



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

and

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO THE

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF PAREX RESOURCES INC.

TO BE HELD ON MAY 9, 2018

INFORMATION CIRCULAR DATED APRIL 3, 2018



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 9, 2018**

TO THE HOLDERS OF COMMON SHARES

Notice is hereby given that the Annual General and Special Meeting of holders (the "**Meeting**") of common shares ("**Common Shares**") of Parex Resources Inc. ("**Parex**" or the "**Company**") will be held at the Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1, on May 9, 2018 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, 2017, and the auditors' report thereon;
2. to fix the number of directors to be elected at the Meeting at ten (10) members;
3. to elect ten (10) directors;
4. to consider and, if deemed advisable, to pass an ordinary resolution confirming the Amended By-Law No. 1 of the Company adopted by the Board of Directors of the Company, as more particularly described in the management information circular of the Company dated April 3, 2018 (the "**Information Circular**");
5. to consider and, if deemed advisable, to pass, an ordinary resolution approving the Company's amended and restated shareholder protection rights plan agreement, as more particularly described in 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;
7. to appoint auditors and to authorize the directors to fix their remuneration as such; and
8. to transact such further and other business as may properly come before the Meeting or any adjournments or postponements thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the Information Circular.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is March 26, 2018 (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.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed proxy must be deposited with the Company's registrar and transfer agent, Computershare Trust Company of Canada ("Computershare"): (i) 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; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (iii) by telephone to 1-866-732-VOTE (8683) (toll free within North America) or to 1-312-588-4290 (outside North America); (iv) by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America); or (v) 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 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 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.

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 attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

DATED at Calgary, Alberta this 3rd day of April, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*David R. Taylor*"

President, Chief Executive Officer and a Director

TABLE OF CONTENTS

	Page
PROXIES	2
ADVISORIES	4
VOTING SHARES AND PRINCIPAL HOLDERS THEREOF	5
OTHER MATTERS RELATED TO THE MEETING	6
MATTERS TO BE ACTED UPON AT THE MEETING	7
EXECUTIVE COMPENSATION LETTER TO SHAREHOLDERS	17
STATEMENT OF EXECUTIVE COMPENSATION	20
CORPORATE GOVERNANCE	55
INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS	61
INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON	61
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	61
ADDITIONAL INFORMATION	61
APPENDIX "A" MANDATE OF THE BOARD OF DIRECTORS	
APPENDIX "B" AMENDED BY-LAW	
APPENDIX "C" SHAREHOLDER RIGHTS PLAN	



Information Circular – Management Proxy Statement

For the Annual General and Special Meeting
of Shareholders to be Held on May 9, 2018

PROXIES

Solicitation 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" or "Shareholders") to be held at the Conference Centre on the 4th floor of Eighth Avenue Place East Tower, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1, on May 9, 2018 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 April 3, 2018 are entitled to notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any common shares ("Common Shares" or "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 3, 2018. **All amounts set forth in this Information Circular are stated in Canadian dollars.**

The persons named in the accompanying instrument 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 instrument 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 instrument of proxy and strike out the other names. 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.**

Appointment of Proxies

Those shareholders who desire to be represented at the Meeting by proxy must deposit their proxy with the Company's registrar and transfer agent, Computershare, in the manner set forth under "*Proxies – Solicitations of Proxies*" above.

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. **The persons named in the accompanying instrument of proxy are directors and/or officers of Parex. A shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act on such shareholder's behalf at the Meeting other than the persons designated in the instrument of proxy furnished by Parex. To exercise this right, the shareholder must strike out the name of the persons named**

in the proxy and insert the name of his or her nominee in the space provided and deposit the proxy with Parex at the place and within the time specified above for the deposit of proxies.

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 instrument 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.

Exercise of Discretion by Proxy

The Common Shares represented by the instrument 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 proxy confers upon the shareholder's nominee 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.

Revocation of Proxies

A shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy attends personally at the Meeting at which the proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the shareholder or his 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, or with the chairman of the Meeting on the day of the Meeting, or on the day of any adjournments or postponements thereof, prior to the commencement of the Meeting.

Voting by Internet

Shareholders may use the internet site at **www.investorvote.com** to transmit their voting instructions. Shareholders should have their 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 proxy. If Shareholders vote by internet, their vote must be received not later than 9:30 a.m. (Calgary time) on May 7, 2018 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 previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

Advice to Beneficial Holders of Securities

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 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.

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 form of proxy 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 instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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 form of proxy 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.

These securityholder materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered 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.

ADVISORIES

This Information Circular contains certain oil and gas metrics, including finding, development and acquisition ("**FD&A**") costs 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 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. 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.

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 2, 2018 and effective December 31, 2017 and an evaluation prepared by GLJ dated February 6, 2017 and effective December 31, 2016. 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, 2017 reserves presented are based on GLJ's forecast pricing effective January 1, 2018 and all December 31, 2016 reserves presented are based on GLJ's forecast pricing effective January 1, 2017.

"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.

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. 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 April 3, 2018, there were 155,606,283 Common Shares issued and outstanding, stock options ("**Options**") to purchase 5,171,883 Common Shares issued under the Company's stock option plan ("**Stock Option Plan**" or "**Option Plan**"), restricted share units ("**RSUs**") representing the right to receive 3,054,583 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 Company's RSU Plan and 170,875 deferred share units ("**DSUs**") representing the right to receive a cash payment issued under the Company's deferred share plan ("**DSU Plan**"), which have been granted to certain directors, officers and employees of the Company or of its foreign subsidiaries.

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 "**Parex Board of Directors**", the "**Board of Directors**" or 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 Parex Board of Directors 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 Parex Board of Directors 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, 2018.

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 Parex Board of Directors 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 resignation for the Parex Board of Directors' consideration. The Parex Board of Directors 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 Parex Board of Directors' 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. 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 Parex Board of Director deliberations on the resignation. The policy does not apply in circumstances involving contested director elections.

Director Retirement Policy

The Company's director retirement policy requires that each director, upon reaching the age of 70 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.

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 2014, 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.

Also see "*Matters to be Acted Upon at the Meeting – Confirmation of Amended By-law*" for a description of certain proposed amendments to the By-law.

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 Chief Executive Officer is required to acquire and hold Common Shares with a minimum aggregate market value of four times his base annual salary. The Chief Financial Officer is required to acquire and hold Common Shares with a minimum aggregate market value of three times his base annual salary. The named executive officers of the Company other than the Chief Executive Officer and Chief Financial Officer are required to acquire and hold Common Shares of the Company with a minimum aggregate market value of two times their base annual salary. The aggregate market values are based on the fair market value of the Common Shares at the time of purchase. 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, 2017, all of the independent directors and executive officers of the Company were in compliance with the policy.

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, 2017 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 ten (10) members and that ten (10) directors be elected to hold office until the next annual general meeting, or until their successors are elected or appointed. There are presently ten (10) directors of the Company.

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 ten (10) members, and in favour of the election as directors of the ten (10) nominees hereinafter set forth:

Curtis Bartlett
 Lisa Colnett
 Robert Engbloom, Q.C.
 Wayne Foo
 Bob (G.R.) MacDougall
 Glenn McNamara
 Ron Miller
 Carmen Sylvain
 David Taylor
 Paul Wright

The name, province and country of residence, and age of each 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, the period served as director and the principal occupation of each are set forth below.

<u>Name, Province and Country of Residence and Age</u>	<u>Offices Held and Time as Director or Officer⁽⁷⁾</u>	<u>Number of Common Shares Beneficially Owned or Controlled or Directed</u>	<u>Principal Occupation (for last 5 years)</u>
Curtis Bartlett ⁽⁴⁾ Alberta, Canada Age: 54	Director since September 29, 2009	1,933,585 ⁽⁵⁾	Co-founder and Partner at Lorem Partners, a private equity investment firm. Over 30 years of experience as an entrepreneur and manager, private equity and investment banker. Director of several private companies. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Name, Province and Country of Residence and Age	Offices Held and Time as Director or Officer⁽⁷⁾	Number of Common Shares Beneficially Owned or Controlled or Directed	Principal Occupation (for last 5 years)
Lisa Colnett ⁽²⁾⁽³⁾ Ontario, Canada Age: 60	Director since May 12, 2015	4,000	Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Fuel Corporation, an independent marketer of fuels across Canada and Detour Gold Corporation, a public intermediate gold mining company whose activities are in Northeastern Ontario. 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.
Robert Engbloom, Q.C. ⁽⁴⁾ Alberta, Canada Age: 68	Director since September 29, 2009	100,000	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 35 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.
Wayne Foo Alberta, Canada Age: 61	Director since August 28, 2009	1,658,740	Currently Chief Executive Officer of Parex since September 29, 2009. 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. Director of Pengrowth Energy Corporation.
Bob (G.R.) MacDougall ⁽²⁾⁽³⁾ Alberta, Canada Age: 54	Director since October 4, 2016	23,039	Currently a director of TransGlobe Energy Corporation, a public oil exploration and production company whose activities are in Egypt and Canada. 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 Operation Officer of Vermilion Energy Corporation from 2004 to 2012.
Glenn McNamara ⁽¹⁾⁽³⁾ Alberta, Canada Age: 65	Director since October 4, 2016	4,780	Currently the President and Chief Executive Officer of Heritage Royalty, a private fee title acreage owner company. 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.
Ron Miller ⁽¹⁾⁽²⁾ Alberta, Canada Age: 52	Director since September 29, 2009	1,244,675 ⁽⁶⁾	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. Member of the Institute of Corporate Directors having completed the Directors Education Program.

<u>Name, Province and Country of Residence and Age</u>	<u>Offices Held and Time as Director or Officer⁽⁷⁾</u>	<u>Number of Common Shares Beneficially Owned or Controlled or Directed</u>	<u>Principal Occupation (for last 5 years)</u>
Carmen Sylvain ⁽⁴⁾ Ontario, Canada Age: 57	Director since July 7, 2017	664	Currently strategic advisor to the QG100 business network. Diplomat and public servant with 30 years of combined experience in foreign affairs, international trade and investment as well as major event management. Strategic Advisor to the OMERS pension fund from 2012 to 2014. Ms Sylvain was Canada's Ambassador to Colombia from 2014 to 2016 and served in Global Affairs Canada as Assistant Deputy Minister for Strategic Planning and Policy where she led the development of a Foreign Policy Plan for Canada.
David Taylor Alberta, Canada Age: 61	Director since May 11, 2017, President since November 5, 2015 and CEO since May 11, 2017	455,500	Currently President of Parex since November 5, 2015 and CEO since May 10, 2017. 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 from August 2000 to July 2007 and Vice President, Exploration for Renaissance Energy from June 1998 to August 2000.
Paul Wright ⁽¹⁾⁽⁴⁾ Alberta, Canada Age: 58	Director since September 29, 2009	125,839	Currently works as a financial consultant and sits on the Board of Directors of one non-profit organization. Mr. Wright is a Chartered Professional Accountant, CA with over 30 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.

Notes:

- (1) Member of the Finance and Audit Committee.
- (2) Member of the Compensation and Human Resources Committee.
- (3) Member of the HSE and Reserves Committee.
- (4) Member of the Corporate Governance and Nominating Committee.
- (5) Includes 1,861,300 Common Shares which are held pursuant to trust arrangements by Auxilium Group Inc. ("**Auxilium**"). Mr. Bartlett is the President of Auxilium and in that capacity controls and directs the Common Shares held by Auxilium.
- (6) Includes (i) 1,203,100 Common Shares held by Walt Grace Holdings Limited, formerly AREAH Investments Limited ("**Walt Grace**"), which company is controlled by Mr. Miller's spouse and a trust, the beneficiaries of which are Mr. Miller's spouse and children and which trust is not controlled by Mr. Miller; and (ii) 41,575 Common Shares held by Mr. Miller personally. Mr. Miller is the President of Walt Grace and in that capacity controls and directs the Common Shares held by Walt Grace.
- (7) 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.

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 3, 2018, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 6,212,256 Common Shares constituting approximately 3.99% 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 "*Other Matters Related to the Meeting – Share Ownership Policy*" in this Information Circular.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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.

Confirmation of Amended By-law

On April 3, 2018, the Board passed a resolution amending the By-law and approving the Amended By-law No. 1 attached to this Information Circular as Appendix B (the "**Amended By-law**"), subject to confirmation of such Amended By-law by Shareholders. The amendments reflected in the Amended By-law are summarized below.

Advance Notice Provisions

The amendments were made in accordance with the latest guidance from the Toronto Stock Exchange and from leading independent proxy advisory firms. The By-law 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. The Amended By-law has: (a) in the case of an annual meeting, removed the 65 day maximum notification period; (b) included language that where "notice-and-access" is used for delivery of proxy-related materials, the nominating Shareholder has 40 days, prior to the date of the annual or special meeting, as applicable, to provide its notice to the Company; (c) removed the provision that restricted the notification period to that established for the original date of an annual meeting or special meeting of Shareholders in the event a meeting is adjourned or postponed and included language that in the event of an adjournment or postponement of an annual or special meeting of shareholders or any announcement thereof, a new time period shall commence for giving of timely notice; (d) removed language suggesting that Parex has the ability to request additional disclosure that goes beyond that necessary to determine director nominee qualifications, relevant experience, shareholding or voting interest in Parex

in the same manner as would be required and disclosed for management nominees; and (e) included a requirement that a nominating Shareholder and any individual nominated by the nominating Shareholder will be required to comply with applicable laws.

Confirmation and Approval of Amended By-law by Shareholders

In accordance with the ABCA, the Amended By-law is in effect until it is confirmed, confirmed as amended, or rejected by Shareholders at the Meeting, and if confirmed, or confirmed as amended, the Amended By-law will continue in effect in the form in which it is so confirmed. If Shareholders reject the confirmation of the Amended By-law at the Meeting, it will thereafter cease to have effect. For greater certainty, if the Amended By-law is not confirmed at the Meeting, the Company's previous By-law will continue in effect, unamended.

Accordingly, at the Meeting, the following ordinary resolution (the "**Amended By-law Resolution**") will be presented:

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

1. Amended By-law No. 1, in the form attached as Appendix B to this Information Circular, is hereby adopted and confirmed as a by-law of the Company;
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. 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 Amended By-law 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 Amended By-law Resolution.**

Approval of Shareholder Rights Plan

General

On September 29, 2009, Parex adopted a shareholder protection rights plan, which was confirmed by Shareholders on October 30, 2009 and subsequently reconfirmed by Shareholders on May 23, 2012. On May 12, 2015, Shareholders approved an amended and restated shareholder protection rights plan for Parex (the "**Existing Rights Plan**"). At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution approving certain amendments to the Existing Rights Plan described below under "*Proposed Amendments*" and to confirm and approve the amended and restated shareholder protection rights plan of the Company (the "**Amended Rights Plan**"), a blacklined copy of which is attached to this Information Circular as Appendix C. If the Amended Rights Plan is approved at the Meeting, such Amended Rights Plan will be effective until the close of business of the annual general meeting of shareholders of Parex held in 2021, unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms. If the Amended Rights Plan is not approved at the Meeting, the Existing Rights Plan will expire at the close of business on the date of the Meeting (unless it is earlier terminated in accordance with its terms).

Proposed Amendments

The proposed amendments to the Existing Rights Plan are intended to conform the plan to amendments that were made to the securities legislation governing take-over bids in Canada in May 2016, and to make other amendments of a housekeeping nature. Effective May 9, 2016, the Canadian Securities Administrators amended National Instrument 62-104 – *Take-Over Bids and Issuer Bids* and National Policy 62-203 – *Take-Over Bids and Issuer Bids* (together, the "**Legislative Amendments**") to, among other amendments, extend the minimum period a take-over bid must remain open for deposits of securities thereunder to 105 days (from 35 days), with the ability of the target issuer to voluntarily reduce the period to not less than 35 days. Consistent with such amendments, the Amended Rights Plan encourages a potential acquiror to proceed with its bid in accordance with Canadian take-over bid rules by way of requiring that the bid satisfy certain minimum standards intended to promote fairness, or has the approval of the Board and by:

- preventing "creeping bids" (the accumulation of 20% or more of the Common Shares through purchases exempt from Canadian take-over bid rules); and
- preventing a potential acquiror from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Amended Rights Plan.

In particular, the Amended Rights Plan includes, but is not limited to, the following proposed amendments:

- amending the definition of Permitted Bid to require the applicable take-over bid to be outstanding for a minimum period of 105 days or such shorter period that a take-over bid must remain open for deposits of securities, in the applicable circumstances, to align with the Legislative Amendments;
- amending the definition of exempt acquisition to clarify that certain transactions, statutory or otherwise, that are approved by the shareholders and the Board qualify as an exempt acquisition; and
- certain additional conforming, technical and administrative amendments, including, but not limited to, to align the definition of a "Competing Permitted Bid" to the minimum number of days required by the Legislative Amendments, to update the rights agent to Computershare Trust Company of Canada, and to clarify the definition of "close of business".

A blacklined copy of the Amended Rights Plan showing each of above proposed amendments and certain other administrative amendments is attached to this Information Circular as Appendix C.

Summary of Amended Rights Plan

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

Objectives of the Amended Rights Plan

The fundamental objectives of the Amended Rights Plan are to provide adequate time for Parex' directors and shareholders to assess an unsolicited take-over bid for Parex, to provide the directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid.

