



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 11, 2016

INFORMATION CIRCULAR DATED APRIL 1, 2016



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 11, 2016**

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 **Burnet, Duckworth & Palmer LLP, Eighth Avenue Place East Tower, 2400, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1**, on May 11, 2016 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, 2015, the auditors' report thereon and the report of the Board of Directors;
2. to fix the number of directors to be elected at the Meeting at eight (8) members;
3. to elect eight (8) directors;
4. to consider and, if deemed advisable, to pass an ordinary resolution approving certain amendments to the restricted share unit plan of the Company and approving all unallocated restricted share units issuable under such restricted share unit plan, as more particularly described in the management information circular of the Company dated April 1, 2016 (the "**Information Circular**");
5. 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;
6. to appoint auditors and to authorize the directors to fix their remuneration as such; and
7. to transact such further and other business as may properly come before the Meeting or any adjournments or postponements thereof.

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

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is April 1, 2016 (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); or (iv) 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 1st day of April, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Wayne Foo*"
Chief Executive Officer and a Director



Information Circular – Management Proxy Statement

For the Annual General and Special Meeting
of Shareholders to be Held on May 11, 2016

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 **Burnet, Duckworth & Palmer LLP, Eighth Avenue Place East Tower, 2400, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1**, on May 11, 2016 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 1, 2016 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 1, 2016. **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); or (d) 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 9, 2016 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 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 ("**bbi**") 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 2015 funds flow from operations per bbl divided by FD&A cost per bbl.

Certain reserves information contained in this Information Circular is based upon an evaluation (the "**GLJ Report**") prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**") dated February 5, 2016 and effective December 31, 2015 and 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, 2015 reserves presented are based on GLJ's forecast pricing effective January 1, 2016.

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 1, 2016, there were 151,722,380 Common Shares issued and outstanding, stock options ("**Options**") to purchase 7,501,646 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 2,231,583 Common Shares issued under the Company's restricted share unit plan ("**RSU Plan**"), and deferred share units ("**DSUs**") representing the right to receive 78,600 Common Shares 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 April 1, 2016.

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 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. 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. In accordance with the director retirement policy, Mr. Norman McIntyre and Mr. John Bechtold offered their resignations as directors on October 1, 2015. Following fulsome consideration by the remaining directors, Mr. McIntyre and Mr. Bechtold were asked to remain on the Board due to the significant experience and expertise they bring as well as the need for continuity on the Board given the challenging business environment. Pursuant to the Company's director retirement policy, Mr. McIntyre and Mr. Bechtold will be asked to tender their respective resignations again on October 1, 2016 for the Board's consideration.

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.

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 equity securities 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 equity securities with a minimum aggregate market value of four times his base annual salary. The executive officers of the Company other than the Chief Executive Officer are required to acquire and hold equity securities of the Company with a minimum aggregate market value of three times their base annual salary. The aggregate market values are based on the fair market value of the equity securities 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 policy on November 24, 2010, or from the date of their appointment as an independent director or executive officer of the Company, as applicable, whichever is later, to acquire the value required. As of December 31, 2015, all of the independent directors and executive officers of the Company were in compliance with the policy and owned significantly more Common Shares than required pursuant to 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, 2015 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 eight (8) members and that eight (8) directors be elected to hold office until the next annual general meeting, or until their successors are elected or appointed. There are presently eight (8) directors of the Company, each of whom will retire from office at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at eight (8) members, and in favour of the election as directors of the eight (8) nominees hereinafter set forth:

Curtis Bartlett
 John Bechtold
 Lisa Colnett
 Robert Engbloom
 Wayne Foo
 Norman McIntyre
 Ron Miller
 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.

