nil	N/A	796,620	N/A
	14-Nov-2016	Nil	N/A	Nil	N/A	603,500	N/A
	09-Mar-2017	6,668	10,000	54,144	81,200	321,834	Nil
	7-Feb-2018	8,334	25,000	46,754	140,250	100,567	Nil
Lee DiStefano	09-Nov-2015	Nil	N/A	Nil	N/A	265,540	N/A
	14-Nov-2016	Nil	N/A	Nil	N/A	362,100	N/A
	09-Mar-2017	6,668	10,000	54,144	81,200	321,834	Nil
	07-Feb-2018	8,334	25,000	46,754	140,250	100,567	Nil

Notes:

- (1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, less \$0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs and PSUs that were not vested as at December 31, 2019.
- (2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, less \$0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs and PSUs that were vested but not exercised as at December 31, 2019.

Share-Based Awards

Name	Grant Date	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⁾		Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾	
		CRSUs	CPSUs	CRSUs	CPSUs	CRSUs	CPSUs
David Taylor	11-Feb-2019	28,800	57,600	695,520	1,391,040	Nil	Nil
Kenneth Pinsky	11-Feb-2019	17,250	34,500	416,588	833,175	Nil	Nil
Eric Furlan	11-Feb-2019	15,000	30,000	362,250	724,500	Nil	Nil
Ryan Fowler	11-Feb-2019	12,500	25,000	301,875	603,750	Nil	Nil
Lee DiStefano	11-Feb-2019	12,500	25,000	301,875	603,750	Nil	Nil

Notes:

- (1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15 by the number of Common Shares issuable pursuant to Cash/Share Settled RSUs and Cash/Share Settled PSUs that were not vested as at December 31, 2019.
- (2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15 by the number of Common Shares issuable pursuant to Cash/Share Settled RSUs and Cash/Share Settled PSUs that were vested but not exercised as at December 31, 2019.

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, 2019 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2019.

Name	Option-based awards	Share-based awards Value				Non-equity incentive plan
	– Value vested during the year ⁽¹⁾ (\$)	RSUs ⁽²⁾	PSUs ⁽²⁾	CRSUs ⁽³⁾	CPSUs ⁽³⁾	compensation – Value earned during the year ⁽⁴⁾ (\$)
David Taylor	1,298,813	3,560,096	Nil	Nil	Nil	415,519
Kenneth Pinsky	1,034,576	2,586,030	Nil	Nil	Nil	217,875
Eric Furlan	670,763	1,046,468	Nil	Nil	Nil	205,425
Ryan Fowler	654,892	1,823,277	Nil	Nil	Nil	186,750
Lee DiStefano	621,015	1,050,477	Nil	Nil	Nil	253,994 ⁽⁵⁾

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) Based on multiplying the closing price of the Common Shares on the TSX on, less the \$0.01 exercise price, of the Common Shares on the vesting date by the number of RSUs and PSUs that vest on such date.
- (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 2019 were paid in February 2020.
- (5) Mr. DiStefano's non-equity incentive plan compensation (incentive plan bonus) is paid in US\$, but for purposes of this table has been converted to CAN\$ using the average foreign exchange rate for 2019 of 1.3269.

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. The following sets forth information in respect of securities authorized for issuance under the Company's Option Plan as at December 31, 2019. Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms which is expected to occur in 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, RSUs, PSUs, warrants and rights ⁽⁴⁾ (a)	Weighted average exercise price of outstanding Options, RSUs, PSUs, 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	2,465,743 ⁽²⁾	15.42	See Note 3
RSU Plan	1,663,318	0.01	See Note 3
Equity compensation plans not approved by security holders	-	-	-
Total	4,129,061	15.42	8,446,994

Notes:

- (1) As at December 31, 2019, the Option Plan provided for the issuance of Options to a maximum of 9.0% 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 9.0% of the Common Shares outstanding from time to time. As at March 10, 2020, the Company reduced the 9.0% limit described in the prior sentence to 5.0%.
- (2) Of the 2,465,743 outstanding Options as of December 31, 2019, 2,465,743 were in-the-money as of that date, based on the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15.
- (3) The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2019 was equal to 9.0% of the number of Common Shares outstanding as at December 31, 2019 less the number of Options outstanding under the Option Plan as at December 31, 2019 and less the number of RSUs and PSUs outstanding under the RSU Plan as at December 31, 2019. As at December 31, 2019, there were 2,465,743 Options outstanding, and 1,983,818 RSUs and PSUs outstanding, leaving 8,446,994 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 26, 2020 was equal to 5.0% of the number of Common Shares outstanding as at March 26, 2020 less the number of Options outstanding under the Option Plan as at March 26, 2020 and less the number of RSUs and PSUs outstanding under the RSU Plan as at March 26, 2020. As at March 26, 2020, there were 2,527,177 Options outstanding, and 1,885,902 RSUs and PSUs outstanding, leaving 2,591,839 Common Shares available for issuance under the Option Plan.
- (4) During the year ended December 31, 2019, 2,104,304 Common Shares were issued on exercise of Options and 856,316 Common Shares were issued on exercise of RSUs.

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	2017 ⁽²⁾		2018 ⁽³⁾		2019 ⁽⁴⁾	
	Number Granted	Burn Rate	Number Granted	Burn Rate	Number Granted	Burn Rate
Options	666,500	0.43%	193,650	0.12%	228,300	0.16%
RSUs	632,500	0.41%	537,025	0.34%	-	N/A
PSUs ⁽⁵⁾	103,500	0.07%	217,000	0.14%	-	N/A
DSUs ⁽⁶⁾	-	N/A	-	N/A	-	N/A
Total	1,402,500	0.91%	947,675	0.61%	228,300	0.16%

Notes:

- (1) Numbers do not add precisely due to rounding.