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

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

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

Issue of Rights

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

Acquiring Person

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

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

Lock-Up Agreements

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

Rights Exercise Privilege

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

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

Impact Once Amended Rights Plan is Triggered

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

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

Certificates and Transferability

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

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

Permitted Bids

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

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

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

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

Waiver and Redemption

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

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

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

Supplement and Amendments

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

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

Approval Required

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

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

1. the Amended Rights Plan, on the terms described in the accompanying Information Circular, be and the same is hereby confirmed and approved until the termination of the annual general meeting of the shareholders of the Company held in 2021, unless at such meeting shareholders have reconfirmed the Amended Rights Plan for an additional period of time, and the Company is authorized to continue to issue Rights pursuant thereto;
2. any one director or officer of the Company be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and

3. notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting on such resolution.

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

Shareholder Advisory Vote on Executive Compensation

The Board believes that Shareholders should have the opportunity to receive information to assist them in understanding the objectives, philosophy and principles used in its approach to executive compensation and to provide feedback to the Board on such matters. As such, the Board determined to include a shareholder advisory vote (the "**Say on Pay Vote**") on executive compensation at the Company's annual general meetings of shareholders, beginning with the Company's annual 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 and special meeting of Shareholders held in 2017, Shareholders voted 96.76% in favour of the Company's approach to executive compensation described in the Company's management information circular dated April 3, 2017.

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 centered 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 2019. 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 3, 2018."

Unless otherwise directed, it is the intention of management to vote proxies in favor of the Say on Pay Resolution.

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, 2017, an electronic copy of which is available on the internet on the Company's SEDAR profile at www.sedar.com.

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.

EXECUTIVE COMPENSATION LETTER TO SHAREHOLDERS

Dear Fellow Parex Shareholders:

At the last annual general meeting, the Company held its second Say on Pay vote, providing shareholders with an opportunity to express their views on Parex' executive compensation program. On behalf of the Board of Directors and the other members of the Compensation and Human Resources Committee ("**C&HR Committee**"), we appreciate the endorsement of our approach. Thank you for your support with 97% of shareholders voting "For" the Company's approach to executive compensation.

We want to ensure that total compensation elements are rewarding the appropriate behaviors and business outcomes that support our long-term strategy and shareholder interests. 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 2017. Stewardship and oversight of executive compensation is an important Board responsibility.

Compensation Discussion: Our Philosophy and Key Objectives

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. At the recommendation of the C&HR Committee, the Board approved an executive compensation program, based on the following 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.

2017 Business Results: How Did We Perform?

The global oil and gas industry continues to remain complex and volatile. Despite this, Parex continued to demonstrate exceptional operational execution and top quartile share price performance against our peers in 2017. On a year over year basis the Company increased oil production, oil reserves and working capital. Parex' total shareholder return was 7% compared to the negative 11% average for the TSX Capped Energy Index ("**TSX Energy**"). Our 2017 performance represented the 5th consecutive year of surpassing the TSX Energy. In fact, successful execution of our long-term strategy over a five-year period has generated a total shareholder return of 213% versus a negative 10% for TSX Energy. We believe that our sustained strong share price performance in 2017 compared to that of our peers reflected the following:

- **Production Growth:** In 2017 production per debt adjusted share grew by 21%;
- **Reserves Growth:** Our proved plus probable reserves increased by 45% from 112 million barrels of oil equivalent ("mmboe") as at December 31, 2016 to 162 mmboe (99% crude oil) as at December 31, 2017;
- **Self - Funded:** This growth in reserves and production was achieved within our internally generated funds flow from operations. 2017 Funds flow from operations was \$280 million and capital expenditures were \$212 million. The excess funds flow increased working capital which we can deploy in the future for additional growth opportunities and/or to buy back outstanding Common Shares;
- **Adding Value in a Low Oil Price Environment:** FD&A for the year based upon the GLJ Report was \$6.00/barrels of oil equivalent ("boe") for proved reserves and \$4.71/boe for proved plus probable reserves including FDC; which combined with the fourth quarter 2017 funds flow from operations of \$26.39/boe, generated a recycle ratio of 5.6 times on a proved plus probable basis. On a three-year basis in a lower oil price environment our FD&A for proved reserves was \$5.62/boe and \$4.08/boe for proved plus probable reserves;
- **Balance Sheet:** The Company exited 2017 with no bank debt and working capital of \$163 million. We continue to increase working capital to position the Company for future shareholder value; and
- **Corporate Social Responsibility:** We maintained a robust and impactful community social program in Colombia in our area of operations in 2017, investing approximately \$4.5 million on infrastructure and community development. These programs allow us to demonstrate the mutual benefits Parex can provide to multiple stakeholders.

Please see our December 31, 2017 Management's Discussion and Analysis and the audited consolidated financial statements for the years ended December 31, 2017 and 2016 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 the market and with the executive's scope of responsibilities. Salary increases were awarded to David Taylor, Eric Furlan and Ryan Fowler effective May 1, 2017 to recognize their promotions, which promotions were important components of the board and management succession events described in this Information Circular.

Annual Incentive Plan

For short term incentive compensation for 2017, 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 2018 the C&HR Committee reviewed the 2017 corporate scorecard results against the pre-determined components as summarized below:

Annual Incentive Plan Components	Weight	Highlights	Score
Cost & Margin Optimization	20%	Reduced field costs & decreased price differentials.	26%
Asset Optimization	30%	Oil & Natural Gas reserves additions and recycle ratios exceeding targets.	45%
Base Operations & Safety	25%	HS&E initiatives & production goals.	28%
Project Milestones	25%	Accomplished specific capital and HS&E projects.	29%
	100%		128%

As the executive team and staff delivered excellent operational and financial performance, the corporate component of Parex' bonus plan realized a 128% 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 commencing operations at the Capachos and DeMares blocks.

The individual component of the 2017 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 goals.

Long-term Incentives

The structure of our long-term incentive plans has evolved with the growth of Parex and along with industry best practices. We believe that Options will remain a component of long-term incentives but with reduced emphasis, narrower participation and therefore less potential shareholder dilution. Along with RSUs, we have incorporated performance-based RSUs which provide a performance multiplier on the base grant of 0-2 times depending upon corporate performance versus a defined peer group over a 3-year cliff vesting period. Please see details of the PSU relative and operational performance measures in "*Statement of Executive Compensation – Long-Term Incentives – RSUs and PSUs*" in this Information Circular. We believe these measures are aligned with generating long term shareholder value. Our 2018 long-term incentive grant value for Executives is comprised of 25% Options, 25% RSUs and 50% PSUs. The Board views the incorporation of PSUs, and the increase in the PSU component from 15% in 2017, as providing increased alignment to shareholders and to be a significant enhancement to the long-term incentive program.

For 2017, at-risk compensation (annual bonus and long-term incentives) for executives represented 72 to 82% of total compensation, consistent with the significant pay for performance weighting of the compensation program.

For 2017 our total equity compensation issuance (Options, RSUs and PSUs) as a ratio of the average weighted outstanding Common Shares was 0.91% (routinely referred to as the "**burn rate**"). The burn rate has been steadily reduced for the past four years, while at the same time continuing to motivate and retain our executives and employees and maintaining reasonable cash costs. When reviewing the structure of the long-term incentives and issuance of stock based compensation please note that there are no other long-term compensation plans in place. Parex does not provide a savings plan, pension plan or other share award incentive plan.

We anticipate that our approach to executive compensation will evolve over time as we continually strive to match best practices for incentivizing management with our shareholders' best interests.

Executive Promotions

An important part of the C&HR Committees' mandate is the regular review of management succession planning and executive development. In 2018 the Board approved the promotion of Eric Furlan to Chief Operating Officer. Please see "*Statement of Executive Compensation - Changes to Executive Compensation*" in this Information Circular.

Conclusion

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. To that end we would be pleased to receive feedback from you and to answer in person any questions you may have at the Meeting.

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

(signed) "*Lisa Colnett*"

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company was incorporated in August 2009 and in September 2009 C&HR Committee reviewed all aspects of compensation to be provided to the Company's executive officers, including the 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 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, incentive bonus, PSUs, RSUs and Options. PSUs are granted under the 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 PSUs, RSUs 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 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 a significant 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 is reviewed annually by the C&HR Committee for its ongoing business relevance to Parex. For 2017, the peer comparator group of eighteen companies that were good comparisons to Parex' current and growth plan metrics were Advantage Oil & Gas Inc., Bellatrix Exploration Ltd., Birchcliff Energy Ltd., Bonavista Energy Corp., Canacol Energy Ltd., Crew Energy Inc., Enerplus Corp., Gran Tierra Energy Inc., NuVista Energy Ltd., Obsidian Energy Ltd., Paramount Resources Ltd., Pengrowth Energy Corp., Peyto Exploration & Development Corp., Raging River Exploration Inc., TransGlobe Energy Corporation, Trilogy Energy Corp., Vermilion Energy Inc. and Whitecap Resources 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 2017 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 interest of Parex and its shareholders while accepting an appropriate level of risk consistent with the Company's business plan as determined by the Parex Board of Directors. 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 Parex Board of Directors. 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 PSU, RSU and Option grants are at the discretion of the Parex Board of Directors from year to year. As well, 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 "*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 RSU Plan are designed to motivate long term performance, as Options and RSUs have a term of at least a five year period and vest over a three year period. PSUs have a three year cliff vesting period. These factors encourage long term sustainable share price appreciation;
- recommendations for annual PSU, RSU and Option grants are reviewed by the C&HR Committee for recommendation to the Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors;
- 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.

The C&HR Committee did not identify any risks associated with Parex' compensation policies and practices for the year ended December 31, 2017 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, RSUs and PSUs).

Position	Fixed Compensation Base Salary (% of Total Compensation)	At-Risk Compensation Incentive Bonus/Long-Term Incentives (% of Total Compensation)
Executives	18% - 29%	72% - 82%

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 objectives, and are reviewed annually. The results of compensation studies carried out for the Company by Lane Caputo in 2016 indicated that based on competitive market data, a salary increase for the CFO was warranted. The salary increase recommended by the C&HR Committee and approved by the Board for the CFO was effective January 1, 2017. The studies had also indicated that the salaries for other executive positions as the time were generally competitive with market data, and that salary increases for those positions were not required for 2017.

In May 2017, the C&HR Committee recommended and the Board approved salary increases consistent with the promotions of certain Executives to the positions of President & CEO, Senior Vice President Engineering, and Senior Vice President Exploration & Business Development. The salary increases were effective May 1, 2017.

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 & CEO is approved by the Parex Board of Directors, upon the recommendation of the C&HR Committee. The base salary level for all other Executives is recommended by the President & 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 70% of base salary for the President & CEO and 60% of base salary for the Company's other Executives, including for the President of Parex Colombia. The C&HR Committee recommended and Parex Board of Directors approved an increase in the target annual incentive bonus for the President & CEO to 90% of base salary for 2018. See "*Statement of Executive Compensation – Changes to Executive Compensation*" in this Information Circular.

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 Parex Board of Directors 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 & CEO ⁽²⁾	75% / 25%	70%	50%	150%
Chief Financial Officer	75% / 25%	60%	50%	150%
Senior Vice President Engineering ⁽³⁾	75% / 25%	60%	50%	150%
Senior Vice President Exploration & Business Development	75% / 25%	60%	50%	150%
President Parex Colombia	75% / 25%	60%	50%	150%

Notes:

- (1) As at December 31, 2017
- (2) The Parex Board of Directors approved an increase in the bonus target for the President & CEO to 90% of annual base salary, effective January 1, 2018.
- (3) Mr. Furlan was promoted to Chief Operating Officer in February 2018.

The Parex Board of Directors approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2017 were approved in early 2017 for each of the performance areas. These goals are determined by the Parex Board of Directors to be key performance requirements for the Company, and included cost management and margin optimization, asset optimization, safety initiatives and other milestones for 2017. In 2017 the achievement level of 128% was based on corporate performance, as described in the Annual Incentive Plan table under "*Executive Compensation Letter to Shareholders*".

The President & CEO evaluates the performance of each Executive (other than the President & CEO). Based on the Executive's achievement of performance goals, the President & 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 & CEO and recommends the incentive bonus level for all Executives to the Parex Board of Directors 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 Parex Board of Directors 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 2017, these incentives were provided in the form of Options, RSUs and 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 2017, the value of the long term incentives awarded to Executives was allocated as to 54% Options, 31% RSUs and 15% PSUs.

In March 2017, the Board approved the C&HR Committee's long term incentives recommendation, based on Lane Caputo's review of market practice to change the timing of annual long term incentive grants to the first quarter of the year, starting in 2017. This recommendation was made to align the timing of Board approval for annual long term incentive grants with Board approval for potential salary changes and annual performance bonuses. Options, RSUs and PSUs were awarded to the Executives, and RSUs to all qualifying employees, on March 9, 2017.

The number of Options, RSUs and PSUs are determined based on grant date fair value (see "*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 Stock Option Plan provides 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.

The RSU Plan provides for the issuance of RSUs and PSUs to a maximum of 4.0% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding RSUs and PSUs 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.

Options

The Stock Option Plan is administered by the Parex Board of Directors or a committee thereof. For a summary of the Stock Option Plan see "*Statement of Executive Compensation - Stock Option Plan*" in this Information Circular. Under the Stock Option Plan, grants to Executives other than the President & CEO are recommended by the President & CEO, reviewed by the C&HR Committee and approved by the Parex Board of Directors. The Parex Board of Directors approves Option grants for the President & CEO, upon the recommendation of the C&HR Committee. As of the date hereof, Options to purchase an aggregate of 5,171,883 Common Shares are issued and outstanding.

Under the Stock Option Plan, the exercise price of each Option is to be determined at the discretion of the Parex Board of Directors at the time of the granting of the Option, as are the term and vesting policies, 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 Parex Board of Directors, 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 Stock Option Plan.

RSUs and PSUs

The RSU Plan is administered by the Parex Board of Directors or a committee thereof. For a summary of the RSU Plan see "*Statement of Executive Compensation – RSU Plan*" in this Information Circular. Under the RSU Plan, grants of RSUs and PSUs to Executives other than the President & CEO are recommended by the President & CEO, reviewed by the C&HR Committee and approved by the Parex Board of Directors. The Parex Board of Directors approves RSU and PSU grants for the President & CEO, upon the recommendation of the C&HR Committee. As of the date hereof, 3,054,583 RSUs and 320,500 PSUs are issued and outstanding exercisable for an aggregate of 3,375,083 Common Shares. Any grant of RSUs and PSUs is subject to the restrictions of the RSU Plan.

PSUs provide a performance multiplier on the base grant of 0 - 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 2017 PSU grant, 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 Energy index, excluding oil sands, royalty and service companies. TSR will be calculated using the volume weighted daily average over the three year period.

- *Production per 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 Energy index, excluding oil sands companies. 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 proved developing producing 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 PSU grant include 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.

Compensation Governance

Compensation & Human Resources Committee

The C&HR Committee of the Parex Board of Directors is responsible for reviewing all aspects of compensation to be provided to the Company's executive officers and make recommendations to the Parex Board consistent with this mandate. The members of the C&HR Committee are Lisa Colnett, Bob MacDougall and Ron Miller. Following the Meeting it is expected that these same three Directors will form the C&HR Committee. The skills and experience that enable the 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 and Experience Relevant to C&HR Committee
Lisa Colnett Chairperson	Yes	Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Fuel Corporation, an independent marketer of fuels across Canada. Also a Director and Chair of the Human Resources and Compensation Committee at Detour Gold Corporation. 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, 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	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.
Bob (G.R.) MacDougall	Yes	Mr. MacDougall is currently a director of TransGlobe Energy Corporation, a public oil exploration and production company whose activities are in Egypt and Canada. 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 Operation Officer of Vermilion Energy Corporation from 2004 to 2012.

Mandate of the C&HR Committee

The C&HR Committee of the Parex Board of Directors is responsible for oversight of the Company's executive appointments; succession planning; compensation; human resources; Stock Option Plan, 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 Parex Board of Directors:
 - (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 cash compensation consisting of salary and bonuses, and the number of new Options, and RSUs;
5. reviewing annually the adequacy of directors' compensation to ensure it reflects the responsibilities and risks of membership on the Parex Board of Directors 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; and
7. recommending to the Parex Board of Directors approval of the terms of the Stock Option Plan, RSU Plan and DSU Plan of the Company and any amendments thereto and approval of corporate performance measures and targets used to calculate Stock Option Plan, RSU Plan and DSU Plan annual grants and other compensation plans.

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 & CEO role. The Board reviews the succession plan for the President & CEO as well as for other management positions at least once per year, including the annual Board strategic planning meeting. In 2017, succession planning for the President & CEO and for other management positions was reviewed at the Board's strategic planning meeting held on October 3 and 4, 2017. At such time, the Board was satisfied that appropriate succession plans were in place for the President & CEO and for other management positions.

Compensation Consultants

In each of 2016 and 2017, the C&HR Committee retained Lane Caputo to review and recommend Executive and independent director compensation against the Company's peer group of companies. In 2016, the Committee also retained Lane Caputo to recommend a re-design of the Company's long term incentives programs, including the treatment of long term incentives upon retirement, to ensure alignment with the Company's business strategy and competitive practices. See "*Statement of Executive Compensation – Changes to Executive Compensation*" and "*Statement of Executive Compensation – Director Compensation*".

Consultant	Date Retained	Mandate	Executive Compensation-Related Fees (includes GST)
Lane Caputo	August 15, 2017	Review of and recommendations for Executive and Independent Director compensation for Parex against the Company's peer group of companies.	\$47,226
Lane Caputo	October 14, 2016	Update 2015 review of and recommendations for Executive, Vice President and independent director compensation for Parex against the Company's peer group of companies.	\$10,962
Lane Caputo	July 11, 2016	Recommend a re-design of the Company's long term incentive programs to ensure alignment with the Company's business strategy and competitive practices.	\$38,614
Lane Caputo	June 13, 2016	Recommend treatment of long term incentives upon retirement.	\$4,812
Lane Caputo	January 4, 2016	Prepare final recommendations for 2016 Executive compensation and recommendations for metrics for performance vested long term incentives.	\$7,312

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 behaviors 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, Chief Executive Officer, Chief Financial Officer and Vice President, Corporate Services 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 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, pertaining to directors and officers.