Name, Province and Country of Residence and Age	Offices Held and Time as Director or Officer⁽⁸⁾	Number of Common Shares Beneficially Owned or Controlled or Directed	Principal Occupation (for last 5 years)
Norman McIntyre ⁽³⁾ California, USA Age: 70	Chairman and a Director since September 29, 2009	569,020 ⁽⁴⁾	Independent Businessman since 2004. President of Petro-Canada from 2002 to 2004. Executive Vice President of Petro-Canada from 1995 to 2002. Member of the Institute of Corporate Directors having completed the Directors Education Program.
Curtis Bartlett ⁽²⁾ Alberta, Canada Age: 53	Director since September 29, 2009	2,300,008 ⁽⁵⁾	Co-founder and Partner at Lorem Partners, a private equity investment firm. Over 25 years of experience as an entrepreneur and private equity investor. Director of several private companies.
John Bechtold ⁽¹⁾⁽³⁾ Quebec, Canada Age: 70	Director since September 29, 2009	73,000	Currently a Director of Parkland Fuel Corporation, an independent marketer of fuels across Canada, Mr. Bechtold brings over 40 years of broad oil, gas and energy related experience. He served at Petro-Canada from 1977 until retirement in a number of leadership roles. Following retirement he has also served on the Board of Directors of the British Columbia Oil & Gas Commission which regulates oil and natural gas activity in that Province.
Lisa Colnett ⁽²⁾⁽³⁾ Ontario, Canada Age: 58	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. 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 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.

Name, Province and Country of Residence and Age	Offices Held and Time as Director or Officer ⁽⁸⁾	Number of Common Shares Beneficially Owned or Controlled or Directed	Principal Occupation (for last 5 years)
Robert Engbloom, Q.C. ⁽¹⁾⁽²⁾ Alberta, Canada Age: 66	Director since September 29, 2009	110,039	Senior Partner of 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: 59	Director since August 28, 2009	2,058,740	Currently President and Chief Executive Officer of Parex. 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.
Ron Miller ⁽¹⁾ Alberta, Canada Age: 50	Director since September 29, 2009	1,338,620 ⁽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.
Paul Wright ⁽¹⁾ Alberta, Canada Age: 56	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 Corporate Governance, Compensation and Human Resources Committee.
- (3) Member of the Operations and Reserves Committee.
- (4) Includes 530,520 Common Shares held in a joint account with Mr. McIntyre's spouse.
- (5) Includes 2,161,653 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) 1,292,415 Common Shares held by AREAH Investments Limited ("**AREAH**"), 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) 46,205 Common Shares held by Mr. Miller personally. Mr. Miller is the President of AREAH and in that capacity controls and directs the Common Shares held by AREAH. Does not include 165,000 Common Shares held by a trust, the beneficiaries of which are Mr. Miller's spouse and children and which trust is not controlled by Mr. Miller.
- (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 1, 2016, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 7,453,356 Common Shares constituting approximately 4.91 percent 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 policy for executive directors and officers that was implemented by the Company in 2010. 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.

Amendments to RSU Plan and Approval of Unallocated RSUs

Amendments to RSU Plan

Non-Management Director Amendments

On April 1, 2016, the Board approved certain amendments to the RSU Plan to address best practices recommended by proxy advisory firms for equity-compensation plans. In accordance with the amending provisions in the Company's RSU Plan, the Board approved the following amendments to the RSU Plan, which amendments did not require shareholder approval:

- a reduction of the maximum number of Common Shares issuable under the RSU Plan at any time from 10.0% to 4.0% of the aggregate number of issued and outstanding Common Shares, with the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements (including the Stock Option Plan and the DSU Plan), remaining at 10.0% of the Common Shares outstanding from time to time;
- a provision that effective April 1, 2016, non-management directors are not be eligible to receive new grants of RSUs pursuant to the RSU Plan;
- an amendment to the limitation on grants of RSUs to non-management directors to reflect that the number of Common Shares issuable to non-management directors under all security based compensation arrangements of the Company is limited to 1.0% of the issued and outstanding Common Shares (the "**Non-Management Director Limitation**"). Previously the RSU

Plan provided that the number of Common Shares issuable to non-management directors under the RSU Plan only could not exceed 1.0% of the issued and outstanding Common Shares;

- the removal of the annual equity value for new grants of RSUs to non-management directors due to the ineligibility of non-management directors to receive new grants of RSUs under the RSU Plan after April 1, 2016; and
- certain other "housekeeping" amendments.