- (2) The weighted average number of Common Shares outstanding for December 31, 2017 is 154,209,000 Common Shares.
- (3) The weighted average number of Common Shares outstanding for December 31, 2018 is 155,417,000 Common Shares.
- (4) The weighted average number of Common Shares outstanding for December 31, 2019 is 146,380,000 Common Shares.
- (5) Assuming a payout multiplier of one.
- (6) DSUs became cash-settled only, effective March 7, 2017.

Value Realized From Equity Exercises During the Year

	Dave Taylor	Kenneth Pinsky	Eric Furlan	Ryan Fowler	Lee DiStefano
Options					
Securities acquired on exercise	220,000	168,100	121,000	60,000	22,000
Aggregated value realized (\$)	2,447,893	1,903,402	1,332,429	669,197	265,540
Number of resulting shares held	0	0	0	0	0
Number of resulting shares sold	220,000	168,100	121,000	60,000	22,000
PSUs					
Securities acquired on exercise	N/A	N/A	N/A	N/A	N/A
Aggregated value realized (\$)	N/A	N/A	N/A	N/A	N/A
Number of resulting shares held	N/A	N/A	N/A	N/A	N/A
Number of resulting shares sold	N/A	N/A	N/A	N/A	N/A
RSUs					
Securities acquired on exercise	35,000	20,000	43,000	20,000	N/A
Aggregated value realized (\$)	750,715	423,800	914,467	428,980	N/A
Number of resulting shares held	0	0	0	0	N/A
Number of resulting shares sold	35,000	20,000	43,000	20,000	N/A
Cash/Share Settled PSUs					
Securities acquired on exercise	N/A	N/A	N/A	N/A	N/A
Aggregated value realized (\$)	N/A	N/A	N/A	N/A	N/A
Number of resulting shares held	N/A	N/A	N/A	N/A	N/A
Number of resulting shares sold	N/A	N/A	N/A	N/A	N/A
Cash/Share Settled RSUs					
Securities acquired on exercise	N/A	N/A	N/A	N/A	N/A
Aggregated value realized (\$)	N/A	N/A	N/A	N/A	N/A
Number of resulting shares held	N/A	N/A	N/A	N/A	N/A
Number of resulting shares sold	N/A	N/A	N/A	N/A	N/A

Five Year NEO Compensation Versus Financial Measures

	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾	2018	2019
Total NEO Compensation (\$ millions)	9.63	9.56	9.35	8.85	8.92
Funds Flow From Operations (\$ millions) ⁽²⁾	185.04	200.86	363.21	546.54	741.45
NEO Compensation as % of Funds Flow From Operations	5%	5%	3%	2%	1%
Enterprise Value (\$ millions) ⁽²⁾	1,408	2,385	2,515	1,903	2,945
NEO Compensation as % of Enterprise Value	0.7%	0.4%	0.4%	0.5%	0.3%
Annual Shareholder Return	34%	66%	7%	-10%	48%
FX Rate USD-CAD at December 31	1.3840	1.3427	1.2573	1.3642	1.2997

Notes:

- (1) Includes the former CEO and President's, Mr. Wayne Foo's, compensation

- (2) Components in the calculation of Enterprise Value were converted from USD to CAD using the closing foreign exchange rate of 1.38 for December 31, 2015, 1.34 for December 31, 2016, 1.25 for December 31, 2017, 1.36 for December 31, 2018 and 1.30 for December 31, 2019.

Termination and Change of Control Benefits and Payments

The Company recognizes that its Executives are critical to Parex' 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. Taylor, Mr. Pinsky, Mr. Furlan, Mr. Fowler and Mr. DiStefano.

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 good reason, upon resignation of employment by the Executive for good reason in the event of a change of control of the Company, or 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. Taylor, Pinsky, Furlan, Fowler and DiStefano 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 Mr. Taylor, Mr. Pinsky, Mr. Furlan, Mr. Fowler and Mr. DiStefano, 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 good reason refers to the resignation of employment by the Executive due to circumstances constituting constructive dismissal at common law, any material reduction in benefits or remuneration paid by the Company to the Executive, a material change in the Executive's position, duties, responsibilities, title or office, or a material breach of the applicable Employment Agreement and Employment Contract, as applicable, by the Company.

Termination Event	Name	Incremental Compensation
Termination Without Cause	David Taylor Kenneth Pinsky Eric Furlan Ryan Fowler Lee DiStefano	Retiring allowance equal to two (2) times 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.
Change of Control	David Taylor Kenneth Pinsky Eric Furlan Ryan Fowler Lee DiStefano	All applicable incremental payments for Messrs. Taylor, Pinsky, Furlan, Fowler and DiStefano are calculated as specified above for termination without cause.
Triggering Change of Control	David Taylor Kenneth Pinsky Eric Furlan Ryan Fowler Lee DiStefano	All applicable incremental payments for Messrs. Taylor, Pinsky, Furlan, Fowler and DiStefano are calculated as specified above for termination without cause.

Termination Event	Name	Incremental Compensation
Resignation For Good Reason	David Taylor Kenneth Pinsky Eric Furlan Ryan Fowler Lee DiStefano	All applicable incremental payments for Messrs. Taylor, Pinsky, Furlan, Fowler and Mr. DiStefano are calculated as specified above for termination without cause.

Under the Employment Agreements 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 month 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, 2019.