Pursuant to the Company's Securities 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.

Notwithstanding these prohibitions, directors and officers of the Company may 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.

Changes to Executive Compensation

The C&HR Committee retained Lane Caputo on August 15, 2017 to conduct a review of and recommendations for executive and independent director compensation against an updated peer group of companies.

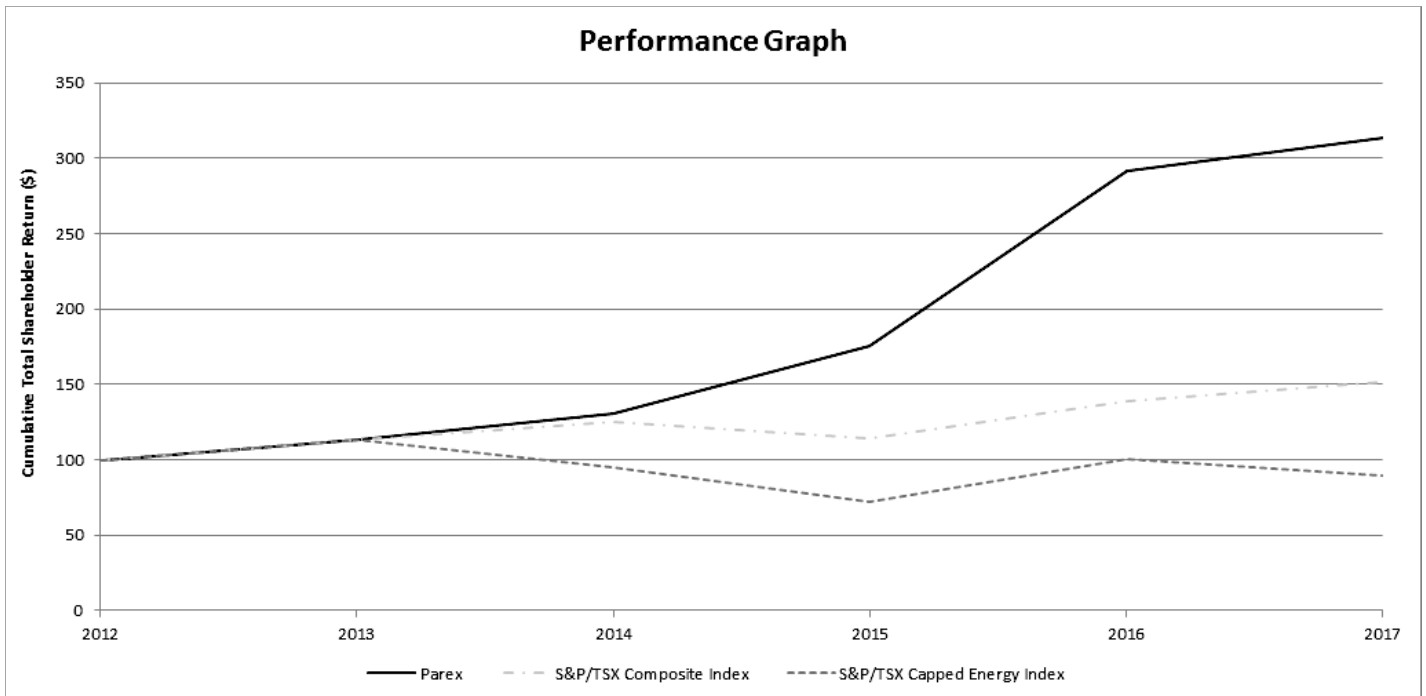
Using the results of the Lane Caputo report in February 2018 the C&HR Committee recommended and the Board approved a base salary increase for the President & CEO, effective January 1, 2018. The new salary positioned the President & CEO appropriately at the 50th salary percentile for this position in the peer group. As per Lane Caputo's recommendation, the Board also approved an increase in the bonus target for the President & CEO, from 70% to 90% of annual base salary effective January 1, 2018. Also based on the results of the Lane Caputo report, in February 2018 the C&HR Committee recommended and the Board approved a salary increase for Mr. Furlan upon his promotion to Chief Operating Officer. The salary increase was effective January 1, 2018.

No other Executive salary increases were awarded for 2018, as comparator and market analysis indicated that the other Executives' salaries were positioned appropriately against salary data in the Company's peer group for similar positions.

The C&HR Committee recommended and the Board approved 2018 annual long term incentive awards to Executives and employees with a grant date of February 7, 2018. The grants to Executives included PSUs as well as Options and RSUs. PSUs represented 50% of the 2018 grant of long term incentives, compared to 15% of the 2017 annual grant, reflecting the intent to have a considerable portion of Executive compensation based on corporate performance-based equity grants. The reduced emphasis on Options as a component of long term incentive compensation (which started three years ago) has continued with the 2018 annual grant. The 2018 annual long term incentive grants to all Executives and employees represents a burn rate of 0.60%, calculated by dividing the total grant amount by the weighted average number of outstanding Common Shares of the Company for the fiscal year ending December 31, 2017. This reduced burn rate compared to previous years reflects the Company's undertaking to significantly reduce the number of outstanding Common Shares that may be used for equity-based long term incentives grants. The Board approved in March 2017 a reduction in the maximum number of Common Shares issuable pursuant to all equity-based compensation arrangements from 10.0% to 9.0% of the Common Shares outstanding from time to time. The Company's intent is to reduce this limit further to 7.0% by 2019. This would be a total reduction to the limit of 30%. See "*Statement of Executive Compensation - Long Term Incentives*".

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, 2012 to December 31, 2017. 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.



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Parex	100	113	131	175	291	313
S&P/TSX Composite Index	100	113	125	115	139	151
S&P/TSX Capped Energy Index	100	113	95	72	100	90

If \$100 was invested in the Commons Shares on December 31, 2012, it would have resulted in a cumulative shareholder return of 213% on December 31, 2017. 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 51%, and the same amount invested in the S&P/TSX Capped Energy Index would have resulted in a cumulative shareholder return of minus 10%.

From December 31, 2012 to December 31, 2017 the total compensation awarded to the three Parex NEO's who were NEO's for this full time period, as reported in the NEO Summary Compensation Table in this document, increased by 177%. Mr. Foo ceased to be a full time NEO when he retired as an employee effective May 10, 2017. The other two NEOs included in the NEO summary compensation table in this Information Circular became NEOs in 2017.

The increase in NEO total compensation has been largely due to the significant increase from 2012 to 2017 of the increase in the price of the Common Shares of the Company, which reflected the Company's excellent performance and production per share growth in the period 2012 to 2017. Thus the increase in NEO total compensation is aligned with the increase in shareholder value. The increase in NEO total compensation has also been due to a lesser extent to the promotions of Mr. Taylor to President in 2015 and to President & CEO in 2017.

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⁾	Option-based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$)	All other compensation ⁽⁶⁾ (\$)	Total compensation ⁽⁷⁾ (\$)
					Annual incentive plans ⁽⁵⁾		
David Taylor President & CEO	2015	307,499 ⁽⁸⁾	655,800	492,000	319,125	72,247	1,846,641
	2016	370,000	782,500	414,900	273,615	57,634	1,898,649
	2017	400,000	1,032,645	424,500	374,640	57,245	2,289,030
Kenneth Pinsky Chief Financial Officer and Corporate Secretary	2015	290,000	655,800	492,000	245,775	55,988	1,739,563
	2016	325,000	626,000	368,800	232,538	56,384	1,608,722
	2017	340,000	768,480	311,300	262,752	57,245	1,739,777
Eric Furlan ⁽⁹⁾ Senior Vice President Engineering	2015	237,000	360,690	270,600	168,863	49,392	1,086,545
	2016	250,000	391,250	230,500	159,375	44,241	1,075,366
	2017	285,000	480,300	192,440	224,523	49,302	1,231,565
Ryan Fowler Senior Vice President Exploration and Business Development	2015	225,000	360,690	270,600	165,938	45,180	1,067,408
	2016	250,000	391,250	230,500	156,875	44,241	1,072,866
	2017	285,000	480,300	192,440	213,408	49,302	1,220,450
Lee DiStefano ⁽¹⁰⁾ President Parex Colombia	2015	366,987	360,690	270,600	264,545	183,493	1,446,315
	2016	397,440	352,125	207,450	244,426	198,720	1,400,161
	2017	389,580	480,300	192,440	301,067	194,790	1,558,177
Wayne Foo ⁽¹¹⁾ Former Chief Executive Officer	2015	370,000	929,050	697,000	378,788	70,622	2,445,460
	2016	450,000	1,017,250	576,250	403,988	57,634	2,505,122
	2017	168,750 ⁽¹²⁾	528,330	226,400	151,267	238,825 ⁽¹³⁾	1,313,572

Notes:

- (1) The Company does not provide long-term non-equity incentive plan or pension plan compensation.
- (2) As per the prescribed requirements for the NEO Summary Compensation Table, PSUs have been combined with RSUs as share-based awards for 2017, the first year that PSUs were granted to Executives. Although the grant date fair values are the same for PSUs and RSUs, the grant date fair value calculations are shown separately in Note (3) below for RSUs and PSUs. RSUs and PSUs are shown separately in tables that follow the NEO Summary Compensation Table in this Information Circular.
- (3) 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.

	RSU Grant Date		
	November 9, 2015	November 14, 2016	March 9, 2017
Grant date fair value per RSU	\$10.93	\$15.65	\$16.01

	PSU Grant Date
	March 9, 2017
Grant date fair value per PSU	\$16.01

- (4) 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:

Assumption	Option Grant Date		
	November 9, 2015	November 14, 2016	March 9, 2017
Expected life of Options	4.0 years	4.0 years	4.0 years
Risk-free interest rate	0.77%	0.53%	1.11%
Expected volatility	47.5%	42%	43.75%
Expected dividend yield	0%	0%	0%
Grant date fair value per Option	\$4.10	\$4.61	5.66

- (5) Incentive plan bonuses for 2015 were paid in February 2016. Incentive plan bonuses for 2016 were paid in February 2017. Incentive plan bonuses for 2017 were paid in February 2018.
- (6) All other compensation for Messrs. Taylor, Pinsky, Furlan, and Fowler include the value of paid parking and benefits payments equal to 15% of the officer's base salary, capped at \$50,000 per year, and foreign travel premium. The foreign travel premium was based on the actual amount of international business trips outside of Canada and the United States conducted each year by the NEO and was only paid if a certain minimum threshold of number of days was reached each year. The foreign travel premium policy was discontinued by the Company effective January 1, 2016. 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.
- (7) Total compensation equals salary plus all other cash compensation and perquisites and the grant date fair value of option and share based awards.
- (8) Reflects salary of \$295,000 from January 1 to October 31, 2015 and salary increase to \$370,000 effective November 1, 2015.
- (9) Mr. Furlan was promoted to Chief Operating Officer in February 2018. See "*Statement of Executive Compensation – Changes to Executive Compensation*" in this Information Circular.
- (10) Mr. DiStefano's salary, annual incentive plan and all other cash compensation and perquisites are paid in USD\$ but for purposes of this table, they have been converted to CAN\$ using average foreign exchange rates for each year of employment of 1.2787 for 2015, 1.3248 for 2016 and 1.2986 for 2017.
- (11) Mr. Foo retired as CEO on May 10, 2017 and was appointed Chairman of the Board effective May 11, 2017.
- (12) Mr. Foo's annual salary for the year ended December 31, 2017 was \$450,000. Mr. Foo's salary in the above table was adjusted for the 4.5 months he acted as Chief Executive Officer of the Company in 2017.
- (13) Includes prorated amounts for benefits and parking to May 10, 2017, and effective May 11, 2017, Mr. Foo's director compensation consisting of \$65,375 in fees earned in 2017 and \$149,988 in share-based awards (8,875 DSUs granted on May 15, 2017 at a fair market value of \$16.90).

NEO Incentive Plan Awards

**Outstanding Option-based and Share-based awards
(as at December 31, 2017)**

Option-Based Awards

Name	Grant Date	Number of securities underlying unexercised Options (#)	Option exercise price (\$/Common Share)	Option expiration date	Value of unexercised in-the-money Options (\$) ⁽¹⁾
David Taylor	October 16, 2013	152,700	6.07	October 16, 2018	1,846,143
	November 10, 2014	100,000	10.23	November 10, 2019	793,000
	November 9, 2015	120,000	10.94	November 9, 2020	866,400
	November 14, 2016	90,000	15.66	November 14, 2021	225,000
	March 9, 2017	75,000	16.02	March 9, 2022	160,500
Kenneth Pinsky	October 16, 2013	237,000	6.07	October 16, 2018	2,865,330
	November 10, 2014	100,000	10.23	November 10, 2019	793,000
	November 9, 2015	120,000	10.94	November 9, 2020	866,400
	November 14, 2016	80,000	15.66	November 14, 2021	200,000
	March 9, 2017	55,000	16.02	March 9, 2022	117,700
Eric Furlan	October 16, 2013	91,350	6.07	October 16, 2018	1,104,422
	November 10, 2014	60,000	10.23	November 10, 2019	475,800
	November 9, 2015	66,000	10.94	November 9, 2020	476,520
	November 14, 2016	50,000	15.66	November 14, 2021	125,000
	March 9, 2017	34,000	16.02	March 9, 2022	72,760
Ryan Fowler	October 16, 2013	134,500	6.07	October 16, 2018	1,626,105
	November 10, 2014	60,000	10.23	November 10, 2019	475,800
	November 9, 2015	66,000	10.94	November 9, 2020	476,520
	November 14, 2016	50,000	15.66	November 14, 2021	125,000
	March 9, 2017	34,000	16.02	March 9, 2022	72,760
Lee DiStefano	October 16, 2013	222,000	6.07	October 16, 2018	2,683,980
	November 10, 2014	60,000	10.23	November 10, 2019	475,800
	November 9, 2015	66,000	10.94	November 9, 2020	476,520
	November 14, 2016	45,000	15.66	November 14, 2021	112,500
	March 9, 2017	34,000	16.02	March 9, 2022	72,760
Wayne Foo	October 16, 2013	167,800	6.07	October 16, 2018	2,028,702
	November 10, 2014	150,000	10.23	November 10, 2019	1,189,500
	November 9, 2015	170,000	10.94	November 9, 2020	1,227,400
	November 14, 2016	125,000	15.66	November 14, 2021	312,500
	March 9, 2017	40,000	16.02	March 9, 2022	85,600

Note:

- (1) Based on the difference between the market price of the Common Shares at December 29, 2017 of \$18.16 and the exercise price of the Options.

Share-Based Awards

Name	Grant Date	Number of shares or units of 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	October 16, 2013	Nil	-	Nil	-	99,825	-
	November 10, 2014	Nil	-	Nil	-	635,250	-
	November 9, 2015	20,000	-	363,000	-	726,000	-
	November 14, 2016	33,334	-	605,012	-	302,488	-
	March 9, 2017	43,000	21,500	780,450	390,225	Nil	Nil
Kenneth Pinsky	October 16, 2013	Nil	-	Nil	-	Nil	-
	November 10, 2014	Nil	-	Nil	-	400,934	-
	November 9, 2015	20,000	-	363,000	-	726,000	-
	November 14, 2016	26,667	-	484,006	-	241,994	-
	March 9, 2017	32,000	16,000	580,800	290,400	Nil	Nil
Eric Furlan	October 16, 2013	Nil	-	Nil	-	132,495	-
	November 10, 2014	Nil	-	Nil	-	363,000	-
	November 9, 2015	11,000	-	199,650	-	399,300	-
	November 14, 2016	16,667	-	302,506	-	151,244	-
	March 9, 2017	20,000	10,000	363,000	181,500	Nil	Nil
Ryan Fowler	October 16, 2013	Nil	-	Nil	-	132,495	-
	November 10, 2014	Nil	-	Nil	-	363,000	-
	November 9, 2015	11,000	-	199,650	-	399,300	-
	November 14, 2016	16,667	-	302,506	-	151,244	-
	March 9, 2017	20,000	10,000	363,000	181,500	Nil	Nil
Lee DiStefano	October 16, 2013	Nil	-	Nil	-	513,645	-
	November 10, 2014	Nil	-	Nil	-	363,000	-
	November 9, 2015	11,000	-	199,650	-	399,300	-
	November 14, 2016	15,000	-	272,250	-	136,125	-
	March 9, 2017	20,000	10,000	363,000	181,500	Nil	Nil
Wayne Foo	October 16, 2013	Nil	-	Nil	-	1,179,750	-
	November 10, 2014	Nil	-	Nil	-	907,500	-
	November 9, 2015	28,334	-	514,262	-	1,028,488	-
	November 14, 2016	43,334	-	786,512	-	393,238	-
	March 9, 2017	22,000	11,000	399,300	199,650	Nil	Nil

Notes:

- (1) Based on multiplying the market price of the Common Shares at December 29, 2017 of \$18.16 by the number of Common Shares issuable pursuant to RSUs and PSUs that were not vested as at December 29, 2017.
- (2) Based on multiplying the market price of the Common Shares at December 29, 2017 of \$18.16 by the number of Common Shares issuable pursuant to RSUs and PSUs that were vested but not exercised as at December 29, 2017.