At the Meeting, approval of shareholders will be sought for certain corresponding amendments to the amending provisions in the RSU Plan (the "**Non-Management Director Amendments**") to provide that: (i) the Board of Directors cannot amend the RSU Plan without shareholder approval to: (A) allow for the grant of RSUs to non-management directors after April 1, 2016; and (B) to amend the Non-Management Director Limitation; and (ii) any amendments to the RSU Plan will be subject to any required approval of the TSX.

Performance RSU Amendments

At the Meeting, approval of shareholders will also be sought for certain amendments to the RSU Plan (the "**Performance RSU Amendments**") and collectively with the Non-Management Director Amendments, the "**Proposed RSU Plan Amendments**") to allow for the grant of performance based RSUs ("**Performance RSUs**") pursuant to the RSU Plan. The provision to allow for Performance RSUs to be granted will align with the evolution of best practices and will ensure continued alignment with shareholder interest.

Currently, the RSU Plan provides for the grant by the Board of Directors (or a committee of the Board of Directors ("**Committee**"), if applicable pursuant to the terms of the RSU Plan) of RSUs to a participant under the RSU Plan (a "**Participant**"), which RSUs are subject to time-based vesting conditions and upon exercise of a RSU, a participant receives one Common Share. Non-management directors will not be eligible to receive Performance RSUs pursuant to the RSU Plan.

Pursuant to the Performance RSU Amendments, if approved by shareholders at the Meeting, at the time of grant of a RSU, the Board or the Committee, as applicable, will determine the number of RSUs and the number of Performance RSUs to be granted to a Participant, if any, and the applicable vesting dates (each a "**Vesting Date**"). Prior to the Vesting Date in respect of any Performance RSU, the Board or the Committee will assess the performance of the Company for the applicable period based on certain performance measures and determine the payout multiplier for such Performance RSUs (the "**Payout Multiplier**"). Such performance measures that may be taken into consideration may include, without limitation, any one or more of the following: (i) total shareholder return, absolute or relative; (ii) the market price of the Common Shares from time to time; (iii) the financial performance or results of the Company, any member (s) of an entity that is a subsidiary of the Company or any entity designated by the Board as a member of the "Parex Group" from time to time (collectively, the "**Parex Group**"), or a business unit or division thereof; (iv) other operational or performance criteria relating to the Company, any member(s) of the Parex Group, or a business unit or division thereof, including the achievement of corporate or personal objectives, and/or the attainment of milestones relating to financial, operational, strategic or other objectives of the Company; (v) activities related to growth of the Company, members of the Parex Group, or a business unit or division thereof; (vi) health and safety performance of the Company, members of the Parex Group, or a business unit or division thereof; (vii) the execution of the Company's strategic plan as determined by the Board; (viii) other performance criteria and results relating to the Participant, the Company, members of the Parex Group, or a business unit or division thereof, and (ix) such additional or other measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances (collectively, the "**Performance Measures**").

The weighting of the individual measures comprising the Performance Measures will be determined by the Board in its sole discretion having regard to the principal purposes of the RSU Plan. Upon the assessment of all Performance Measures, the Board will determine the applicable Payout Multiplier, which shall not be less than 0 and not more than 2 and will apply to all Performance RSUs granted since the previous Payout Multiplier was calculated, if any. Upon the determination of the Payout Multiplier, the number of Common Shares issuable pursuant to a vested Performance RSU shall be adjusted by multiplying the number of vested Performance RSUs by the applicable Payout Multiplier, resulting in the issuance of up to two Common Shares upon exercise of a vested Performance RSU.