Estimated Incremental Compensation on Termination Without Cause, Resignation For Good Reason, Upon a Change of Control, or Upon a Triggering Change of Control (based on hypothetical termination as at December 31, 2019)

Name	Severance Period (months)	Compensation Components								Total (\$)
		2X Annual Base Salary (\$)	2X Average of Last 2 Incentive Bonus Payments ⁽¹⁾ (\$)	2X Annual Benefits (\$)	Options ⁽²⁾ (\$)	RSUs ⁽³⁾ (\$)	PSUs ⁽³⁾ (\$)	CRSUs ⁽⁴⁾ (\$)	CPSUs ⁽⁴⁾ (\$)	
David Taylor	24	890,000	888,562	100,000	Nil	Nil	Nil	Nil	Nil	\$1,878,562
Kenneth Pinsky	24	700,000	485,390	100,000	Nil	Nil	Nil	Nil	Nil	\$1,285,390
Eric Furlan	24	660,000	452,221	99,000	Nil	Nil	Nil	Nil	Nil	\$1,211,221
Ryan Fowler	24	600,000	419,079	90,000	Nil	Nil	Nil	Nil	Nil	\$1,109,079
Lee DiStefano ⁽⁵⁾	24	816,044	528,563	100,000	Nil	Nil	Nil	Nil	Nil	1,444,606

Notes:

- (1) The annual incentive plan bonuses for 2019 were not paid until February 2020, as previously disclosed in Note (6) to the NEO Summary Compensation Table. However, the 2019 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, 2019 due to termination without cause, resignation for good reason or upon a change of control.

- (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 for good reason, 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. 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 termination as at December 31, 2019, due to a change of control and based on the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, the incremental compensation from Options for Mr. Taylor would have been \$1,298,813, for Mr. Pinsky would have been \$1,034,576, for Mr. Furlan would have been \$670,763, for Mr. Fowler would have been \$654,892, and for Mr. DiStefano would have been \$621,015.
- (3) Pursuant to the RSU Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment for good reason, any Common Shares corresponding to any remaining vested grant of RSUs or PSUs shall be delivered to the Executive as soon as practicable and upon payment by the Executive of the exercise price of \$0.01 per RSU and PSU. All other RSUs and PSUs would be terminated. In accordance with the RSU Plan, in the event of a change in control of the Company, if so approved by the Board, all RSUs and PSUs which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the RSUs or PSUs for a period of time ending on the earlier of the expiry date of the RSU or PSU and the thirtieth day following the change of control. Based on a hypothetical termination as at December 31, 2019 due to a change of control and based on the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, the incremental compensation from RSUs for Mr. Taylor would have been \$3,560,096, for Mr. Pinsky would have been \$2,586,030, for Mr. Furlan would have been \$1,046,468, for Mr. Fowler would have been \$1,823,277, and for Mr. DiStefano would have been \$1,050,477. Based on a hypothetical termination as at December 31, 2019 due to a change of control and based on the market value of Common Shares on December 31, 2019 of \$24.15, and assuming a PSU payout multiplier approved by the Board of 1.0, the incremental compensation from PSUs for Mr. Taylor would have been \$469,845, for Mr. Pinsky would have been \$323,970, for Mr. Furlan would have been \$249,900, and for each of Mr. Fowler and Mr. DiStefano would have been \$221,800.
- (4) 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 for good reason, 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. All other Cash/Share Settled RSUs and Cash/Share Settled PSUs would be terminated. In accordance with the Cash/Share Settled RSU Plan, in the event of a change in control of the Company, if so approved by the Board, all Cash/Share Settled RSUs and Cash/Share Settled PSUs which have not otherwise vested in accordance with their terms shall immediately vest and cash shall be made or delivered. Based on a hypothetical termination as at December 31, 2019 due to a change of control and based on the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, the incremental compensation from Cash/Share Settled RSUs for Mr. Taylor would have been \$612,576, for Mr. Pinsky would have been \$366,908, for Mr. Furlan would have been \$319,050, for Mr. Fowler would have been \$265,875, and for Mr. DiStefano would have been \$265,875. Based on a hypothetical termination as at December 31, 2019 due to a change of control and based on the closing price of the Common Shares on the TSX on December 31, 2019 of \$24.15, and assuming a Cash/Share Settled PSU payout multiplier approved by the Board of 1.0, the incremental compensation from Cash/Share Settled PSUs for Mr. Taylor would have been \$1,225,152, for Mr. Pinsky would have been \$733,815, for Mr. Furlan would have been \$638,100, and for each of Mr. Fowler and Mr. DiStefano would have been \$531,750.
- (5) Compensation for Mr. DiStefano is paid in US\$ except for long-term incentive compensation which is paid in CAN\$. For the purposes of this table, the compensation to be paid in US\$ has been converted to CAN\$ using the average foreign exchange rate for 2019 of 1.3269, to result in a total estimated incremental compensation in CAN\$.

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.sedar.com. Financial information respecting the Company is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on the Company's profile on SEDAR at www.sedar.com 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.

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**") in the exercise of its duties. By virtue of approving this Mandate, the Board affirms its ongoing responsibility for the stewardship of Parex Resources Inc. (the "**Corporation**").
- b) The Board wishes to emphasize that the substance of good corporate governance is more important than its form; adoption of a set of guidelines and principles or any particular practice or policy is not a substitute for, and does not itself assure, good corporate governance.

2. Purpose of the Board of Directors

- a) The primary responsibility of the Board is to foster the long-term success of the Corporation.
- b) In overseeing the conduct of the business, the Board, through the Chief Executive Officer ("**CEO**"), shall set the standards of conduct for the Corporation.

3. General Legal Obligations of the Board

- a) The *Business Corporations Act* (Alberta) identifies the following as legal requirements for the Board:
 - 1) To manage or supervise 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 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) Appoint a Chair of the Board who is not a member of Management 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) Review annually director compensation.

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- 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 committees of the Board.

5. Expectations of Management

- a) The Board expects Management to work diligently towards enhancing the Corporation's performance by ensuring that existing operations are managed prudently and that new business development opportunities are sought.
- b) The Board expects Management to provide the Board with all pertinent information regarding the operations and corporate development activities of the Corporation in order for the Board to properly assess whether the Corporation's goals are being met. Management is expected to provide as much information as is required or requested so that the Board can participate actively in important discussions on the Corporation's future, strategic planning and performance assessments. The Board expects Management to be completely forthcoming with respect to its assessment of opportunities and performance to allow the Board to make reasoned decisions.