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, 2017 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2017.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards Value vested during the year (\$) ⁽²⁾		Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\$)
		RSUs	PSUs	
David Taylor	571,372	848,729	-	374,640
Kenneth Pinsky	567,138	792,335	-	262,752
Eric Furlan	327,046	457,155	-	224,523
Ryan Fowler	327,046	457,155	-	213,408
Lee DiStefano	324,930	443,060	-	301,067 ⁽⁴⁾
Wayne Foo	829,344	1,171,923	-	151,267

Notes:

- (1) Based on multiplying the difference between the market price of the Common Shares 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 market price of the Common Shares on the vesting date by the number of RSUs and PSUs that vest on such date.
- (3) Incentive plan bonuses for 2017 were paid in February 2018.
- (4) Mr. DiStefano's non-equity incentive plan compensation is paid in USD\$ but for purposes of this table has been converted to CAN\$ using the average foreign exchange rate for 2017 of 1.2986.

Stock Option Plan

The Company has a "rolling" stock option plan reserving a maximum of 9.0% 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 9.0% of the Common Shares outstanding from time to time.

The purpose of the Stock 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 Stock 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 Stock Option Plan is administered by the Parex Board of Directors and the Parex Board of Directors may, subject to applicable law, delegate its powers to administer the Stock Option Plan to a committee of the Parex Board of Directors. Options may be granted at the discretion of the Parex Board of Directors, in such number that may be determined at the time of grant, subject to the limits set out in the Stock Option Plan.

Exercise Price

The exercise price of Options granted under the Stock Option Plan will be fixed by the Parex Board of Directors 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 Parex Board of Directors.

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 Stock Option Plan and all other share compensation arrangements of Parex is 9.0% 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 Stock 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 Stock Option Plan) pursuant to the Stock 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 Stock Option Plan, together with all other share compensation arrangements of Parex, within a 12-month period, must not exceed 9.0% of the outstanding issue of Common Shares;
4. the aggregate number of Common Shares reserved for issuance to Insiders pursuant to the Stock Option Plan, together with all other share compensation arrangements, at any time, must not exceed 9.0% of the issue of Common Shares;
5. the aggregate number of Common Shares reserved for issuance pursuant to the Stock Option Plan to any one participant employed to provide investor relations activities (as defined in the Stock 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 Stock 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 Stock Option Plan to any non-management director, after March 14, 2014, cannot exceed \$100,000 in any 12 month period.

Non-management directors were not granted any Options in 2015, 2016 or 2017.

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 Parex Board of Directors 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 Parex Board of Directors. In the absence of any determination by the Parex Board of Directors 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 Parex Board of Directors 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 Stock 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 (as defined below), 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 Chief Executive Officer 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 Stock 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 Parex Board of Directors, Options may provide that, whenever the Company's shareholders receive a Take-over Proposal (as defined in the Stock 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 Parex Board of Directors, provided that, if the Parex Board of Directors 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 Parex Board of Directors may resolve.

Voluntary Black-Out Periods

Pursuant to the Stock 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 Shares

Appropriate adjustments in the number of Common Shares subject to the Stock 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 Parex Board of Directors 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 Stock Option Plan by the Parex Board of Directors.

Amendments to Options

The Stock Option Plan provides that the Stock Option Plan and any Options granted pursuant to the Stock 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 Stock 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 Stock Option Plan or the Stock Option Plan maximum; (b) reduce the exercise price of any Option granted pursuant to the Stock 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 Stock Option Plan; (d) amend the Stock Option Plan to increase the entitlements of non-management directors under the Stock 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 Stock Option Plan; or (g) amend the amendment provisions in the Stock Option Plan.

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.

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.

Amendments to Option Plan

On March 7, 2017, the Parex Board of Directors 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 10.0% to 9.0%;
- 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 10.0% to 9.0% of the outstanding issue of Common Shares;
- 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 10.0% to 9.0% of the issue of Shares; and
- an amendment to provide for a definition of "Retirement" and to provide that 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 entered into by the optionee and the Company.

On April 3, 2017, the Parex Board of Directors approved an amendment to the Option Plan to provide that the Option 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 such provision in the Option Plan. Such amendment did not require Shareholder approval.

RSU Plan

On October 16, 2012, the Parex Board of Directors 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 Parex Board of Directors 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.

Description of the Plan

Purpose of the 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 Parex Board of Directors 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.

The Parex Board of Directors believes that RSUs align the interests of Service Providers with the interests of Shareholders, thereby creating a strong link between compensation and the long term corporate performance of Parex and the creation of Shareholder value. The Parex Board of Directors will not grant RSUs according to a prescribed formula or target. For RSUs, other than Performance RSUs, the Parex Board of Directors will take into account the individual's position, scope of responsibility, ability to affect Shareholder value, the individual's historic and recent performance, and the value of the proposed RSU grant in relation to other elements of the Services Provider's total compensation. When considering the grant of RSUs under the RSU Plan, the Parex Board of Directors will take into consideration the number of RSUs that were previously granted to the Service Provider and the number of Options held by the Service Provider.

Administration of the Plan

The Parex Board of Directors administers the RSU Plan. Among other things, the Parex Board of Directors has the authority to: (a) determine the individuals to whom RSUs may be granted; and (b) grant RSUs on such terms and conditions as it determines including, without limitation: the time or times at which RSUs may be granted; the time or times when each RSU shall vest and the term of each RSU; whether restrictions or limitations are to be imposed on the Common Shares issued pursuant to an RSU and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Parex Board of Directors may determine appropriate, in its sole discretion. In addition, the Parex Board of Directors 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 Parex Board of Directors may delegate to a committee (the "**Committee**") of the Parex Board of Directors all or any of the powers conferred on the Parex Board of Directors under the RSU Plan. The Parex Board of Directors 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. Since the RSU Plan was approved and implemented in 2012, RSU grants have been significantly smaller components of long-term incentive compensation than have Option grants.

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 Parex Board of Directors (the "**Grant Date**"). The number of RSUs to be offered to each Participant is determined by the Parex Board of Directors, or the Committee delegated by the Parex Board of Directors to do so. The Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors 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 Performance RSU, the Parex Board of Directors will assess the performance of Parex for the applicable period based upon the performance measures, as determined by the Parex Board of Directors. 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 Parex Board of Directors in its sole discretion having regard to the principal purposes of the RSU Plan and upon such assessment, the Parex Board of Directors 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 Performance RSU will be adjusted by multiplying the number of vested Performance RSUs 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 Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors 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 Performance RSUs, 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 Performance RSUs), the vesting date for such unvested Performance RSUs shall be deemed to be that vesting date, and the Payout Multiplier for such unvested Performance RSUs 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, 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 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 Chief Executive Officer 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 at any time (as defined below) (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 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 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 Parex Board of Directors may make such adjustments to the RSU Plan, to any RSUs and to any RSU agreements outstanding under the RSU Plan as the Parex Board of Directors 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 Parex Board of Directors (the "**Asset Sale Accelerated Vesting Date**"), provided that if the Parex Board of Directors 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 Parex Board of Directors may resolve. With respect to any unvested Performance RSUs, the Payout Multiplier in respect of such Performance RSUs shall be determined as of the Asset Sale Accelerated Vesting Date.

In addition, if approved by the Parex Board of Directors, 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 Parex Board of Directors (the "**Take-over Proposal Accelerated Vesting Date**"), provided that, if the Parex Board of Directors 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 Parex Board of Directors may resolve. With respect to any unvested Performance RSUs, the Payout Multiplier in respect of such Performance RSUs 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 Parex Board of Directors 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 Performance RSUs, 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 Parex Board of Directors, 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 Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors 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.

Amendments to RSU Plan in 2017

On March 7, 2017, the Parex Board of Directors approved the following amendments to the RSU Plan, which amendments did not require Shareholder approval:

- a reduction in the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements, from 10.0% to 9.0% of the Common Shares outstanding from time to time; and
- an amendment to provide for a definition of "Retirement" and to provide that if a Participant shall cease to be an officer of or be in the employ of, or other Service Provider (as defined below) to, any of the entities comprising the Parex Group as a result of the Participant's Retirement, 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 entered into by the Participant and the Company.

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 Corporation's equity incentive plans. 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	2015	2016	2017
Options	1.37%	0.90%	0.43%
RSUs	0.68%	0.46%	0.41%
PSUs ⁽²⁾⁽⁴⁾	N/A	N/A	0.07%
DSUs ⁽³⁾	0.05%	0.04%	N/A
Total	2.11%	1.40%	0.91%

Notes:

- (1) Numbers do not add precisely due to rounding.
- (2) Assuming a payout multiplier of one times.
- (3) DSUs became cash-settled only, effective March 7, 2017.
- (4) No PSUs were granted in 2015 and 2016.

Termination and Change of Control Benefits and Payments

The Company recognizes that its Executives are critical to Parex's ongoing business. It is therefore vital for the Company to retain the services of each Executive, support them in the event of employment interruption caused by a change in control of the Company, and to treat them in a fair and equitable manner. In prior years, the Company has accordingly entered into an employment agreement (the "**Employment Agreements**") with each of Mr. Taylor, Mr. Pinsky, Mr. Furlan, Mr. Fowler and Mr. DiStefano. In addition, the Company had entered into an employment agreement with Mr. Foo. Such agreement terminated on May 10, 2017 when he retired from his role of Chief Executive Officer. Mr. Foo received a pro-rated 2017 incentive plan bonus in February 2018 for his employment as Chief Executive Officer to May 10, 2017 (see "*NEO Summary Compensation Table*" in this Information Circular).

The Employment Agreements for Mr. Taylor, Mr. Pinsky, Mr. Furlan, Mr. Fowler and Mr. DiStefano 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, or upon resignation of employment by the Executive for good reason in the event of a 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 such a change of control as described above that results from an unsolicited offer in response to which the Parex Board of Directors 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.
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 for Messrs. Taylor, Pinsky, Furlan, Fowler and DiStefano, 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.

**Estimated Incremental Compensation on
Termination Without Cause, Resignation For Good Reason, or Upon a Change of Control
(based on hypothetical termination as at December 31, 2017)**

Compensation Components

Name	Severance Period (months)	Compensation Components						TOTAL
		2X Annual Base Salary	2X Average of Last 2 Incentive Bonus Payments⁽¹⁾	2X Annual Benefits	Options	RSUs⁽³⁾	PSUs⁽³⁾	
		(\$)	(\$)	(\$)	(\$)⁽²⁾	(\$)	(\$)	(\$)
David Taylor	24	800,000	648,255	100,000	Nil	Nil	Nil	1,548,255
Kenneth Pinsky	24	680,000	495,290	100,000	Nil	Nil	Nil	1,275,290
Eric Furlan	24	570,000	383,898	85,500	Nil	Nil	Nil	1,039,398
Ryan Fowler	24	570,000	370,283	85,500	Nil	Nil	Nil	1,025,783
Lee DiStefano ⁽⁴⁾	24	779,160	416,340	N/A	Nil	Nil	Nil	1,195,500

Notes:

- (1) The annual incentive plan bonuses for 2017 were not paid until February 2018, as previously disclosed in Note (4) to the NEO Summary Compensation Table. However, the 2017 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 NEO's incremental compensation should there have been a termination on December 31, 2017 due to termination without cause, resignation for good reason or a change of control
- (2) Pursuant to the Employment Agreements for Mr. Taylor, Mr. Pinsky, Mr. Furlan, Mr. Fowler and Mr. DiStefano, 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 Stock 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 Parex Board of Directors. Based on a hypothetical termination as at December 31, 2017 due to a change of control and based on the market value of Common Shares on December 29, 2017 of \$18.16, the incremental compensation from Options for Mr. Taylor would have been \$599,300, for Mr. Pinsky would have been \$539,833, for Mr. Furlan would have been \$314,935, for Mr. Fowler would have been \$314,935 and for Mr. DiStefano would have been \$306,600.
- (3) Pursuant to the Employment Agreements for Mr. Taylor, Mr. Pinsky, Mr. Furlan, Mr. Fowler and Mr. DiStefano, 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. 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, 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, 2017 due to a change of control and based on the market value of Common Shares on December 29, 2017 of \$18.16, the incremental compensation from RSUs for Mr. Taylor would have been \$1,748,462, for Mr. Pinsky would have been \$1,427,806, for Mr. Furlan would have been \$865,156, for Mr. Fowler would have been \$865,156 and for Mr. DiStefano would have been \$834,900. Based on a hypothetical termination as at December 31, 2017 due to a change of control and based on the market value of Common Shares on December 31, 2017 of \$18.16, and assuming a PSU payout multiplier approved by the Board of 1.0, the incremental compensation for Mr. Taylor would have been \$390,225, for Mr. Pinsky would have been \$290,400, for Mr. Furlan, Mr. Fowler and Mr. DiStefano would have been \$181,500.
- (4) Compensation for Mr. DiStefano is paid in USD\$ except for long-term incentive compensation which is paid in CAN\$. For the purposes of this table, the compensation to be paid in USD\$ has been converted to CAN\$ using the average foreign exchange rate of 1.2986 for 2017.

**Estimated Incremental Compensation
Upon a Triggering Change of Control
(based on hypothetical termination as at December 31, 2017)**

Compensation Components

Name	Severance Period (months)	2X Annual Base Salary (\$)	2X Average of Last 2 Incentive Bonus Payments ⁽¹⁾ (\$)	2X Annual Benefits (\$)	Options ⁽²⁾ (\$) ⁽²⁾	RSUs ⁽³⁾ (\$)	PSUs ⁽³⁾ (\$)	TOTAL (\$)
David Taylor	24	800,000	648,255	100,000	599,300	1,748,462	390,225	4,286,242
Kenneth Pinsky	24	680,000	495,290	100,000	539,835	1,427,806	290,400	3,533,331
Eric Furlan	24	570,000	383,898	85,500	314,935	865,156	181,500	2,400,989
Ryan Fowler	24	570,000	370,283	85,500	314,935	865,156	181,500	2,387,374
Lee DiStefano ⁽⁴⁾	24	779,160	416,340	N/A	306,600	834,900	181,500	2,518,500

Notes:

- (1) The annual incentive plan bonuses for 2017 were not paid until February 2018, as previously disclosed in Note (3) to the NEO Summary Compensation Table. However, the 2017 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 NEO's incremental compensation should there have been termination on December 31, 2017 due to a triggering change of control.
- (2) In accordance with the Stock 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 Parex Board of Directors. Options calculations are based on the market value of Common Shares at December 29, 2017 of \$18.16.
- (3) In accordance with the RSU Plan, in the event of a change in control of the Company, 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 and 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. RSU and PSU calculations are based on the market value of Common Shares at December 29, 2017 of \$18.16. PSU calculations also include an assumed payout multiplier approved by the Board of 1.0.
- (4) Compensation for Mr. DiStefano is paid in USD\$ except for long term incentive compensation which is paid in CAN\$. For the purpose of this table, the salary and bonus USD\$ amounts used in the calculation of estimated incremental compensation have been converted to CAN\$ using an average foreign exchange rate for 2017 of 1.2986, to result in a total estimated incremental compensation in CAN\$.

Director Compensation

General

The Board reviewed Lane Caputo's recommendation regarding the base retainer for directors in August 2015 and decided for the competitive reasons put forward by Lane Caputo to increase the annual base retainer for Board membership from \$25,000 to \$35,000 effective August 1, 2015.

The Board reviewed Lane Caputo's recommendation in November 2016 regarding a base retainer for a lead director. Effective May 11, 2017, the annual base retainer of \$20,000 was approved for the Lead Director.

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, on November 14, 2016 and on May 15, 2017.

Pursuant to Mr. McIntyre and Mr. Bechtold retiring from the Board on May 11, 2017 in advance of a DSU grant being issued to directors in 2017, the Board directed that special cash payments be awarded to Mr. McIntyre and Mr. Bechtold in the amounts of \$75,000 and \$56,000 respectively, less mandatory deductions. The cash payments recognized Mr. McIntyre's and Mr. Bechtold's services to the Company in 2017 prior to their retirements, and were based on pro-rated values of DSU grants awarded to the other directors on May 15, 2017.

The C&HR Committee retained Lane Caputo in August 2017 to conduct a review of, and to make recommendations for, Executive and independent director compensation against the Company's peer group of companies. As a result of this review, the Board approved in November 2017 changes to the peer group of companies, to ensure good comparisons to Parex' current and growth plan metrics. See "*Statement of Executive Compensation – Comparator Group*" in this Information Circular. Based on Lane Caputo's review of independent director compensation in Parex against the updated peer group, no further changes to independent director compensation were implemented in 2017.

The current directors compensation program is as follows, which is only available to directors who are not also NEOs:

1. Directors are entitled to the following annual retainers to be paid in cash in quarterly instalments:
 - (a) \$35,000 with respect to serving as a director;
 - (b) additional \$60,000 with respect to serving as the Chairman of the Parex Board of Directors;
 - (c) additional \$5,000 with respect to serving as the Vice-Chairman of the Parex Board of Directors (there was no director in this position during 2017);
 - (d) additional \$20,000 with respect to serving as the Lead Director of the Parex Board of Directors;
 - (e) \$5,000 with respect to each standing committee of the Parex Board of Directors on which they serve as a member;
 - (f) \$7,500 with respect to serving as Chairman of the Finance and Audit Committee; and
 - (g) \$2,500 with respect to serving as Chairman of a standing committee of the Parex Board of Directors other than the Finance and Audit Committee.
2. Directors are entitled to a payment of \$1,500 for attendance in person or by telephone at each Parex Board of Directors 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 chairman.
3. Non-management directors are also eligible to receive long-term incentive compensation in the form of participation in the DSU Plan, and prior to 2014 were eligible to participate in the Stock Option Plan and prior to 2015 were eligible to participate in the RSU Plan. The number of DSUs granted, if any, is to be reviewed each year by the C&HR Committee for approval by the Board. Non-management directors did not receive Stock Option grants in 2014, 2015, 2016 or 2017 and did not receive RSU grants in 2015, 2016 or 2017.