As a result of such amendments, additional corresponding amendments are required to the RSU Plan, to provide for: (i) the determination of the applicable Payout Multiplier for Performance RSUs which vest in connection with the death of a Participant; (ii) the determination of the applicable Payout Multiplier for Performance RSUs which may vest in connection with an Asset Sale, Take-Over Proposal, and/or a Change of Control (as each of such terms are defined in the RSU Plan); and (iii) certain other "housekeeping" amendments.

For a summary of the current terms of the RSU Plan see "*Statement of Executive Compensation - Compensation Discussion and Analysis – RSU Plan*" in this Information Circular. Also see a copy of the RSU Plan after giving effect to the Proposed RSU Plan Amendments (the "**Amended RSU Plan**"), and a blackline reflecting such Proposed RSU Plan Amendments, attached hereto as Appendix B. The foregoing description of the amendments to the RSU Plan is qualified, in its entirety, by the Amended RSU Plan.

Approval of Unallocated RSUs

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

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

As at April 1, 2016, the maximum number of Common Shares issuable under the RSU Plan at any time was 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, including the Stock Option Plan and the DSU Plan, may not exceed 10.0% of the Common Shares outstanding from time to time. As at April 1, 2016, the Company had RSUs to acquire 2,231,583 Common Shares outstanding under the RSU Plan, representing 1.47% of the issued and outstanding Common Shares as at that date, leaving up to 3,837,312 Common Shares available for future grants under the RSU Plan and the Amended RSU Plan, as applicable. In addition, as at April 1, 2016, the Company had RSUs, Options and DSUs to acquire an aggregate of 9,811,829 Common Shares outstanding under the RSU Plan, the Stock Option Plan and the DSU Plan, representing 6.47% of the issued and outstanding Common Shares as at that date, leaving up to 5,360,409 Common Shares available for future grants under the RSU Plan and the Amended RSU Plan, as applicable, and all other security based compensation arrangements, including the Stock Option Plan and DSU Plan, based on the number of Common Shares outstanding as at that date. If any RSUs, Options or DSUs granted under the RSU Plan or the Amended RSU Plan, as applicable, the Stock Option Plan or the DSU Plan, respectively, shall be exercised or shall expire, terminate or be cancelled for any reason without having been exercised in full, additional Common Shares shall be unallocated and be available for the purposes of future grants under the RSU Plan or the Amended RSU Plan, as applicable, and all other security based compensation arrangements of the Company, including under the Stock Option Plan and the DSU Plan.

Shareholder Approval

If approval of the Proposed RSU Plan Amendments and the grant of unallocated RSUs under the Amended RSU Plan is obtained at the Meeting, the Board of Directors will be able to grant Performance RSUs and the Company will not be required to seek further approval for unallocated RSUs (including Performance RSUs) under the Amended RSU Plan until May 11, 2019.

If approval is not obtained at the Meeting, the Amended RSU Plan will not become effective and RSUs which have not been allocated as of May 11, 2016 and Common Shares which are reserved for issuance pursuant to RSUs which are outstanding as of May 11, 2016 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of RSUs under the RSU Plan. Previously allocated RSUs will continue to be unaffected by the approval or disapproval of the resolution.

At the Meeting, the following ordinary resolution (the "**RSU Plan Amendment and Unallocated RSU Resolution**") will be presented:

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

1. the Proposed RSU Plan Amendments, as described under the heading "*Matters to be Acted Upon at the Meeting – Amendments to RSU Plan and Approval of Unallocated RSUs*" and as set forth in the Amended RSU Plan provided in Appendix B to this Information Circular are hereby authorized and approved;
2. all unallocated RSUs under the Amended RSU Plan are approved and authorized until May 11, 2019;
3. 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
4. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

In order for the RSU Plan Amendment and Unallocated RSU 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 RSU Plan Amendment and Unallocated RSU Resolution.**

Shareholder Advisory Vote on Executive Compensation

The Board believes that Shareholders should have the opportunity to receive information to assist them in understanding the objectives, philosophy and principles used in its approach to executive compensation and to provide feedback to the Board on such matters. As such, the Board determined to include a shareholder advisory vote (the "**Say on Pay Vote**") on executive compensation at the Meeting. 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.