6. Board Size

- a) The Board shall consist of such number of directors within the range set forth in the Corporation's articles of incorporation as the Board deems appropriate in order to facilitate effective decision-making. The Board delegates to the Corporate Governance and Nominating Committee the responsibility of considering and making recommendations to the Board with respect to the appropriate Board size.
- b) Members of the Board should offer their resignation from the Board to the Chairman of the Board following:
 - 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's (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) In that 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*). Certain tasks suited to independent judgments will be delegated to specialized committees of the Board that are comprised of a majority 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 and whose circumstances change such that he or she might be considered to be no longer independent shall promptly advise the Board of the change in circumstances.

8. Performance

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance and pursue a self-evaluation process for evaluating overall Board performance.

9. Nomination

- a) The Board shall, prior to nominating any directors on behalf of the Corporation:
 - 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, officer or employee 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.

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- 7) 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.
 - 8) Be responsible for congruence between the strategic plan, stakeholder expectations and Management's performance.
 - 9) Delegate to the appropriate committee of the Board the responsibility to review and assess the identification and management of Enterprise Risk Management matters pertaining to the applicable committee.

d) 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.

e) 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.

f) 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.

g) 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.

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- 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 affect 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 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 attendance is permissible with approval from the Chairman.
- b) Minutes of each meeting of the Board will be prepared by the Corporate Secretary. Following each meeting, the Corporate Secretary will provide draft copies of the minutes of the meeting to the Board.
- c) The CEO and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.
- d) At each Board meeting, there shall be a private session of the independent directors from which the non-independent directors will be excused, under the leadership of the Chairman of the Board, and if the Chairman is not independent, the independent directors will also meet in camera under the leadership of the Lead Director without the Chairman present.

12. Mandate Review

The Board will review this Mandate annually, or more frequently as may be determined necessary by the Board, to ensure that it is achieving its purpose.

13. Authorization

This mandate of the Board of Directors is hereby approved on behalf of the Board of Directors of Parex Resources Inc. this 30th day of October 2009 as amended November 9, 2011, November 13, 2013, October 4, 2017, and February 7, 2019.

Wayne Foo
Chairman 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, if the Common Shares are not listed 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;

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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.

Non-management directors were not granted any Options in 2017, 2018 or 2019.

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 (the "**Termination Date**"): (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 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 the optionee's Retirement, then the terms, including, with restriction, the Termination Date, of all Options held by such optionee will not change as a result of such Retirement, subject to the terms of the Retirement Agreement (as defined below) entered into by the optionee and the Company.

For the purposes of the Option Plan, "**Retirement**" means: (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 or since November 2, 2009; (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) 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 (a "**Retirement Agreement**"); 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.

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 optionees.

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.

On March 10, 2020, the Parex Board approved the following amendments to the Option Plan, which amendments did not require Shareholder approval:

- a reduction in the maximum number of Common Shares issuable pursuant to the exercise of Options awarded under the Option Plan and all other share compensation arrangements of the Company from 9.0% to 5.0%;
- a reduction in the aggregate number of Common Shares issuable to insiders pursuant to the Option Plan, together with all other share compensation arrangements of the Company, within a 12-month period, from 9.0% to 5.0% of the outstanding issue of Common Shares; and
- a reduction in 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, from 9.0% to 5.0% of the issue of Shares.

On April 2, 2020, the Parex Board approved amendments to the Option Plan that were housekeeping in nature.

APPENDIX "C" RSU Plan

On October 16, 2012, the Board approved the adoption by Parex of the RSU Plan, which RSU Plan was approved by Shareholders on May 22, 2013. The RSU Plan allows the Board to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting and exercise results in the holder thereof being issued a Common Share for a nominal exercise price. Prior to the adoption of the Cash/Share Settled RSU Plan, the RSU Plan was one of the Company's primary forms of long-term incentive compensation. While there remain RSUs and PSUs outstanding under the RSU Plan, Parex has not made any grants under the RSU Plan since 2018 and will not make any further grants under the RSU Plan as the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under such plan expires on May 11, 2019. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms which is expected to occur in 2023.

Description of the RSU Plan

Purpose of the RSU Plan

The purpose of the RSU Plan is to aid in attracting, retaining and motivating the directors, officers, and employees (collectively, "**Service Providers**") of the Company and any entity that is a subsidiary of the Company from time to time, and any other entity designated by the Board from time to time (and, for greater certainty, including any successor entity of any of the aforementioned entities) (collectively, the "**Parex Group**") in the growth and development of the Parex Group by providing them with the opportunity through RSUs to acquire Common Shares.

Administration of the RSU Plan

The Board administers the RSU Plan. The Board has the discretion to determine which Service Providers will be eligible to participate in the RSU Plan (each such Service Provider a "**Participant**"); provided that after April 1, 2016, non-management directors will not be eligible to receive new grants of RSUs pursuant to the RSU Plan. The Board may delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under the RSU Plan. The Board or the Committee may also delegate or sub-delegate to any director or officer of the Company the whole or any part of the administration of the RSU Plan.

Limits on Issuances

The RSU Plan provides that:

- (a) the maximum number of Common Shares issuable pursuant to outstanding RSUs at any time shall be limited to 4.0% of the aggregate number of issued and outstanding Common Shares, provided that the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 9.0% of the Common Shares outstanding from time to time;
- (b) the number of Common Shares 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) the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements, shall not exceed 9.0% of the issued and outstanding Common Shares;
- (d) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, shall not exceed 9.0% of the issued and outstanding Common Shares; and
- (e) the number of Common Shares issued to non-management directors, in aggregate, at any time, under all security-based compensation arrangements, shall not exceed 1.0% of the issued and outstanding Common Shares.