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 Parex Board of Directors 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. See "*DSU Cash Payment*" below.

On March 7, 2017, the Board approved certain amendments to the DSU Plan to provide that all DSUs granted pursuant to the DSU Plan will be settled through a cash payment, rather than the issuance of Common Shares.

Purpose of the DSU Plan and Eligibility

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.

Grants of DSUs

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.

Vesting and Term

Deferred Share Units 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.

Limits on Issuances

Notwithstanding any other provision of the DSU Plan: (i) the number of Common Shares issuable to Insiders (as defined in the TSX Company Manual), at any time, under all security based compensation arrangements, may not exceed 9.0% of the issued and outstanding Common Shares; (ii) the number of Common Shares issued to Insiders (as defined in the TSX Company Manual), within any one year period, under all security based compensation arrangements, may not exceed 9.0% of the issued and outstanding Common Shares; and (iii) 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).

If the acquisition of Common Shares by the Company for cancellation should result in the foregoing tests no longer being met, this will not constitute non-compliance with the above limitations for any awards outstanding prior to such purchase of Common Shares for cancellation.

DSU Cash Payment

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**"): (i) 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 (ii) 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.

Death of DSU Participant

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.

Amendment of the DSU Plan

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.

Without limitation of the above, the Board may correct any defect or supply any omission or reconcile any inconsistency in the DSU Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the DSU Plan, and may make such determinations as it deems necessary or desirable for the administration of the DSU Plan.

Termination or Suspension of the DSU Plan

If the Board terminates or suspends the DSU Plan, previously credited DSUs may, at the Corporate Governance and Nominating Committee's election, be distributed to DSU Participants or may remain outstanding and in effect in accordance with the terms of the DSU Plan. The Board will not require the consent of any affected DSU Participant in connection with a termination of the DSU Plan in which Payment Shares are issued to the DSU Participant in respect of all such DSUs. The DSU Plan will terminate on the date upon which no further DSUs remain outstanding.

Transferability

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.

Summary of Director Compensation⁽¹⁾⁽⁵⁾

Name	Fees earned ⁽²⁾ (\$)	Share-based awards (DSUs) ⁽³⁾ (\$)	Option-based awards ⁽⁴⁾ (\$)	All other compensation (\$)	Total (\$)
Norman McIntyre ⁽⁶⁾	43,391	Nil	Nil	75,000	118,391
Curtis Bartlett	58,000	118,300	Nil	Nil	176,300
John Bechtold ⁽⁶⁾	29,049	Nil	Nil	56,000	85,049
Lisa Colnett	70,563	118,300	Nil	Nil	188,863
Robert Engbloom, Q.C. ⁽⁷⁾	79,376	133,510	Nil	Nil	212,886
Bob (G.R.) MacDougall	64,188	118,300	Nil	Nil	182,488
Glenn McNamara	62,625	118,300	Nil	Nil	180,925
Ron Miller	64,125	118,300	Nil	Nil	182,425
Carmen Sylvain ⁽⁸⁾⁽⁹⁾	27,500	91,665	Nil	Nil	119,165
Paul Wright	71,625	118,300	Nil	Nil	189,925

Notes:

- (1) The Company does not provide non-equity incentive plan or pension plan compensation.
- (2) See "*Statement of Executive Compensation - Director Compensation*".
- (3) The grant date fair value of share-based awards (DSUs) is \$16.90, 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 15, 2017, 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) Directors were not granted option-based awards (Options) in 2017.
- (5) Mr. Foo was appointed as Chairman of the Board on May 11, 2017. See "*NEO Summary Compensation Table*".
- (6) Mr. McIntyre and Mr. Bechtold ceased to be directors on May 12, 2017.
- (7) Mr. Engbloom, Q.C. assumed the role of Lead Director on May 12, 2017.
- (8) Ms. Sylvain received a pro-rated DSU grant on July 11, 2017 upon joining the Board of Directors based on the grant to directors on May 15, 2017. The grant fair value of the July 11, 2017 DSU grant was \$14.55, 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 July 11, 2017, 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.
- (9) Ms. Sylvain joined the Board on July 11, 2017.

Director Fees

Fees were paid to directors in 2017 in accordance with the schedule of annual retainers and meeting fees outlined under "*Director Compensation*" above. The number of meetings attended by each director is outlined under the "*Corporate Governance*" 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 were provided to directors in 2017. No non-equity incentive bonus compensation was provided.

The intent is for the timing of annual incentive plan awards to coincide with the election of directors at the Company's Annual General and Special Meeting of Shareholders. Directors have not been granted options-based awards (Options) since 2013, or share-based awards (RSUs) since 2014.

**Outstanding Option-based and Share-based Awards – Independent Directors
(as at December 31, 2017)**

Option-Based Awards

Name	Grant Date	Number of securities underlying unexercised Options (#)	Option exercise price (\$/Common Share)	Option expiration date	Value of unexercised in-the-money Options (\$)⁽¹⁾
Norman McIntyre ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Curtis Bartlett	October 16, 2013	Nil	6.07	October 16, 2018	Nil
John Bechtold ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Lisa Colnett ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Robert Engbloom, Q.C.	October 16, 2013	15,500	6.07	October 16, 2018	187,395
Bob (G.R.) MacDougall ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Glenn McNamara ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Carmen Sylvain ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Ron Miller	October 16, 2013	Nil	6.07	October 16, 2018	Nil
Paul Wright	October 16, 2013	15,000	6.07	October 16, 2018	181,350

Notes:

- (1) Based on the difference between the market price of the Common Shares at December 29, 2017 of \$18.16 and the exercise price of the Options.
- (2) Mr. McIntyre and Mr. Bechtold ceased to be directors on May 12, 2017. All of their Options were vested as of that date. As per the terms of the Option Plan, they each exercised any outstanding Options within ninety days of May 12, 2017.
- (3) Options were not granted to non-management directors after 2013. Ms. Colnett joined the Board in 2015, Mr. MacDougall and Mr. McNamara in 2016 and Ms. Sylvain in 2017.

Share-Based Awards (RSUs)

Name	Grant Date	Number of shares or units of 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⁾
Norman McIntyre ⁽³⁾	October 16, 2013	Nil	Nil	Nil
	November 10, 2014 ⁽⁴⁾	Nil	Nil	Nil
Curtis Bartlett	October 16, 2013	Nil	Nil	Nil
	November 10, 2014 ⁽⁴⁾	Nil	Nil	Nil
John Bechtold ⁽³⁾	October 16, 2013	Nil	Nil	Nil
	November 10, 2014 ⁽⁴⁾	Nil	Nil	Nil

Share-Based Awards (RSUs)

Name	Grant Date	Number of shares or units of shares that have not vested		Market or payout value of share-based awards that have not vested ⁽¹⁾	
		(#)	(#)	(\$)	(\$) ⁽²⁾
Lisa Colnett ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A
Robert Engbloom, Q.C.	October 16, 2013	Nil	Nil	Nil	119,790
	November 10, 2014 ⁽⁴⁾	Nil	Nil	Nil	181,500
Bob (G.R.) MacDougall ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A
Carmen Sylvain ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A
Glenn McNamara ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A
Ron Miller	October 16, 2013	Nil	Nil	Nil	119,790
	November 10, 2014 ⁽⁴⁾	Nil	Nil	Nil	181,500
Paul Wright	October 16, 2013	Nil	Nil	Nil	Nil
	November 10, 2014 ⁽⁴⁾	Nil	Nil	Nil	Nil

Notes:

- (1) Based on multiplying the market price of the Common Shares at December 29, 2017 of \$18.16 less \$0.01 by the number of Common Shares issuable pursuant to RSUs that were not vested as at December 31, 2017.
- (2) Based on multiplying the market price of the Common Shares at December 29, 2017 of \$18.16 less \$0.01 by the number of Common Shares issuable pursuant to RSUs that were vested but not exercised as at December 31, 2017.
- (3) Mr. McIntyre and Mr. Bechtold ceased to be directors on May 12, 2017. All of their RSUs were vested as of that date. As per the terms of the RSU Plan, they each exercised any outstanding RSUs by May 16, 2017.
- (4) In October 2014, Lane Caputo recommended that a DSU Plan be put in place for grants to independent directors of the Company. A DSU Plan was approved by shareholders at the Company's Annual General Meeting on May 12, 2015. As a transition from the RSUs granted to directors in 2012 and 2013 with three year vesting, to the planned DSU grants to directors commencing in late 2015 with immediate vesting upon grant date, the RSUs granted to directors on November 10, 2014 provided for full vesting three months from the date of grant. Such RSUs became fully vested on February 10, 2015.
- (5) RSUs were not granted to non-management directors after 2014. Ms. Colnett joined the Board in 2015, with Mr. MacDougall and Mr. McNamara joining in 2016 and Ms. Sylvain in 2017.

Share-Based Awards (DSUs)⁽¹⁾

Name	Grant Date	Number of shares or units of shares that have not vested		Market or payout value of share-based awards that have not vested ⁽²⁾	
		(#)	(#)	(\$)	(\$) ⁽³⁾
Norman McIntyre ⁽⁴⁾	November 9, 2015	Nil	Nil	Nil	246,976 ⁽⁵⁾
	November 14, 2016	Nil	Nil	Nil	172,520 ⁽⁵⁾
Curtis Bartlett	November 9, 2015	Nil	Nil	Nil	181,600
	November 14, 2016	Nil	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	Nil	127,120
John Bechtold ⁽⁴⁾⁽⁶⁾	N/A	Nil	Nil	Nil	N/A

Share-Based Awards (DSUs)⁽¹⁾

Name	Grant Date	Number of shares or units of 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⁾ (\$)
Lisa Colnett	May 14, 2015	Nil	Nil	90,800
	November 9, 2015	Nil	Nil	181,600
	November 14, 2016	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	127,120
Robert Engbloom, Q.C.	November 9, 2015	Nil	Nil	181,600
	November 14, 2016	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	143,464
Bob (G.R.) MacDougall	October 6, 2016	Nil	Nil	16,344
	November 14, 2016	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	127,120
Glenn McNamara	October 6, 2016	Nil	Nil	16,344
	November 14, 2016	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	127,120
Ron Miller	November 9, 2015	Nil	Nil	181,600
	November 14, 2016	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	127,120
Carmen Sylvain	July 11, 2017	Nil	Nil	114,408
Paul Wright	November 9, 2015	Nil	Nil	181,600
	November 14, 2016	Nil	Nil	127,120
	May 15, 2017	Nil	Nil	127,120

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. See "*Director Compensation – DSU Plan*".
- (2) Based on multiplying the market price of the Common Shares at December 29, 2017 of \$18.16 by the number of Common Shares issuable pursuant to DSUs that were not vested as at December 31, 2017.
- (3) Based on multiplying the market price of the Common Shares at December 29, 2017 of \$18.16 by the number of Common Shares issuable pursuant to DSUs that were vested but not paid out or distributed as at December 31, 2017.
- (4) Mr. McIntyre and Mr. Bechtold ceased to be Directors on May 12, 2017.
- (5) As per the terms of the DSU Plan for U.S. taxpayers, Mr. McIntyre's DSUs from the 2015 and 2016 grants were paid out to him on January 2, 2018.
- (6) As per the terms of the DSU Plan, Mr. Bechtold's DSUs were paid out to him on May 15, 2017.

The following table sets forth for each independent director, the value of option-based awards and share-based awards which vested during the year ended December 31, 2017 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2017.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards (DSUs) – Value vested during the year ⁽²⁾⁽³⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽⁴⁾ (\$)
Norman McIntyre ⁽⁵⁾	Nil	Nil	N/A
Curtis Bartlett	Nil	122,570	N/A
John Bechtold ⁽⁵⁾	Nil	Nil	N/A
Lisa Colnett	Nil	122,570	N/A
Robert Engbloom, Q.C.	Nil	138,329	N/A
Bob (G.R.) MacDougall	Nil	122,570	N/A
Glenn McNamara	Nil	122,570	N/A
Ron Miller	Nil	122,570	N/A
Carmen Sylvain	Nil	92,673	N/A
Paul Wright	Nil	122,570	N/A

Notes:

- (1) Based on multiplying the difference between the market price of the Common Shares 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) On March 7, 2017, the Board approved certain amendments to the DSU Plan to provide for the cash settlement of all DSUs granted pursuant to the DSU Plan.
- (3) Based on multiplying the market price of the Common Shares on the vesting date by the number of DSUs that vest on such date.
- (4) The Company did not provide non-equity incentive plan compensation to independent directors during the year ended December 31, 2017.
- (5) Mr. McIntyre and Mr. Bechtold ceased to be directors on May 12, 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Company's equity compensation plans as at December 31, 2017. The only equity compensation plans as at December 31, 2017 were the Stock Option Plan and the RSU Plan, pursuant to which the Company may grant RSUs and PSUs.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, RSUs, PSUs, warrants and rights ⁽⁵⁾ (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⁾⁽²⁾⁽⁴⁾
Equity compensation plans approved by security holders			
Stock Option Plan	6,479,435 ⁽³⁾	11.13	See Note 4
RSU Plan	2,833,795	0.01	See Note 4
Equity compensation plans not approved by security holders	-	-	-
Total	9,313,230	7.75	4,613,562 ⁽⁴⁾

Notes:

- (1) As at December 31, 2017, the Stock Option Plan provided for the issuance of Options to a maximum of 9% 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% of the Common Shares outstanding from time to time.
- (2) As at December 31, 2017, the RSU Plan provided for the issuance of RSUs and PSUs to a maximum of 4% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding RSUs and PSUs and all other security based compensation arrangements (as defined in the TSX Company Manual) shall not exceed 9% of the Common Shares outstanding from time to time.
- (3) Of the 6,479,435 outstanding Options as of December 31, 2017, 6,479,435 were in-the-money as of that date, based on the market value of the Common Shares at December 29, 2017 of \$18.16.
- (4) The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2017 was equal to 9% of the number of Common Shares outstanding as at December 31, 2017 less the number of Options outstanding under the Stock Option Plan as at December 31, 2017 and less the number of RSUs outstanding under the RSU Plan as at December 31, 2017. As at December 31, 2017, there were 6,479,435 Options outstanding, 2,833,795 RSUs and PSUs outstanding, leaving 4,613,562 Common Shares available for issuance under the Stock Option Plan and/or the RSU Plan subject to the applicable limitations contained in each of such plans.
- (5) During the year ended December 31, 2017, 1,884,422 Common Shares were issued on exercise of Options and 443,817 Common Shares were issued on exercise of RSUs.

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.

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, Q.C., Bob (G.R.) MacDougall, Glenn McNamara, Ron Miller, Carmen Sylvain, and Paul Wright are all independent directors of the Company within the meaning of NI 58-101. Wayne Foo, who was the Company's Chief Executive Officer until May 11, 2017 and Dave Taylor who is the current President and Chief Executive Officer of the Company are not independent. On at least an annual basis, the Parex Board of Directors conducts an analysis and makes a determination as to the "independence" of each member of the Parex Board of Directors. The mandate of the Parex Board of Directors is attached as Appendix A hereto.

In accordance with the written mandates of the Parex Board of Directors and its Committees, each of the Parex Board of Directors and Committee meetings have scheduled *in-camera* sessions during which non-independent directors and members of management are not in attendance. From January 1, 2017 to December 31, 2017, seven *in-camera* meetings were held. The independent directors also hold meetings as required at which non-independent directors and members of management are not in attendance. The Finance and Audit Committee, C&HR Committee, Corporate Governance and Nominating Committee and HSE and Reserves Committee of the Parex Board of Directors are all comprised entirely of independent directors.

The Chairman of the Parex Board of Directors, Mr. Wayne Foo, is not an independent director since he retired from the position of Chief Executive Officer of Parex in 2017. For this reason, the Company has also appointed a Lead Director, Robert Engbloom, Q.C., who is independent within the meaning of NI 58-101. The Company has adopted a written description for the Chairman of the Parex Board of Directors detailing the roles and responsibilities of the position which include the following:

- determining the schedules and agendas of the meetings of the Parex Board of Directors and the shareholders;
- enabling the design and implementation of effective committees of the Parex Board of Directors including the selection of members;

- enhancing the Parex Board of Directors effectiveness through guiding the Parex Board of Directors composition and its succession planning, orientation of new directors and annual assessments of the Parex Board of Directors 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 Chief Executive Officer and senior officers of the Company; and
- facilitating communication between the Parex Board of Directors, management and shareholders.