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 2017. In addition, shareholders may contact the Corporate Secretary of the Company by mail at the Company's head and registered 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 1, 2016."

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, 2015, 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.

Matters Considered at the Company's 2015 Annual Meeting

At the Company's annual general and special meeting of shareholders held on May 12, 2015 (the "**2015 Shareholders Meeting**"), in addition to appointing the directors and auditors of the Company, shareholders also approved: (i) an ordinary resolution approving the DSU Plan (the "**DSU Plan Resolution**"); and (ii) an ordinary resolution approving the Company's amended and restated shareholder rights plan (the "**Rights Plan Resolution**"). The vote on the appointment of directors of the Company was conducted by ballot in accordance with the Company's majority voting policy and the policies of the TSX and over 98.99% of the Common Shares represented at the 2015 Shareholders Meeting were voted in favour of the appointment of each of the directors. The Common Shares represented at the 2015 Shareholders Meeting were voted 88.12% and 95% in favour of the DSU Plan Resolution and the Rights Plan Resolution, respectively.

LETTER TO SHAREHOLDERS

Dear Fellow Parex Shareholder:

On behalf of the Board of Directors, I am writing to provide you with some insights and context into our performance and executive compensation practices in addition to the compensation discussion and analysis which is under the heading "*Statement of Executive Compensation*" immediately following this letter. It is our belief that executive compensation must be viewed in the context of planning and results

2015 Business Results

In 2015, Parex had a very strong year notwithstanding the price of Brent oil exiting the year at a generational low of approximately \$40 per barrel. We are proud to note that within the oil and gas sector Parex was the number one performing TSX listed issuer. Our total shareholder return was 33 percent compared to a negative return of 24 percent for the TSX capped energy index. We believe that our strong share price appreciation reflected the following:

- *Production Growth*: 2015 was another strong year for Parex during which production grew by 22 percent from 22,256 barrels per day ("**bopd**") in 2014 to 27,434 bopd in 2015;
- *Reserves Growth*: our proved plus probable reserves increased by 19% from 68.4 million barrels of oil equivalent ("**mmboe**") to 81.7 mmboe (98% crude oil);
- *Self Funded*: our annual cash flow was sufficient to fund our 2015 growth. Cash flow for the year before working capital movements, was \$130 million and capital expenditures were \$125 million;
- *Operational Activities*: executed a formal agreement with Empresas Colombiana de Petroleos S.A. to operate and earn a 50 percent working interest in the Aguas Blancas light oil field in Colombia;
- *Adding Value at the Bottom of the Price Cycle*: FD&A for the year based upon the GLJ Report was \$2.00/bbl for proved reserves and \$3.57/bbl for proved plus probable reserves including future development capital, which combined with the fourth quarter 2015 cash margin of \$12.16/bbl generated a recycle ratio of 3.4 on a proved plus probable basis;
- *Balance Sheet*: we exited 2015 with no bank debt and working capital of \$77 million; and
- *Corporate Social Responsibility*: we maintained a robust and impactful community social program in Colombia in our area of operation investing approximately \$5.8 million on infrastructure and community development. These programs assist with ensuring continued access to our areas of operation to execute on our capital plans.

Please see our management's discussion and analysis and audited consolidated financial statements for the years ended December 31, 2015 and 2014 for a further discussion of the operational and financial results of the Company, which documents are available on our SEDAR profile at www.sedar.com. See also "*Advisories*" in this Information Circular.

As part of the Company's focus on long term planning, in 2015 the Company made significant improvements to its business process, finance and information systems, which improvements are expected to assist with our growth plans.

2015 Compensation and Changes to Executive Compensation

In considering performance for 2015 the Corporate Governance and Human Resources Committee of the Board (the "**CG&HR Committee**") established performance goals for our annual incentive bonus plan. With the Company's excellent performance and shareholder returns, Parex's bonus plan paid out above target. This reflected the achievement of key targets such as reserve growth, cost management and health, safety and environmental performance, along with achieving key milestones of expanding our portfolio of appraisal and development opportunities in Colombia and divesting of our Trinidad business.