A grant of RSUs is made, and the number of such RSUs granted is credited to each Service Provider's account (the "**Participant's Account**"), effective as of a particular date determined by the Board (the "**Grant Date**"). The number of RSUs to be offered to each Participant is determined by the Board, or the Committee delegated by the Board to do so. The Board or the Committee 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 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, RSUs 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 Grant Date (computed in each case to the nearest whole Common Share). Notwithstanding the foregoing, the Board or the Committee 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. Prior to a vesting date in respect of any 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 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' 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 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**"). Upon determination of the Payout Multiplier, the number of Common Shares issuable pursuant to a vested PSU will be adjusted by multiplying the number of vested PSUs by the applicable Payout Multiplier. 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.

Term of RSUs

The term during which an RSU may be outstanding is, subject to the provisions of the RSU Plan requiring or permitting the acceleration or the extension of the term, such period, not in excess of five years, as is determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be the date that is five years from the Grant Date. In addition, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of 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 of the RSU Plan: (a) such Participant shall cease to be a participant in the RSU Plan as of the Forfeiture Date (as defined in the RSU Plan); (b) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (c) any Common Shares corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with the RSU Plan as soon as practicable after the Forfeiture Date (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) and upon payment of the exercise price of \$0.01 per RSU; and (d) the former Participant shall not be entitled to any further issuance of Common Shares or any payment in respect of the RSU Plan.

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 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 Performance RSUs (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 Payout 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 Payout Multiplier will be deemed to be 1.

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 below), then the terms of all RSUs held by such Participant, including, with restriction, the term during which such RSUs may be outstanding, will not change as a result of such Retirement, subject to the terms of the Retirement Agreement (as defined below) entered into by the Participant and the Company.

For the purposes of the RSU Plan, "**Retirement**" means: (a) the date that a Participant who is an officer or employee of the Parex Group reaches the age of sixty (60) and voluntarily ceases to be a Service Provider, provided that the Participant: (i) has, at such time, provided continuous services to the Parex Group for a minimum of ten (10) years or since November 2, 2009; (ii) has provided the Company with six (6) months prior written notice of the Participant'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 RSUs notwithstanding the above provisions in respect of such Retirement) with the Company respecting such Participant's retirement from any employment with the Parex Group in a form that is acceptable to the Company (a "**Retirement Agreement**"); or (b) such other meaning as the CEO of the Company in the case of a Participant who is not an officer of the Company or the Parex Group, and the Board in all other cases, may determine from time to time.

If Common Shares may not be issued pursuant to any RSUs due to any Black-Out Period (as defined below) at any time (the "**Restricted RSUs**") and the expiry date of a RSU occurs during or within the three business day period prior to the Black-Out Period, the expiry date of such Restricted RSU shall be extended to a date which is seven business days following the end of the Black-Out Period (or such longer period as permitted by the Exchange (as defined in the RSU Plan) and approved by the Board or the Committee). For greater certainty, no Restricted RSUs may be exercised during a Black-Out Period. For the purposes of the RSU Plan, "**Black-Out Period**" means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any Participant that holds an RSU.

Exercise of RSUs

The Company will, as soon as practicable after the vesting and exercise of any RSUs, issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's RSUs. The Participant may exercise any vested RSU by delivering to the Company a notice of exercise in writing stating the Participant's intention to exercise a particular RSU together with payment of the exercise price of \$0.01 per RSU so exercised. Upon receipt of the exercise notice and aggregate exercise price from the Participant, the Company will cause the Common Shares in respect of which the RSU has been exercised to be issued to the Participant.

Adjustments in Connection with an Alteration of the Common Shares

In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to all or substantially all Shareholders to purchase Common Shares at prices substantially below Fair Market Value (as defined in the RSU Plan) as the Grant Date; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; then the Board may make such adjustments to the RSU Plan, to any RSUs and to any RSU agreements outstanding under the RSU Plan as the Board may, in its sole discretion, and if applicable, subject to TSX approval, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants thereunder and/or to provide for the Participants to receive and accept such other securities or property in lieu of Common Shares, and the Participants shall be bound by any such determination.

Adjustment in Connection with Certain Corporate Events

Except in the case of a transaction that is a Change of Control (as defined below), in the event of the sale by the Company of all or substantially all of the property and assets of the Company as an entirety (an "**Asset Sale**") prior to the expiry date of an RSU, such RSU may be exercised, as to all or any of the Common Shares in respect of which such RSU has not previously been exercised (including in respect of the right to purchase Common Shares not otherwise vested at such time) by the Participant (the "**Sale Acceleration Right**"). The Sale Acceleration Right shall commence at such time as determined by the Board (the "**Asset Sale Accelerated Vesting Date**"), provided that if the Board approves the Sale Acceleration Right but does not determine commencement and termination dates regarding same, the Asset Sale Accelerated Vesting Date will be, and the Sale Acceleration Right shall commence on the day following the closing of the Asset Sale and end on the earlier of the expiry time of the RSU and the thirtieth day following the closing of the Asset Sale. Notwithstanding the foregoing, the Sale Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested PSUs, the Payout Multiplier in respect of such PSUs shall be determined as of the Asset Sale Accelerated Vesting Date.

In addition, if approved by the Board, whenever the Company's Shareholders receive a Take-over Proposal, (as defined below) RSUs may be exercised as to all or any of the Common Shares in respect of which an RSU has not previously been exercised (including in respect of Common Shares not otherwise vested at such time) by the Participant (the "**Take-over Acceleration Right**"), but any such RSU 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 RSU (and shall thus be available for exercise of the RSU in accordance with the terms thereof) and upon presentation of 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 (the "**Take-over Proposal Accelerated Vesting Date**"), provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Proposal Accelerated Vesting Date will be, and 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 RSU and the tenth 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. With respect to any unvested PSUs, the Payout Multiplier in respect of such PSUs shall be determined as of the Take-over Proposal Accelerated Vesting Date.