Director Attendance

The attendance record of each of the directors for all Board and Committee meetings held in the year ended December 31, 2017 are as follows:

<u>Name</u>	<u>Board Meetings Attended / Held</u>	<u>Finance and Audit Committee Meetings Attended / Held</u>	<u>C&HR Committee Meetings Attended / Held</u>	<u>HSE and Reserves Committee Meetings Attended/ Held</u>	<u>Corporate Governance and Nominating Committee Meetings Attended/Held</u>
Normal McIntyre	3/3	n/a	n/a	2/2	n/a
Curtis Bartlett ⁽⁴⁾ (7)	7/7	n/a	n/a	n/a	5/5
John Bechtold	3/3	3/3	n/a	2/2	n/a
Lisa Colnett ⁽²⁾⁽³⁾ (7)	7/7	n/a	2/2	4/4	3/3
Robert Engbloom, Q.C. ⁽⁴⁾⁽⁷⁾	7/7	3/3	n/a	n/a	5/5
Wayne Foo	7/7	n/a	n/a	n/a	n/a
Bob (G.R.) MacDougall ⁽²⁾⁽³⁾ (7)	7/7	n/a	2/2	4/4	n/a
Glenn McNamara ⁽¹⁾⁽³⁾⁽⁷⁾	7/7	2/2	n/a	4/4	n/a
Ron Miller ⁽¹⁾⁽²⁾ (7)	7/7	5/5	2/2	n/a	n/a
Carmen Sylvain ⁽⁴⁾⁽⁵⁾	3/3	n/a	n/a	n/a	2/2
David Taylor ⁽⁶⁾	4/4	n/a	n/a	n/a	n/a
Paul Wright ⁽¹⁾⁽⁴⁾ (7)	7/7	5/5	n/a	n/a	2/2

Notes:

- (1) Member of the Finance and Audit Committee.
- (2) Member of the C&HR Committee.
- (3) Member of the HSE and Reserves Committee.
- (4) Member of the Corporate Governance and Nominating Committee
- (5) Ms. Sylvain joined the Board on July 11, 2017 and attended all meetings since the date of her appointment.
- (6) Mr. Taylor was elected as Director on May 11, 2017 and attended all Board meetings since that date.
- (7) On May 11, 2017, the Company reconstituted the members of its Committees. All directors attended all meetings for which the Committees to which they were appointed at the time.

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 and of Detour Gold Corporation. Mr. Foo is a director of Pengrowth Energy Corporation. Mr. MacDougall is a director of Transglobe Energy Corporation. Mr. McNamara is a director of Whitecap Resources Inc.

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 an 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 Parex Board of Directors has also developed mandates for each of the Committees of the Parex Board of Directors 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, 2017, an electronic copy of which is available on the internet on the Company's SEDAR profile at www.sedar.com and see "*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 below under "*Orientation of Directors*" and "*Board Assessments*" for a description of the responsibilities of the Corporate Governance and Nominating Committee.

The Parex Board of Directors has developed a written position description for the Chairman of the Parex Board of Directors and the Chairman of each Board Committee. See "*Board of Directors*" above for a summary of the written position description for the Chairman of the Parex Board of Directors. 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 Parex Board of Directors as a whole.

The Parex Board of Directors 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 Parex Board of Directors;
- 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 Parex Board of Directors the overall corporate organizational structure;

- establishing and maintaining an annual plan approved by the Parex Board of Directors 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.

Orientation of Directors

The Chairman of the Parex Board of Directors, 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 Parex Board of Directors 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.

Education of Directors

All members of the Parex Board of Directors are members of the Institute of Corporate Directors. Five directors, namely, Curtis Bartlett, Lisa Colnett, Glenn McNamara, Ron Miller, and Paul Wright have completed the Directors Education program. Ms. Sylvain and Mr. MacDougall are currently enrolled in the program. The Parex Board of Directors 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.

In April 2017, Mr. Bartlett, Mr. Bechtold, Ms. Colnett, Mr. Foo, Mr. McIntyre, Mr. McNamara and Mr. MacDougall attended the Company's office in Bogota, Colombia, as well as toured some of the Company's field operations. They were accompanied by and met with members of Management from both the Calgary and Bogota offices. They did so as part of their ongoing education of the Company's business and operations and in order for outgoing directors to impart critical knowledge to more recently appointed directors.

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 November 2017. 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 Parex Board of Directors conducts an annual assessment process, a part of which focuses on the ethical business conduct of the Parex Board of Directors 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.

Conflicts of Interest

To address conflicts of interest, the members of the Parex Board of Directors 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 Parex Board of Directors is comprised of independent directors. In any situation where a potential conflict may arise, a director must disclose such conflict and absent him or herself 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 Assessments

The Corporate Governance and Nominating Committee, in conjunction with the Chairman of the Parex Board of Directors, 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 Parex Board of Directors 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. 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 the initials of their names.

Experience and/or Skills	CB	LC	RE	WF	GM	GRM	RM	CS	DT	PW
Board Governance	•	•	•	•	•	•	•	•	•	•
Strategic Planning	•	•	•	•	•	•	•	•	•	•
General Oil & Gas Industry	•		•	•	•	•	•	•	•	•
Oil & Gas Exploration	•		•	•	•	•	•		•	•
Oil & Gas Operations & Reserves	•		•	•	•	•	•		•	•
Oil & Gas Trading				•	•		•		•	•
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	•			•	•	•	•	•	•	•

Nomination of Directors

The Corporate Governance and Nominating Committee of the Parex Board of Directors 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 Parex Board of Directors 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.

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 "*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 "*Other Matters Related to the Meeting – Director Retirement Policy*" in this Information Circular.

Since 2015, three new directors have joined the Board due to planned retirements of Board members. Ms. Colnett joined the Board in 2015 and Messrs. MacDougall and McNamara in 2016. As well, Ms. Sylvain joined the Board in 2017, to enhance the Board's expertise in the Colombian political environment.

Diversity

Parex recognizes the benefits of diversity at all levels within its organization and the Parex Board of Directors approved a Board and Management Diversity policy in August 2016. The policy reflects the Parex Board of Directors 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. The Board recognizes the benefit of diversity within the Board and Management but will not compromise the principles of a meritocracy by imposing quotas or targets.

Parex does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of female board nominees or candidates for executive management positions or that would otherwise force the composition of the Board or the Company's executive management team. Currently, Parex does not have any women on its executive management team and 20% (2 out of 10) of the Company's directors are women.

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 did consider the level of representation of women on the Board in the recruitment for a new director for nomination to the Board in 2015. Ms. Colnett was nominated based upon her broad range of experience and expertise and was elected to the Board at the Company's annual meeting of Shareholders held in 2015. Further, when the Board determined it to be in the best interest of the Company to appoint a new director in 2017 who had expertise in the Colombian political landscape and diplomatic experience, Ms. Sylvain was identified as being the most qualified person to fill the position. 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.

Compensation

The C&HR Committee of the Parex Board of Directors 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 Parex Board of Directors 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 Parex Board of Directors 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.

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 webcast and available to analysts and shareholders and the public. In total, during 2017 we conducted 200 meetings with investors, including 117 meetings led by David Taylor, President & CEO. The Company's annual shareholders meeting is also a forum where multiple stakeholders have an opportunity to directly engage with Parex Directors, Executives and staff.

On February 22, 2018, an engagement meeting was held between Ms. Colnett (Chairman of the C&HR Committee), Mr. Engbloom, Q.C. (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 also provided a summary meeting report to the remaining Board members.

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.
- 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) 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.
- 7) Be responsible for congruence between the strategic plan, stakeholder expectations and Management's performance.
- 8) 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.
- 2) Oversee that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles.
- 3) Oversee that procedures are in place to effect the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.
- 4) Review, consider and where required, approve, the reports required under National Instrument 51-101 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.

APPENDIX B
AMENDED BY-LAW

GENERAL BY-LAW

AMENDED AND RESTATED BY-LAW NO. 1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF

PAREX RESOURCES INC.

(hereinafter called the "Corporation")

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

DIVISION ONE
INTERPRETATION

- 1.01 In the by-laws of the Corporation, unless the context otherwise specifies or requires:
- a. "Act" means the *Business Corporations Act* of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
 - b. "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;
 - c. "appoint" includes "elect" and vice versa;
 - d. "articles" means the articles of incorporation or continuance of the Corporation, as from time to time amended or restated;
 - e. "board" means the board of directors of the Corporation;
 - f. "business day" means a day which is not a non-business day;
 - g. "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
 - h. "meeting of shareholders" includes an annual and a special meeting of shareholders;
 - i. "Nominating Shareholder" has the meaning ascribed thereto in section 4.03 of this by-law;
 - j. "Notice Date" has the meaning ascribed thereto in section 4.03 of this by-law;

- k. "non-business day" means Saturday, Sunday and any other day that is a holiday as from time to time defined in *The Interpretation Act* of Alberta;
- l. "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com;
- m. "Regulations" means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
- n. "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by virtue of section 3.01 of this by-law or by a resolution passed pursuant thereto; and
- o. "special meeting of shareholders" means a meeting of any particular class or classes of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word "person" shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

DIVISION TWO BANKING AND SECURITIES

2.01 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations or any other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the board may from time to time prescribe or authorize.

2.02 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of such voting certificates or evidence of the right to exercise such voting

rights. In addition, the board, or failing the board, the signing officers of the Corporation, may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

DIVISION THREE
EXECUTION OF INSTRUMENTS

3.01 Authorized Signing Officers

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the president, chairman of the board, managing director, any vice-president, any director, secretary, treasurer, any assistant secretary or any assistant treasurer or any other officer created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

3.02 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

DIVISION FOUR
DIRECTORS

4.01 Number

The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the shareholders.

4.02 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third (3rd) annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. Notwithstanding the right to elect additional directors, such election must comply with the timely notice requirements set out in section 4.03. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their

successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

4.03 Advance Notice Nomination of Directors

- a. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:
 - i. by or at the direction of the board, including pursuant to a notice of meeting;
 - ii. by or at the direction or request of one or more shareholders of the Corporation pursuant to a "proposal" made in accordance with section 136(1) of the Act, or a requisition of the shareholders made in accordance with section 142(1) of the Act; or
 - iii. by any person (a "**Nominating Shareholder**") who: (A) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this By-Law and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and (B) complies with the notice procedures set forth below in this by-law.
- b. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with section 4.03(c) below) and in proper written form (in accordance with section 4.03(d) below) to the Chief Financial Officer of the Corporation at the principal executive offices of the Corporation.
- c. To be timely, a Nominating Shareholder's notice to the Chief Financial Officer of the Corporation must be made:
 - i. in the case of an annual meeting of shareholders, not later than the close of business on the 30th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

- ii. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made,

provided that, in either instance, if notice-and-access (as defined in Applicable Securities Laws) is used for delivery of proxy related materials in respect of a meeting described in paragraph i. or ii. above, and the notice date in respect of the meeting is not less than 50 days before the date of the meeting, the notice must be received not later than the close of business on the 40th day before the date of the meeting.

To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of a Nominating Shareholder's notice set forth above shall be calculated based on the new adjourned or postponed date of the annual meeting or special meeting of shareholders and not based on the original date of such meeting.

- d. To be in proper written form, a Nominating Shareholder's notice to the Chief Financial Officer of the Corporation must set forth:

- i. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation, business or employment of the person for the most recent five years, and the name and principal business of any company in which any such employment is carried on; (C) the citizenship of such person; (D) the number of securities of each class or series of securities in the capital of the Corporation which are owned beneficially or of record by the person or under the control or direction, directly or indirectly, of the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (E) such person's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (F) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

- ii. as to the Nominating Shareholder giving the notice: (A) the name and address of such Nominating Shareholder, as they appear on the securities register of the Corporation; (B) the number of securities of each class or series of securities of the Corporation owned of record and beneficially by, or under the control or direction of, directly or indirectly, such Nominating Shareholder; (C) full particulars regarding any agreement, arrangement or understanding with respect to the nomination between or among such Nominating Shareholder, any of their respective affiliates or associates, and any others acting jointly or in concert with any of the foregoing, including the nominee; (D) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting

power of, such Nominating Shareholder with respect to securities of the Corporation; (E) full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct or control the voting of any securities of the Corporation; and (F) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information and documents as may be required by the Act, Applicable Securities Laws and applicable stock exchange rules to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation.

In addition, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

- e. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this section 4.03; provided, however, that nothing in this section 4.03 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the chairman. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- f. Notwithstanding any other provision of this section 4.03, notice given to the Chief Financial Officer of the Corporation pursuant to this section 4.03 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Chief Financial Officer of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Chief Financial Officer at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- g. In addition to the provisions of this section 4.03, a Nominating Shareholder and any individual nominated by the Nominating Shareholder shall also comply with all of the applicable requirements of the Act, Applicable Securities Laws and applicable stock exchange rules regarding the matters set forth herein.
- h. Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 4.03.

4.04 Removal of Directors

Subject to the Act, the articles and section 4.03, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

4.05 Consent

A person who is elected or appointed a director is not a director unless:

- a. he was present at the meeting when he was elected or appointed and did not refuse to act as a director, or
- b. if he was not present at the meeting when he was elected or appointed:
 - i. he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or
 - ii. he has acted as a director pursuant to the election or appointment.

4.06 Vacation of Office

A director of the Corporation ceases to hold office when:

- a. he dies or resigns;
- b. he is removed in accordance with section 109 of the Act; or
- c. he becomes disqualified under subsection 105(1) of the Act.

4.07 Committee of Directors

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least one-quarter of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

4.08 Transaction of Business of Committee

Subject to the provisions of this by-law with respect to participation in a meeting, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any

place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

4.09 Procedure

Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.10 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.11 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.12 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage or supervise the management of the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

DIVISION FIVE
MEETING OF DIRECTORS

5.01 Place of Meeting

Meetings of the board may be held at any place within or outside Alberta.

5.02 Notice of Meeting

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone or telegraph, electronic means in accordance with the provisions of the *Electronic Transactions Act*, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- a. submit to the shareholders any question or matter requiring approval of the shareholders;
- b. fill a vacancy among the directors or in the office of auditor;
- c. appoint additional directors;
- d. issue securities, except in the manner and on the terms authorized by the board;
- e. declare dividends;
- f. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- g. pay a commission for the sale of shares;
- h. approve a management proxy circular;
- i. approve any financial statements to be placed before the shareholders at an annual meeting; or
- j. adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

5.03 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.04 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

5.05 Regular Meetings

The board may, from time to time, appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be

required for any such regular meeting except where the Act or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

5.06 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.07 Quorum

Subject to the following section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

5.08 One-Quarter Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least one-quarter of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than one-quarter of the directors present are resident Canadians if:

- a. a resident Canadian director who is unable to be present approves in writing or by electronic means, telephone or other communications facilities the business transacted at the meeting; and
- b. the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.

5.09 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes, and in the event of any equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

5.10 Participation in Meeting

A director may participate in a meeting of the board or a committee of the board by electronic means, telephone, or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

5.11 Resolution in Lieu of Meeting

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the

directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

5.12 Amendments to the Act

It is hereby affirmed that the intention of sections 4.07, 5.08 and 7.03, as they relate to Canadian representation, is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

DIVISION SIX
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 Conflict of Interest

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract or transaction or proposed contract or transaction at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director or officer shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

Even if the above conditions are not met, a director or officer acting honestly and in good faith shall not be accountable to the Corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required by the Act, and such contract or transaction shall not be void or voidable by reason only of the director or officer's interest therein, provided that the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before such contract or transaction was approved or confirmed, and such contract or transaction was reasonable and fair to the Corporation at the time it was approved or confirmed.

6.02 Limitation of Liability

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer, for the time being of the Corporation, shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the

insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting for any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors, for the time being of the Corporation, shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

6.03 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- a. he acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.03.

6.04 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.03 against any liability incurred by him:

- a. in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or
- b. in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

DIVISION SEVEN
OFFICERS

7.01 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

7.02 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

7.04 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

7.05 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

7.06 Secretary

The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes

of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

7.07 Treasurer

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions and he shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

7.08 General Manager or Manager

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

7.09 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, the managing director, if any, or the chief executive officer, if any, or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer, if any, or the president otherwise directs.

7.10 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

7.11 Vacancies

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board, by resolution, may appoint a person to fill such vacancy.

7.12 Remuneration and Removal

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the

Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or any other rights resulting from such removal in law or equity.

7.13 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 6.01.

7.15 Fidelity Bonds

The board may require such officers, employees and agent of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

DIVISION EIGHT
SHAREHOLDERS' MEETINGS

8.01 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings

The board shall have the power to call a special meeting of shareholders at any time.

8.03 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles, or failing any reference in the articles, at such place in Alberta as the board may determine. Subject to the Act, if the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of shareholders entitled to notice of or to vote at the meeting. If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of or to vote at the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

8.05 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by electronic means in accordance with the *Electronic Transactions Act*, or by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or 113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.04 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

8.06 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.07 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.04 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.07 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.07 List of Shareholders Entitled to Notice

The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder in accordance with section 137 of the Act. If a record date for the meeting is fixed pursuant to section 8.04

hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained and at the place where the meeting is held.

8.08 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a. if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- b. if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

8.09 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.10 Chairman, Secretary and Scrutineers

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation, shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.11 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.12 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law) shall be persons present not being less than two (2) in number and holding or representing not less than twenty-five (25%) per cent of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

8.13 Participation in Meeting

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a person participating in such a meeting by such means is deemed to be present at the meeting. Subject to the Act, any person participating in a meeting pursuant to this section and entitled to vote at the meeting may vote by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

8.14 Proxyholders and Representatives

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder, who is a body corporate or association, by an individual authorized by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

8.15 Time for Deposit of Proxies

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholder may, in the absence of the other or others, vote the shares; but if

two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.17 Votes to Govern

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, the chairman shall not have a second or casting vote.

8.18 Conduct of Vote

Subject to the Act, voting at a meeting of shareholders shall be by a show of hands, unless a ballot is required or demanded as hereinafter provided, and may be held, subject to the Act, entirely by electronic means, telephone or other communication facility, if the corporation makes such a communication facility available. Every person who is present or otherwise participating in the meeting pursuant to section 8.13 hereof and entitled to vote shall have one vote. Whenever a vote shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

8.20 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) day, subsection 149(1) of the Act does not apply.

8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

8.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

DIVISION NINE
SHARES

9.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

9.02 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

9.03 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is

sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

DIVISION TEN
TRANSFER OF SECURITIES

10.01 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- a. the share is endorsed by an appropriate person, as defined in the *Securities Transfer Act* (Alberta);
- b. reasonable assurance is given that the endorsement is genuine and effective;
- c. the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- d. any applicable law relating to the collection of taxes has been complied with;
- e. the transfer is rightful or is to a bona fide purchaser; and
- f. the transfer fee, if any, has been paid.

10.02 Transfer Agents and Registrar

The board may from time to time by resolution appoint or remove one or more trust companies registered under the Trust Companies Act as its agent or agents to maintain a central securities register or registers, and an agent or agents to maintain a branch securities register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

10.03 Securities Registers

A central securities register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- a. the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- b. the number of shares or other securities held by each holder; and
- c. the date and particulars of the issuance and transfer of each share or other security.

A branch securities register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities register shall only contain particulars of

securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

10.04 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

DIVISION ELEVEN
DIVIDENDS AND RIGHTS

11.01 Dividends

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully-paid shares of the Corporation.

11.02 Dividend Cheques

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Corporation's securities register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

11.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

11.04 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11.05 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such

record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

DIVISION TWELVE
INFORMATION AVAILABLE TO SHAREHOLDERS

12.01 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which, in the opinion of the directors, it would be inexpedient in the interests of the Corporation to communicate to the public.

12.02 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders.

12.03 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

DIVISION THIRTEEN
NOTICES

13.01 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a shareholders or director of the Corporation may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*, or by prepaid mail addressed to, or may be delivered personally to:

- a. the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- b. the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a shareholder or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholder or director did not receive the notice or document at the time or at all.

13.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

13.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholders from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

13.04 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.01 and the notice or document is returned on two (2) consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders meeting mailed to a shareholder in accordance with section 13.01 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

13.05 Omissions and Errors

Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

13.06 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

13.07 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it. The consent of a person entitled to waive the requirement for the sending of a notice or document or to waive or abridge the time for the notice or the document may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*.

DIVISION FOURTEEN
MISCELLANEOUS

14.01 Directors to Require Surrender of Share Certificates

The directors in office when a Certificate of Continuance is issued under the Act are hereby authorized to require the shareholders of the Corporation to surrender their share certificate(s), or such of their share certificates as the directors may determine, for the purpose of cancelling the share certificates and replacing them with new share certificates that comply with section 48 of the Act, in particular, replacing existing share certificate with share certificates that are not negotiable securities under the Act. The directors in office shall act by resolution under this section 14.01 and shall in their discretion decide the manner in which they shall require the surrender of existing share certificates and the time within which the shareholders must comply with the requirement and the form or forms of the share certificates to be issued in place of the existing share certificates. The directors may take such proceedings as they deem necessary to compel any shareholder to comply with a requirement to surrender his share certificate or certificates pursuant to this section. Notwithstanding any other provision of this by-law, but subject to the Act, the director may refuse to register the transfer of shares represented by a share certificate that has not been surrendered pursuant to a requirement under this section.

14.02 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise to any person for any purpose in accordance with the provisions of the Act and the Regulations including, without limitation, the disclosure requirements specified therein.

14.03 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

14.04 Prior By-law

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

MADE by the board the 12th day of March, A.D. 2014.

Director

Director

CONFIRMED by the Shareholders in accordance with the *Business Corporations Act* (Alberta), the ____ day of _____, A.D. 2014.

Director

BANKING AND SECURITIES		
Banking Arrangements	2.01	2
Voting Rights in Other Bodies Corporate	2.02	2
DIRECTORS		
Number	4.01	3
Election and Term	4.02	3
Removal of Directors	4.03	3
Consent	4.04	4
Vacation of Office	4.05	4
Committee of Directors	4.06	4
Transaction of Business of Committee	4.07	4
Procedure	4.08	5
Remuneration and Expenses	4.09	5
Vacancies	4.10	5
Action by the Board	4.11	5
DIVIDENDS AND RIGHTS		
Dividends	11.01	19
Dividend Cheques	11.02	19
Non-Receipt of Cheques	11.03	19
Unclaimed Dividends	11.04	19
Record Date for Dividends and Rights	11.05	19
EXECUTION OF INSTRUMENTS		
Authorized Signing Officers	3.01	2
Cheques, Drafts and Notes	3.02	3
INFORMATION AVAILABLE TO SHAREHOLDERS		
Confidential Information	12.01	20
Conditions of Access to Information	12.02	20
Registered Office and Separate Records Office	12.03	20
INTERPRETATION	1.01	1
MEETING OF DIRECTORS		
Place of Meeting	5.01	5
Notice of Meeting	5.02	5
Adjourned Meeting	5.03	6
Calling of the Meeting	5.04	6
Regular Meetings	5.05	6
Chairman	5.06	7
Quorum	5.07	7
One-Quarter Canadian Representation at Meetings	5.08	7
Voting	5.09	7
Participation in Meeting	5.10	7
Resolution in Lieu of Meeting	5.11	7
Amendments to the Act	5.12	8

MISCELLANEOUS		
Directors to Require Surrender of Share Certificates	14.01	22
Financial Assistance to Shareholders, Employees and Others	14.02	22
Severability	14.03	23
NOTICES		
Method of Giving Notices	13.01	20
Notice to Joint Shareholders	13.02	21
Persons Entitled by Death or Operation of Law	13.03	21
Non-Receipt of Notices	13.04	21
Omissions and Errors	13.05	21
Signature on Notices	13.06	21
Waiver of Notice	13.07	21
OFFICERS		
Election or Appointment	7.01	10
Chairman of the Board	7.02	10
Managing Director	7.03	10
President	7.04	10
Vice-President	7.05	10
Secretary	7.06	10
Treasurer	7.07	11
General Manager or Manager	7.08	11
Powers and Duties of Other Officers	7.09	11
Variation of Powers and Duties	7.10	11
Vacancies	7.11	11
Remuneration and Removal	7.12	11
Agents and Attorneys	7.13	12
Conflict of Interest	7.14	12
Fidelity Bonds	7.15	12
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS		
Conflict of Interest	6.01	8
Limitation of Liability	6.02	8
Indemnity	6.03	9
Insurance	6.04	9
SHARES		
Non-Recognition of Trusts	9.01	17
Certificates	9.02	17
Replacement of Share Certificates	9.03	17
Joint Holders	9.04	17
SHAREHOLDERS' MEETINGS		
Annual Meetings	8.01	12
Special Meetings	8.02	12
Place of Meetings	8.03	12
Record Date for Notice	8.04	13

Notice of Meeting	8.05	13
Right to Vote	8.06	13
List of Shareholders Entitled to Notice	8.07	13
Meetings Without Notice	8.08	14
Waiver of Notice	8.09	14
Chairman, Secretary and Scrutineers	8.10	14
Persons Entitled to be Present	8.11	14
Quorum	8.12	15
Participation in Meeting	8.13	15
Proxyholders and Representatives	8.14	15
Time for Deposit of Proxies	8.15	15
Joint Shareholders	8.16	15
Votes to Govern	8.17	16
Conduct of Vote	8.18	16
Ballots	8.19	16
Adjournment	8.20	16
Resolution in Lieu of a Meeting	8.21	17
Only One Shareholder	8.22	17
TRANSFER OF SECURITIES		
Registration of Transfer	10.01	18
Transfer Agents and Registrar	10.02	18
Securities' Registers	10.03	18
Deceased Shareholders	10.04	19

APPENDIX C
SHAREHOLDER RIGHTS PLAN

SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT

MADE AS OF ~~September~~ SEPTEMBER 29, 2009

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

BETWEEN

PAREX RESOURCES INC.

AND

VALIANT COMPUTER SHARE TRUST COMPANY OF CANADA

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	2
1.1 Certain Definitions	2
1.2 Currency	13 14
1.3 Headings	13 14
1.4 References to Agreement	13 14
1.5 Grandfathered Person	13 14
1.6 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares	14 15
1.7 Acting Jointly or in Concert	14 15
1.8 Generally Accepted Accounting Principles	14 15
ARTICLE 2 THE RIGHTS	15 16
2.1 Legend on Common Share Certificates	15 16
2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights	15 16
2.3 Adjustments to Exercise Price; Number of Rights	18 19
2.4 Date on Which Exercise is Effective	22 23
2.5 Execution, Authentication, Delivery and Dating of Rights Certificates	22 23
2.6 Registration, Registration of Transfer and Exchange	22 24
2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates	23 24
2.8 Persons Deemed Owners	24 25
2.9 Delivery and Cancellation of Certificates	24 25
2.10 Agreement of Rights Holders	24 25
2.11 Rights Certificate Holder not Deemed a Shareholder	25 26
ARTICLE 3 ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS	25 26
3.1 Flip-in Event	25 26
3.2 Fiduciary Duties of the Board of Directors of the Corporation	26 28
ARTICLE 4 THE RIGHTS AGENT	27 28
4.1 General	27 28
4.2 Merger or Amalgamation or Change of Name of Rights Agent	27 29
4.3 Duties of Rights Agent	28 29
4.4 Change of Rights Agent	29 31
ARTICLE 5 MISCELLANEOUS	30 31
5.1 Redemption and Waiver	30 31
5.2 Expiration	31 33
5.3 Issuance of New Rights Certificates	32 33
5.4 Supplements and Amendments	32 33
5.5 Fractional Rights and Fractional Shares	33 34
5.6 Rights of Action	33 35
5.7 Regulatory Approvals	34 35
5.8 Unlawful Distributions	34 35
5.9 Notices	34 36
5.10 Costs of Enforcement	35 36
5.11 Successors	35 37
5.12 Benefits of this Agreement	36 37
5.13 Governing Law	36 37
5.14 Severability	36 37
5.15 Effective Date	36 37

5.16	Reconfirmation	<u>3637</u>
5.17	Determinations and Actions by the Board of Directors	<u>3638</u>
5.18	Time of the Essence	<u>3738</u>
5.19	Execution in Counterparts	<u>3738</u>
5.20	Language	<u>3738</u>

EXHIBIT A

Form of Rights Certificate

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

BETWEEN:

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

OF THE FIRST PART

AND

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

OF THE SECOND PART

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

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

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

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

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

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

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

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

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

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

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

- (a) "**Acquiring Person**" means, subject to Section 1.5, any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term "Acquiring Person" shall not include:
 - (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of any one or any combination of: (A) Voting Share Reductions; (B) Permitted Bid Acquisitions; (C) Exempt Acquisitions; or (D) Pro Rata Acquisitions; provided that if a Person shall become the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of any one or any combination of Voting Share Reductions, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions, if thereafter, such Person, while such Person is the Beneficial Owner of 20% or more of the outstanding Voting Shares, becomes the Beneficial Owner of additional Voting Shares which result in an increase of such Person's Beneficial Ownership of Voting Shares by more than 1% of the number of such Voting Shares outstanding as at the time of acquisition (other than pursuant to one or any combination of Voting Share Reduction, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions), then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an "Acquiring Person";
or

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

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

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

(vi) because such Person:

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

(vii) because such Person:

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

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

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

(g) ~~(f)~~ "**Business Corporations Act (Alberta)**" means Business Corporations Act (Alberta), as amended from time to time, and the regulations made thereunder, as in effect on the date of this Agreement or as the same may be amended, re enacted or replaced by any comparable or successor laws or regulations thereto;

(h) ~~(g)~~ "**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close;

(i) ~~(h)~~ "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate on such date;

(j) ~~(i)~~ "**close of business**" on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the Calgary office of the principal transfer agent for the Common Shares (or, after the Separation Time, the Calgary office of the Rights Agent) is closed to the public; provided that, for the purposes of the definitions of "Competing Permitted Bid" and "Permitted Bid", "close of business" on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day);

(k) ~~(j)~~ "**Common Shares**" means the common shares without nominal or par value in the capital of the Corporation and any other shares in the capital of the Corporation into which such shares may be subdivided, consolidated, reclassified or changed; provided, however, that "common

shares", when used with reference to any Person other than the Corporation, shall mean the class or classes of shares (or similar equity interest) with the greatest per share voting power entitled to vote generally in the election of all directors of such other Person;

(l) ~~(k)~~ "**Competing Permitted Bid**" means a Take-over Bid that:

(i) is made while another Permitted Bid is in existence and that or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid;

(ii) satisfies all of the provisions of a Permitted Bid except that, other than the condition set forth in subparagraph 1.1(ff)(ii)(A)(I) may provide that the Voting Shares may~~hh~~(ii)(A)(I) of the definition of "Permitted Bid";

(iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for on a date which is not earlier than the later of 35 days pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the date which is the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to Applicable Securities Laws after the date of the Take-over Bid or the earliest date on which Voting Shares may be taken up or paid for under any other Permitted Bid that is then in existence for the Voting Shares; constituting the Competing Permitted Bid;

provided, however, that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition;

(m) ~~(l)~~ "**controlled**" a corporation is "controlled" by another Person if:

(i) securities entitled to vote in the election of directors carrying more than 50 percent of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other Person; and

(ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation,

and "control", "controls" and "controlling" shall be interpreted accordingly;

(n) ~~(m)~~ "**Co-Rights Agent**" has the meaning ascribed thereto in subparagraph 4.1(a);

(o) ~~(n)~~ "**Dividend Reinvestment Acquisition**" means an acquisition of Voting Shares pursuant to a Dividend Reinvestment Plan;

(p) ~~(o)~~ "**Dividend Reinvestment Plan**" means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:

(i) dividends paid in respect of shares of any class of the Corporation;

- (ii) proceeds of redemption of shares of the Corporation;
- (iii) interest paid on evidences of indebtedness of the Corporation; or
- (iv) optional cash payments;

be applied to the purchase from the Corporation of Voting Shares;

(q) ~~(+)~~ "**Election to Exercise**" has the meaning ascribed thereto in subparagraph 2.2(d);

(r) ~~(+)~~ "**Exempt Acquisition**" means a share acquisition: ~~(+)~~

(i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of subparagraph 5.1(d) or 5.1(e); ~~(ii) which was made on or prior to the date of this Agreement; or (iii) or~~

(ii) pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure having similar effect which has been approved, and/or the issuance of securities of the Corporation pursuant to such amalgamation, merger, plan of arrangement or other statutory procedure which has been approved, by the Board of Directors and by the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting of such holders duly called and held for such purpose in accordance with the provisions of *Business Corporations Act* (Alberta), the by-laws of the Corporation and any other applicable legal requirements;

(s) ~~(+)~~ "**Exercise Price**" means the price at which a holder may purchase the securities issuable upon exercise of one whole Right and, until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be equal to Fifty (\$50.00) dollars;

(t) ~~(+)~~ "**Expansion Factor**" has the meaning ascribed thereto in subparagraph 2.3(a);

(u) ~~(+)~~ "**Expiration Time**" means the earlier of:

(i) the Termination Time; ~~or~~ and

(ii) the close of business on the first Business Day following the annual general meeting of the Shareholders of the Corporation held in 2018, 2021 if the continuation of the Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting, or if so submitted, is not approved by a majority of the votes cast by Independent Shareholders in person or represented by proxy at such meeting, unless at such meeting Shareholders have reconfirmed this Agreement for an additional period of time in which case "Expiration Time" shall mean the end of such additional period of time, and so on from time to time;

provided that the "Expiration Time" shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which the "Expiration Time" would otherwise have occurred;

(v) ~~(+)~~ "**Flip-in Event**" means a transaction or event in or pursuant to which any Person becomes an Acquiring Person;

(w) ~~(+)~~ "**holder**" has the meaning ascribed thereto in Section 2.8;

(x) ~~(w)~~ "**Independent Shareholders**" means holders of Voting Shares other than:

- (i) any Acquiring Person;
- (ii) any Offeror;
- (iii) any Associate or Affiliate of any Acquiring Person or Offeror;
- (iv) any Person acting jointly or in concert with any Acquiring Person or any Offeror; and
- (v) any employee benefit plan, deferred profit sharing plan, stock participation plan, and any other similar plans or trusts for the benefit of employees of the Corporation or any Subsidiary of the Corporation but excluding in any event a plan or trust in respect of which the employee directs the manner in which the Voting Shares are to be voted and directs whether the Voting Shares be tendered to a Take-over Bid;

(y) ~~(x)~~ "**Market Price**" per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused the closing price in respect of any Trading Day used to determine the Market Price not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

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

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

(z) "NI 62-104" shall mean National Instrument 62-104 — Take-Over Bids and Issuer Bids, as amended, and any comparable or successor instruments thereto;

(aa) ~~(y)~~ **"1933 Securities Act"** means the *Securities Act of 1933* of the United States, as amended, and the rules and regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;

(bb) ~~(z)~~ **"1934 Exchange Act"** means the *Securities Exchange Act of 1934* of the United States, as amended, and the rules and regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;

(cc) ~~(aa)~~ **"Nominee"** has the meaning ascribed thereto in subparagraph 2.2(c);

(dd) ~~(bb)~~ **"Offer to Acquire"** shall include:

- (i) an offer to purchase, or a solicitation of an offer to sell, Voting Shares, and
- (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

(ee) ~~(ee)~~ **"Offeror"** means a Person who has announced an intention to make or who has made a Take-over Bid (including a Permitted Bid or Competing Permitted Bid, but excluding an Offer to Acquire made by an Investment Manager, Fund Manager, Trust Company, Crown Agency, Statutory Body, Administrator or Plan referred to in subparagraph 1.1(~~de~~)(v) of the definition of Beneficial Owner pursuant to a distribution by the Corporation or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) in the circumstances contemplated in subparagraph 1.1(~~de~~)(v)), but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;

(ff) ~~(dd)~~ **"Offeror's Securities"** means the Voting Shares Beneficially Owned by an Offeror on the date of an Offer to Acquire;