A "**Take-over Proposal**" is defined in the RSU Plan as: (i) any proposal or offer by a third party, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Company's outstanding Common Shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third party to acquire in any manner, directly or indirectly, more than 50% of its outstanding Common Shares; or (ii) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization or similar transaction or other business combination involving the Company.

Change of Control

Notwithstanding any other provision in the RSU Plan or the terms of any RSU agreement, in the event of a Change of Control occurring, if so approved by the Board or the Committee, all RSUs which have not otherwise vested in accordance with their terms shall immediately vest (the "**Change of Control Accelerated Vesting Date**") and be exercisable, notwithstanding the other terms of the RSUs for a period of time ending on the earlier of the expiry time of the RSU and the thirtieth day following the Change of Control. With respect to unvested PSUs, the Payout Multiplier will be determined as of the Change of Control Accelerated Vesting Date.

A "**Change of Control**" is defined in the RSU Plan as: (i) the purchase or acquisition of any Common Shares or any securities convertible or exchangeable into Common Shares or carrying the right or obligation to acquire Common Shares ("**Convertible**

Securities") 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.

Amendment or Discontinuance of the RSU Plan

The Board may amend or discontinue the RSU 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, 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 (together with any related RSU agreement) 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: (a) to increase the maximum number of Common Shares issuable pursuant to the RSU Plan; (b) to reduce the exercise price of an RSU or cancel an RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (c) to extend the term of an RSU; (d) to permit the assignment or transfer of an RSU other than as provided for in the RSU Plan; (e) to add to the categories of persons eligible to participate in the RSU Plan; (f) to remove or amend the restrictions on RSUs held by insiders; (g) to remove or amend the matters described in this paragraph; or (h) in any other circumstances where TSX and Shareholder approval is required by the TSX. Without limitation of the foregoing, the Board may correct any defect or supply any omission or reconcile any inconsistency in the RSU Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the RSU Plan, and may make such determinations as it deems necessary or desirable for the administration of the RSU Plan.

On termination of the RSU Plan, any outstanding grants of RSUs will immediately vest and the number of Common Shares corresponding to the RSUs that have been granted will be delivered to the Participant in accordance with and upon compliance with the terms of the RSU Plan. The RSU Plan will finally cease to operate for all purposes when: (a) the last remaining Participant receives delivery of all Common Shares corresponding to RSUs credited to the Participant's Account; or (b) all unexercised RSUs expire in accordance with the terms of the RSU Plan and the relevant RSU agreements.

APPENDIX "D" Stock Option Plan

1. PURPOSE OF THE PLAN

1.1. The purpose of the Plan is to provide certain directors, officers and employees of the Corporation or a Subsidiary with an opportunity to purchase Shares and to benefit from the appreciation thereof. This will provide an increased incentive for these directors, officers, employees to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

2. DEFINED TERMS

2.1. Where used herein, the following terms shall have the following meanings, respectively:

- (a) **"Blackout 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 holder of an Option;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Change of Control"** means any of the following:
 - (i) the purchase or acquisition of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting 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, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, but excluding any issue or sale of Voting 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 Voting 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;

- (d) **"Convertible Securities"** means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
- (e) **"Corporation"** means Parex Resources Inc., and includes any successor corporation thereof;
- (f) **"Disinterested Shareholder Approval"** means approval by a majority of the votes cast by all shareholders of the Corporation at a meeting of shareholders of the Corporation, excluding votes attaching to Shares beneficially owned by:
 - (i) Insiders to whom Options may be granted under this Plan; and
 - (ii) Associates (as defined in the policies of the Exchange) of persons referred to in (i);
- (g) **"Effective Date"** has the meaning ascribed thereto in Article 21 hereof;
- (h) **"Exchange"** means the TSX or, if the Shares are not then listed and posted for trading on the TSX, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;
- (i) **"Exercise Price"** means the price per share at which Shares may be purchased under the Option, as the same may be adjusted in accordance with Articles 4 and 6 hereof;
- (j) **"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;
- (k) **"Insider"** means an insider as defined in subsection 1(aa) of the *Securities Act* (Alberta) and includes an associate, as defined in subsection 1(c) of the *Securities Act* (Alberta), as such provisions are from time to time amended, varied or re enacted, of any insider;
- (l) **"Investor Relations Activities"** means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (A) to promote the sale of products or services of the Corporation; or
 - (B) to raise public awareness of the Corporation;that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
 - (ii) activities or communications necessary to comply with the requirements of:
 - (A) applicable securities laws; or
 - (B) Exchange Requirements (as defined in the policies of the Exchange) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:

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- (A) the communication is only through the newspaper, magazine or publication; and
- (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (iv) activities or communications that may be otherwise specified by the Exchange.
- (m) "**Market Price**" means the closing trading price per Share on the TSX (or if the Shares are not listed on the TSX, on such stock exchange as the 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 Shares are not listed on any stock exchange, a price determined by the Board;
- (n) "**Option**" means an option to purchase Shares granted by the Board to certain directors, officers, employees of the Corporation or a Subsidiary, subject to the provisions contained herein;
- (o) "**Participants**" means certain directors, officers, *bona fide* employees of the Corporation or a Subsidiary to whom Options are granted and which Options or a portion thereof remain unexercised, and where applicable, former directors, officers or *bona fide* employees of the Corporation or a Subsidiary deemed eligible to continue to participate in the Plan in accordance with Article 8 hereof;
- (p) "**Plan**" means the stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (q) "**Retirement**" means:
- (i) the date that a Participant who is an officer or *bona fide* employee of the Corporation or a Subsidiary reaches the age of sixty (60) and voluntarily ceases to be an officer or *bona fide* employee of the Corporation or a Subsidiary, provided that the Participant: (A) has, at such time, provided continuous services to the Corporation or a Subsidiary for a minimum of ten (10) years or since November 2, 2009; (B) has provided the Corporation with six (6) months prior written notice of the Participant's intention to retire; and (C) is offered by the Corporation 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 of Section 8.3 in respect of such Retirement) with the Corporation respecting such Participant's retirement from any employment with the Corporation or a Subsidiary in a form that is acceptable to the Corporation (a "**Retirement Agreement**"); or
- (ii) such other meaning as the Chief Executive Officer of the Corporation in the case of a Participant who is not an officer of the Corporation or a Subsidiary, and the Board in all other cases, may determine from time to time;
- (r) "**Shares**" means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Article 6 hereof, such other Shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (s) "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta) as from time to time amended, supplemented or re-enacted;
- (t) "**Take-over Proposal**" means (i) any proposal or offer by a third person, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Corporation's outstanding Voting Shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third person to acquire in any manner, directly or indirectly, more than 50% of its outstanding Voting Shares, or (ii) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction or other business combination involving the Corporation;