(gg) ~~(ee)~~ **"ordinary course dividends"** means cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends, in the aggregate, do not exceed the greatest of:

- (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
- (ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
- (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;

(hh) ~~(ff)~~ **"Permitted Bid"** means a Take-over Bid made by an Offeror by way of a Take-over Bid Circular which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of record of Voting Shares wherever resident as registered on the books of the Corporation, other than the Offeror;
- (ii) the Take-over Bid contains, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified provision that:

(A) no Voting Shares will be taken up or paid for pursuant to the Take-over Bid:

- (I) prior to the close of business on the 60th day following the date of the Take-over Bid or such shorter minimum deposit period that a take-over bid (which is not exempt from the general take-over bid requirements under Applicable Securities Laws (including, for greater certainty, Part 2 of NI 62-104)) must remain open for deposits of securities thereunder, in the applicable circumstances as such time, pursuant to Applicable Securities Laws; and
- (II) if, at the close of business on such date, less than 50% of the Voting Shares held by Independent Shareholders have been deposited pursuant to the Take-over Bid and not withdrawn;

(B) Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period described in subparagraph (ii)(A)(I) of this definition and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and

(C) if the condition set forth in subparagraph (ii)(A)(II) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than days Business Days from the date of such public announcement;

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

(ii) ~~(gg)~~ **"Permitted Bid Acquisition"** means an acquisition made pursuant to a Permitted Bid or a Competing Permitted Bid; provided, however, that if a Take-over Bid that qualified as a Permitted Bid when made ceases to be a Permitted Bid because it ceases to meet any or all of the requirements set forth in Subsection 1.1(hh) above prior to the time it expires (after giving effect to any extension) or is withdrawn, any acquisition of Voting Shares made pursuant to such Take-over Bid shall not be a Permitted Bid Acquisition;

(jj) ~~(hh)~~ **"Permitted Lock-up Agreement"** means an agreement between an Offeror and another Person (the **"Locked-up Person"**) whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-over Bid that is a Permitted Bid (the **"Lock-up Bid"**) and the agreement:

- (i) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that is higher than the consideration contained in or proposed to be contained in the Lock-up Bid; or
- (ii) (A) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that exceeds by as much as or more than a specified amount (the **"Specified Amount"**) the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid; and (B) does not by its terms provide for a Specified Amount that is greater than 7% of the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid;

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

- (iii) does not provide for the payment by the Locked-up Person, in the event that the Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws the Voting Shares in order to tender to another Take-over Bid or participate in another transaction, of any "break-up" fees, "top-up" fees, penalties, expense reimbursement or other amounts that exceed in the aggregate the greater of:
 - (A) the cash equivalent of 2.5% of the consideration that the Locked-up Person would have received under the Lock-up Bid; and
 - (B) 50% of the amount by which the consideration payable to the Locked-up Person under another Take-over Bid or transaction exceeds the consideration such Locked-up Person would have received under the Lock-up Bid; and
- (iv) is disclosed to the public, including the Corporation, by making copies thereof available not later than the date on which the Lock-up Bid has been publicly announced (or, if the

Lock-up Bid has been publicly announced prior to the date on which the Permitted Lock-up Agreement is entered into, not later than such date);

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

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

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

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

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

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

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

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

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

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

(i) the Stock Acquisition Date; and

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

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

- (A) if any Take-over Bid referred to in subparagraph (ii) of this definition expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
- (B) if the Board of Directors determines pursuant to subparagraph 5.1(d) or (e) to waive the application of Section 3.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

(uu) ~~(ss)~~ "**Shareholder**" means a holder of Voting Shares;

(vv) ~~(tt)~~ "**Shareholders' Meeting**" means the annual and special meeting of Shareholders to be held on or about May ~~12, 2015, 9, 2018,~~ or any adjournment or adjournments thereof;

(ww) ~~(uu)~~ "**Stock Acquisition Date**" means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to the ~~provisions of Section 5.2 of Multilateral Instrument 62-104 — Take Over Bids and Issuer Bids, Section 102 of the Securities Act (Ontario) or Section 13(d) of the 1934 Exchange Act~~ early warning or equivalent requirements of Applicable Securities Laws) by the Corporation or an Acquiring Person indicating that a Person has become an Acquiring Person;

(xx) ~~(vv)~~ "**Subsidiary**": a Person shall be deemed to be a Subsidiary of another Person if:

(i) it is controlled by:

(A) that other Person; or

(B) that other Person and one or more Persons each of which is controlled by that other Person; or

(C) two or more Persons each of which is controlled by that other Person; or

(ii) it is a Subsidiary of a Person that is that other's Subsidiary;

(yy) ~~(ww)~~ "**Take-over Bid**" means an Offer to Acquire Voting Shares or other securities if, assuming the Voting Shares or other securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of the Offer to Acquire by the Person making the Offer to Acquire, such Voting Shares (including all Voting Shares that may be acquired upon exercise of all rights of conversion, exchange or purchase attaching to the other securities) together with the Offeror's Securities would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire;

(zz) ~~(xx)~~ "**Take-over Bid Circular**" means a circular for a Take-over Bid prepared in accordance with ~~applicable securities laws~~ Applicable Securities Laws;

(aaa) ~~(yy)~~ "**Termination Time**" means the time at which the right to exercise Rights shall terminate pursuant to Section 5.1;

(bbb) ~~(zz)~~ "**Trading Day**", when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is

open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;

(ccc) ~~(aaa)~~ "**U.S. - Canadian Exchange Rate**" means, on any date:

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate, and
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith;

(ddd) ~~(bbb)~~ "**Voting Shares**" means the Common Shares and any other shares of capital stock or voting interests of the Corporation entitled to vote generally in the election of all directors; and

(eee) ~~(eee)~~ "**Voting Share Reduction**" means an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding or which may be voted, increases the proportionate number of Voting Shares Beneficially Owned by any Person.

1.2 Currency

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

1.3 Headings

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

1.4 References to Agreement

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

1.5 Grandfathered Person

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

- (a) is the Beneficial Owner of more than 20% of the outstanding Voting Shares determined as at the Record Time; or
- (b) becomes the Beneficial Owner of more than 20% of the outstanding Voting Shares after the Record Time and such Person's Beneficial Ownership of Voting Shares does not exceed the

number of Voting Shares Beneficially Owned by such Person immediately prior to the Record Time by more than 1% of the issued and outstanding Voting Shares as at the Record Time,

provided:

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

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

For purposes of this Agreement:

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

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

where:

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

1.7 Acting Jointly or in Concert

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

1.8 Generally Accepted Accounting Principles

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

ARTICLE 2 THE RIGHTS

2.1 Legend on Common Share Certificates

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

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

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

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

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, one Common Share. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and

- (ii) each Right will be evidenced by the certificate for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:
- (i) the Rights shall be exercisable; and
 - (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares.

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

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

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

- (d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its principal office in the city of Calgary the Rights Certificate evidencing such Rights together with:
- (i) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (ii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be

payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

- (e) Upon receipt of a Rights Certificate, which is accompanied by a completed Election to Exercise that does not indicate that such Right is null and void as provided by subparagraph 3.1(b) and payment as set forth in subparagraph 2.2(d), the Rights Agent (unless otherwise instructed by the Corporation if the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
 - (i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions),
 - (ii) after receipt of such certificate, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder,
 - (iii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares,
 - (iv) when appropriate, after receipt of such cash, deliver the same to or to the order of the registered holder of the Rights Certificate, and
 - (v) tender to the Corporation all payments received on exercise of the Rights.
- (f) If the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to Section 5.5) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
 - (i) take all such action as may be necessary and within its power to ensure that all securities delivered upon exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the Business Corporations Act (Alberta), the and Applicable Securities Act (Alberta), the Securities Act (Ontario) and any other applicable laws in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any securities upon exercise of Rights;
 - (iii) use reasonable efforts to cause all securities issued upon exercise of Rights to be listed on the stock exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;
 - (iv) cause to be reserved and kept available out of its authorized and unissued classes of securities, the number of securities that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;

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

2.3 Adjustments to Exercise Price; Number of Rights

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

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

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

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

- (II) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor;

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

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

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

- (b) If the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be adjusted to that price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
 - (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Common Share; and
 - (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

If such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that

such rights or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

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

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

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

- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of
- (i) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to subparagraph (a) above; and
 - (ii) the record date for the applicable distribution, in the case of an adjustment made pursuant to subparagraph (b) or (c) above, subject to readjustment to reverse the same if such distribution shall not be made.
- (e) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Exercise Price; provided, however, that any adjustments which by reason of this subparagraph 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest hundredth of a share. Notwithstanding the first sentence of this

subparagraph 2.3(e), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Termination Date. Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:

- (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment,
 - (ii) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate, mail a brief summary thereof to each holder of Rights, and issue a press release advising of the relevant adjustment.
- (f) If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in subparagraph (a)(i) or (a)(iv) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by subparagraphs (a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subparagraphs (a), (b) and (c) above, but subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with section 5.4, such adjustments, rather than the adjustments contemplated by subparagraphs (a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.
- (g) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right, all subject to further adjustment as provided herein.
- (h) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (i) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.
- (j) Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that the Board of Directors shall in good faith determine to be advisable in order that any (i) consolidation or subdivision of the Common Shares, (ii) issuance wholly or in part for cash or Common Shares or securities that by their terms are

convertible into or exchangeable for Common Shares, (iii) stock dividends or (iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares shall not be taxable to such Shareholders.

- (k) The Corporation covenants and agrees that, after the Separation Time, it will not, except as permitted by Section 5.1 or Section 5.4, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.
- (l) If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to, any adjustment required pursuant to Section 3.1.
- (m) If the Corporation shall at any time after the Record Time and prior to the earlier of the Separation Time and the Expiration Time issue any Common Shares otherwise than in a transaction referred to in subparagraph 2.3(a) each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such share.

2.4 Date on Which Exercise is Effective

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

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

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

- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Registration of Transfer and Exchange

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

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

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

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

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

2.8 Persons Deemed Owners

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

2.9 Delivery and Cancellation of Certificates

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

2.10 Agreement of Rights Holders

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

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that, prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;
- (c) that after the Separation Time, the Rights Certificate will be transferable only upon registration of the transfer on the Rights Register as provided herein;

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

2.11 Rights Certificate Holder not Deemed a Shareholder

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

ARTICLE 3

ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in Event

- (a) Subject to subparagraphs 3.1(b), ~~5.1(d)~~ and ~~5.1(e)~~, 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms hereof,

that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to four times the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in event that after the Stock Acquisition Date an event of a type analogous to any of the events described in Section 2.3 has occurred).

- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:
- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person); or
 - (ii) a transferee of Rights, direct or indirect, of an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person) who becomes a transferee in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person), that has the purpose or effect of avoiding subparagraph 3.1(b)(i);

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

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

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

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

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

3.2 Fiduciary Duties of the Board of Directors of the Corporation

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

ARTICLE 4 THE RIGHTS AGENT

4.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and the Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder, including the reasonable fees and disbursements of any expert retained by the Rights Agent. The Corporation also agrees to indemnify the Rights Agent, its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability, costs, claims, actions, damages or expenses, incurred without negligence, bad faith or wilful default on the part of the Rights Agent, for anything done or suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its acceptance, execution and administration of this Agreement in reliance upon any certificate for Voting Shares or Common Shares, or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current directors of the Corporation, provided that failure to inform the Rights Agent of any such event, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

4.2 Merger or Amalgamation or Change of Name of Rights Agent

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

4.3 Duties of Rights Agent

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

- (a) the Rights Agent may retain, at the expense of the Corporation, and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken, suffered or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (such approval not to be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to

taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

- (c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Voting Shares or Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the authorization, execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subparagraph 3.1(b)) or any adjustment required under the provisions of Section 2.3 or be responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept written instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation, and to apply to such individual for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

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

ARTICLE 5 MISCELLANEOUS

5.1 Redemption and Waiver

- (a) Subject to the prior consent of the holders of the Voting Shares, or the Rights as set forth in subparagraph 5.4(c), the Board of Directors acting in good faith may, at its option, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) If the Board of Directors elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

- (c) Within 10 days after the Board of Directors electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the Rights in accordance with Section 5.9. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or other than in connection with the purchase of Common Shares prior to the Separation Time.
- (d)
- (i) Subject to the prior consent of the holders of the Voting Shares as set forth in subparagraph 5.4(b), the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares and otherwise than in the circumstances set forth in subparagraph 5.1(e) hereof, waive the application of Section 3.1 hereof to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of Shareholders called to approve such waiver.
- (ii) The Board of Directors may, until a Flip-in Event shall occur, upon written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares; provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event pursuant to this subparagraph 5.1(d)(ii), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any future Flip-in Event in respect of any other Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares prior to the expiry, termination or withdrawal of the Take-over Bid in respect of which the waiver is, or is deemed to have been granted under this subparagraph 5.1(d)(ii).
- (e) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within eight Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this subparagraph 5.1(e) must be on the condition that such Person, within 10 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.
- (f) If a Person makes a Permitted Bid or a Competing Permitted Bid or a Take-Over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to subparagraph Section 5.1(d)(ii), the application of Section 3.1, pursuant to which Voting Shares are taken up and paid for by such Person, then the Board of Directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to

redeem the Rights at the Redemption Price on the expiry date of the Permitted Bid or Competing Permitted Bid, as the case may be.

- (g) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (h) Upon the Rights being redeemed pursuant to subparagraph 5.1(g), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.

5.2 Expiration

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

5.3 Issuance of New Rights Certificates

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

5.4 Supplements and Amendments

- (a) Without the approval of any holders of Voting Shares or Rights, the Corporation may make amendments or supplements to this Agreement to correct any clerical or typographical error or which are required to maintain the validity or effectiveness of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such change, supplement or amendment.
- (b) Subject to subparagraph 5.4(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary, rescind, supplement any of the provisions of this Agreement and the Rights. Such consent shall be deemed to have been given if the action requiring such approval is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of the holders of Voting Shares.
- (c) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights which have

not become void pursuant to subparagraph 3.1(b) present or represented at and entitled to vote at a meeting of the holders and representing a majority of the votes cast in respect thereof.

- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented and entitled to vote at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof or those Rights which, prior to the Separation Time, are held by Shareholders other than Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the *Business Corporations Act* (Alberta) with respect to meetings of Shareholders of the Corporation.
- (e) Any amendments or supplements made by the Corporation to this Agreement pursuant to subparagraph 5.4(a), which are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder, shall:
 - (i) if made before the Separation Time, be submitted to the holders of the Voting Shares of the Corporation at the next meeting of such Shareholders and the holders of Voting Shares may, by the majority referred to in subparagraph 5.4(b) confirm or reject such amendment;
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of holders of Voting Shares and the holders of Rights may, by resolution passed by the majority referred to in subparagraph 5.4(d) confirm or reject such amendment.

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

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

5.5 Fractional Rights and Fractional Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable an amount in cash equal to the same fraction of the Market Price of a whole Right determined on the date on which such fractional Right would otherwise be issuable.

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

5.6 Rights of Action

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

5.7 Regulatory Approvals

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

5.8 Unlawful Distributions

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

delivery of the Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any such jurisdiction in which such issue or delivery would be so unlawful, such Rights or securities shall be issued and delivered to such Persons to the extent the same may be so issued and delivered in reliance upon applicable exemptions from registration requirements in such jurisdictions.

5.9 Notices

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

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

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

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

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

~~Valiant~~Computershare Trust Company
~~310, 606 — 4~~of Canada
~~600, 530 — 8th Street~~Avenue S.W.
Calgary, AB T2P ~~1T1~~3S8

Fax: (403) ~~233-2857~~267-6529
Attention: Manager, Stock Transfer

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

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

5.10 Costs of Enforcement

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

5.11 Successors

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

5.12 Benefits of this Agreement

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

5.13 Governing Law

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

5.14 Severability

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

5.15 Effective Date

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

5.16 Reconfirmation

Assuming this Agreement is approved and confirmed by a resolution passed by Shareholders at the Shareholders' Meeting by the majority referred to in subparagraph 5.4(b), if this Agreement is not subsequently reconfirmed by a resolution passed by holders of the Voting Shares by the majority referred to in the last sentence of subparagraph 5.4(b) at every third annual meeting of the Corporation following the Shareholders' Meeting, or if this Agreement is not presented for reconfirmation by Shareholders prior to such dates, as the case may be, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and after the date of termination of such applicable meeting of

Shareholders; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

5.17 Determinations and Actions by the Board of Directors

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

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

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

5.20 Language

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

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

PAREX RESOURCES INC.

By: _____

By: _____

VALIANTCOMPUTERSHARE TRUST
COMPANY OF CANADA

By: _____

By: _____

EXHIBIT A
[Form of Rights Certificate]

Certificate No. _____ Rights _____

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

Rights Certificate

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

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

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

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

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

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

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

The Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

DATE: _____

PAREX RESOURCES INC.

By: _____

By: _____

Countersigned:

VALIANTCOMPUTERSHARE TRUST COMPANY OF CANADA

By: _____

Authorized Signature

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(please print name and address of transferee)

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

Date: _____
_____ Signature

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

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

(To be completed by the assignor if true)

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

Signature

(please print name of Signatory)

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

TO: VALIANT TRUST COMPANY

RE: PAREX RESOURCES INC.

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

Address

Social Insurance, Social Security or Other Taxpayer Identification Number

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

Address

Social Insurance, Social Security or Other Taxpayer Identification Number

Date: _____

Signature

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

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

(To be completed by exercisor if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person

acting jointly or in concert therewith. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

Signature

(please print name of Signatory)

NOTICE

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