(u) "TSX" means the Toronto Stock Exchange; and

(v) "Voting Shares" means any securities of the Corporation ordinarily carrying the right to vote at elections of directors.

3. ADMINISTRATION OF THE PLAN

3.1. The Plan shall be administered by the Board. The Corporation shall effect the grant of Options under the Plan, in accordance with determinations made by the Board pursuant to the provisions of the Plan as to:

(a) the directors, officers and employees of the Corporation and, if applicable, any Subsidiaries to whom Options will be granted; and

(b) the number of Shares which shall be the subject of each Option;

by the execution and delivery of instruments in writing in the form approved by the Board.

3.2. The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

4. GRANTING OF OPTIONS

4.1. The Board from time to time shall grant Options to certain directors, officers and employees of the Corporation or a Subsidiary. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.

4.2. The aggregate maximum number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other share compensation arrangements of the Corporation is 5% of the Shares outstanding from time to time, subject to the following limitations:

(a) the aggregate number of Shares reserved for issuance to any one person under the Plan, together with all other share compensation arrangements of the Corporation, within a 12-month period, must not exceed 5% of the outstanding issue of Shares (on a non diluted basis);

(b) the aggregate number of Shares reserved for issuance to any one Insider pursuant to the Plan, together with all other share compensation arrangements of the Corporation, must not exceed 5% of the outstanding issue of Shares;

(c) the aggregate number of Shares issued to Insiders pursuant to the Plan, together with all other share compensation arrangements of the Corporation, within a 12-month period, must not exceed 5% of the outstanding issue of Shares;

(d) the aggregate number of Shares reserved for issuance to Insiders pursuant to the Plan, together with all other share compensation arrangements, at any time, must not exceed 5% of the issue of Shares;

(e) the aggregate number of Shares reserved for issuance pursuant to the Plan to any one Participant employed to provide Investor Relations Activities within a 12-month period, must not exceed 2% of the outstanding issue of Shares;

(f) the aggregate number of Shares reserved for issuance to all non-management directors pursuant to the Plan cannot exceed 1.0% of the outstanding issue of Shares; and

(g) the aggregate value of all Options (calculated as of the date of grant) granted pursuant to the Plan to any non-management director, after the Effective Date, cannot exceed \$100,000 in any 12 month period.

The Shares in respect of which Options are not exercised shall be available for subsequent Options. The "reloading" of Options (as described in the Toronto Stock Exchange Staff Notice #2004 0002) is permitted under the Plan. This prescribed maximum may be subsequently increased to any other specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. If any Options granted under this Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, any unpurchased Shares to which such Options relate shall be available for the purposes of the granting of further Options under this Plan. No fractional shares may be purchased or issued hereunder.

4.3. Subject to the policies of the TSX, the Exercise Price of any Option shall be fixed by the Board when such Option is granted, provided that such price shall not be less than the Market Price of the Shares. The Exercise Price as calculated above is intended to be the fair market value of the Shares at the date of grant and, subject to the approval of the Board, the Exchange and the shareholders of the Corporation (where required), the Exercise Price may be adjusted if necessary to achieve that result. Disinterested Shareholder Approval will be required for the reduction of the Exercise Price of any Options held by persons who are Insiders of the Corporation at the time of the proposed amendment.

4.4. 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 by a Participant 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 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. In the case of options granted on February 29th of any year, the "anniversary date" shall be deemed to be February 28th of each of the subsequent years.

4.5. If the original expiry date of any Option (the "**Restricted Options**") falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period, then the expiry date of such Restricted Options shall, without any further action, be extended to the date that is 10 business days following the end such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 10 hereof.

5. EXERCISE OF OPTION

5.1. Subject to the Plan, an optionee (or his or her legal personal representative) may exercise an Option from time to time by the delivery to the Corporation, at its head office in Calgary, Alberta, or as otherwise directed by the Corporation, of a written notice of exercise ("**Exercise Notice**") specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full in cash of the purchase price of the Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the optionee a certificate or certificates, representing such Shares in the name of the optionee or the optionee's legal personal representative or otherwise as the optionee may or they may in writing direct. Unless otherwise authorized by the Board and permitted by the Exchange, no financial assistance shall be provided by the Corporation to any optionee to facilitate the exercise of Options granted pursuant to the Plan.

6. ADJUSTMENTS IN SHARES

6.1. Appropriate adjustments in the number of Shares subject to the Plan and, as regards Options granted or to be granted, in the number of Shares optioned and in the Exercise Price, shall be made by the Board, subject to any required TSX approvals, to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

6.2. Options granted to Participants hereunder are non-assignable and non-transferable, except in the case of the death of a Participant (which is provided for in Section 8), and are exercisable only by the Participant to whom the Option has been granted.

7. DECISIONS OF THE BOARD

7.1. All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers and employees eligible under the provisions of the Plan to participate therein.

8. TERMINATION OF EMPLOYMENT/DEATH

8.1. Unless otherwise provided in the agreement evidencing the grant of Options, Options shall terminate at the earlier of (the "**Termination Date**"): (i) the close of business 90 days after the optionee ceasing (other than by reason of death or Retirement but including termination with or without cause) to be at least one of an officer, director or employee of the Corporation or a Subsidiary of the Corporation, as the case may be; (ii) the close of business 90 days after the optionee has been provided with written notice of dismissal related to (i) above; and (iii) the original expiry date of the Option, provided that the number of Shares that the optionee shall be entitled to purchase until the Termination Date shall be the number of Shares which the optionee was entitled to purchase on the date the optionee ceased to be an officer, director or employee of the Corporation or a Subsidiary of the Corporation, as the case may be.

8.2. If before the expiry of an Option in accordance with the terms thereof a Participant ceases to be an employee, officer or director 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 Plan, be exercised by the legal personal representative(s) of the Participant's estate 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.

8.3. If before the expiry of an Option in accordance with the terms thereof a Participant ceases to be an employee or officer of the Corporation or a Subsidiary of the Corporation, as the case may be, as a result of the Participant's Retirement, then the terms, including, with restriction, the Termination Date, of all Options held by such Participant shall not change as a result of such Retirement, subject to the terms of the Retirement Agreement entered into by the Participant and the Corporation.

8.4. The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere in any way with the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment at any time.

8.5. Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

9. CHANGE OF CONTROL

9.1. In the event of a Change of Control 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 or the Plan 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.

9.2. If approved by the Board, Options may provide that, whenever the Corporation's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the 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 Participant (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 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 Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of 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 of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation 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.

10. AMENDMENT OR DISCONTINUANCE OF PLAN

10.1. This Plan and any Options granted pursuant to the Plan may be amended, modified or terminated by the Board without approval of the shareholders subject to any required approval of the Exchange. Notwithstanding the foregoing, the Plan or any Options may not be amended without shareholder approval to:

- (a) increase the number of Shares reserved for issuance under the Plan or the Plan maximum pursuant to Section 4 hereof;
- (b) reduce the Exercise Price of any Option granted pursuant to the Plan;
- (c) extend the term of any outstanding Options beyond the original expiry date of the Option, other than as permitted pursuant to the Plan;
- (d) amend Section 4.2(f) or (g) to increase the entitlements of non-management directors under the Plan;
- (e) permit a Participant to transfer or assign Options to a new beneficial holder, other than for estate settlement purposes;
- (f) any amendment to increase the number of Shares that may be issued to Insiders above the restrictions contained in Section 4; or
- (g) amend this Section 10.1.

In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Participant, if it adversely alters or impairs the rights of any Participant in respect of any Option previously granted to such Participant under the Plan.

10.2. Notwithstanding any other provision in the Plan, the Plan or any Options may not 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 this Section 10.2.

11. GOVERNMENT REGULATION

11.1. The Corporation's obligation to issue and deliver Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any Exchange on which such Shares may then be listed; and
- (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any Exchange on which such Shares are then listed.

12. PARTICIPANTS' RIGHTS

12.1. A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Shares represented by such certificate or certificates.

13. OPTION AGREEMENT

13.1. The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder will be in writing and will set out the number of Shares subject to option, the Exercise Price, the vesting dates, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options under the income tax or other applicable or relevant laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

14. INDEPENDENT ADVICE

14.1. Participants are encouraged to seek tax advice in respect of the grant and exercise of Options and the issuance of the resulting Shares.

15. HOLD PERIOD

15.1. In addition to any resale restrictions imposed under applicable securities laws, if required by the Exchange or any other regulatory authority, Options granted under the Plan and Shares issued on exercise of such Options may be required to be legended evidencing that the Options and the Shares issued upon exercise of the Options are subject to a hold period or restricted period as required by the Exchange or other applicable regulatory authority and the optionee by accepting the Option agrees to comply therewith.

16. VOTING SHARES DULY ISSUED

16.1. Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefore in accordance with the terms of the Option, and the issuance of Shares thereunder will not require a resolution or approval of the Board.

17. MERGERS, AMALGAMATION AND SALE

17.1. If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 17, make provision that, upon exercise of an Option after the effective date of such merger, amalgamation or sale, the optionee shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the optionee would have received as a result of such merger, amalgamation or sale if the optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the optionee in respect of the Shares subject to the Option shall terminate and be at an end and the optionee shall cease to have any further rights in respect thereof. Adjustments under this section or any determinations as to fair market value of any securities shall be made by the Board, and any reasonable determination made by the Board shall be binding and conclusive.

18. OPTIONS TO COMPANIES

18.1. The provisions herein in respect of the grant of Options shall apply, with appropriate modifications, to the grant of Options to a company either: (i) wholly-owned by any person whom Options may otherwise be granted hereunder; or (ii) controlled by any person to whom Options may otherwise be granted hereunder (and the shares of which are held directly or indirectly by any such person and such person's spouse, minor children and/or minor grandchildren), subject to any requirements of any applicable regulatory authority having jurisdiction, including any Exchange.

19. TAX WITHHOLDING

19.1. 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 federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to, and the Participant consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Participant (whether arising pursuant to the Participant's relationship as a director, 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 satisfactory to the Participant and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares.

20. NO GUARANTEES REGARDING TAX TREATMENT

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

21. EFFECTIVE DATE

21.1. This Plan is effective as of October 30, 2009, as amended effective November 9, 2011, as further amended effective March 14, 2014 (the "**Effective Date**"), as further amended effective May 13, 2014, March 7, 2017, April 3, 2017, March 10, 2020 and April 2, 2020 and as amended from time to time thereafter.



How to reach us

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