Parex' compensation framework is reviewed annually for effectiveness and overall cost as compared to our peer group. The CGHR Committee engaged Lane Caputo Compensation Inc. ("**Lane Caputo**"), a third party consulting firm, to provide compensation advice and peer analysis to Parex to be used for benchmarking Parex' compensation practices and costs. A further description of the compensation plans, a three year history of total compensation for Executives (as defined herein), and the Board's philosophy on executive compensation can be found in "*Statement of Executive Compensation*" in this Information Circular. Below we highlight certain proposed changes to our compensation plans and policies designed to further align compensation with Shareholder interests and industry best practices, all as more fully described in the Information Circular, as follows:

- We are proposing amendments to the RSU Plan to enable the granting of Performance RSUs to executives and other senior managers;
- We have placed a limit on the maximum number of RSUs to be granted under the RSU Plan to 4 percent of the outstanding Common Shares. Note that our past RSU granting practice was in line with this limit; and
- We have adopted a "clawback policy" in respect of incentive compensation, including Option and RSU awards so that in the event of a restatement of financial statements, the Board has the ability to cause the cancellation of incentive awards held by any Executives found to be knowingly at fault. See "*Statement of Executive Compensation – Other Information Concerning Executive Compensation – Clawback Policy*".

Last year we implemented the DSU Plan for non-management directors in place of Option or RSU awards. The DSU Plan has a limit of 0.5 percent of the outstanding Common Shares.

The Board is of the view that the Option Plan will remain a component of long term incentive compensation at this time but with a reduced emphasis and therefore less potential dilution. Parex is a growth company and Options are still considered helpful as an

employee retention tool. Option grants have been reduced over the last two years as we have implemented the RSU plan. We also note that the award limit under all of Parex's share-based compensation arrangements is limited to 10 percent of the outstanding Common Shares. At December 31, 2015, there was a total of 6.7 percent, or approximately 10 million Options, RSUs and DSUs outstanding, approximately 4 million of which are vested and in the money. Historically Parex executives do not, as a whole, exercise their awards at the time of vesting, which results in executives having incremental vested and in the money awards at risk, thereby providing further alignment with Shareholders. However, Canadian federal income tax rules may be evolving and the continued use of Options by the Company will be further evaluated in 2016. We note that the Option Plan is subject to re-approval by the Shareholders next year.

From a historical perspective, in 2014 we issued 1.89 million Options and 789,000 RSUs/DSUs which as a function of the average weighted outstanding Common Shares in 2014 was 2.2 percent (routinely referred to as the "burn rate"). For 2015 our burn rate was 2.1 percent. We understand that certain corporate governance advisors are of the view that for a TSX Composite issuer an annual burn rate in excess of 1.0 to 1.5 percent is high. We believe that management has demonstrated a sustained track record of best in class performance and we want to motivate and retain our executives and employees while still maintaining reasonable cash costs. We have no other long term incentive plans for our staff other than Options and RSUs and a cash share appreciation rights plan for our Colombian staff. We do not have any savings plans, pension plans or any other share award incentive plans for our employees. We believe that these factors are not always reflected in the analysis completed by the corporate governance advisors.

CEO Compensation

Mr. Foo's compensation for 2015 was \$2,445,460 versus \$1,824,948 in 2014. The increase in his total compensation is primarily a result of the increase in Parex' share price in 2015 and the resulting increase in valuation of Mr. Foo's Options and RSU awards in 2015 versus 2014. In 2015 he was not awarded a salary increase. The CG&HR Committee considers CEO (as defined below) compensation by working with advisors to determine a representative peer group and conducting competitive benchmarking. The CG&HR Committee recommended, and the Board approved, all aspects of the CEO compensation in 2015 and have done so since inception of the Company.

The Board has approved salary increases effective January 1, 2016 for senior managers and executive including the CEO as outlined in the Information Circular. These increases were considered appropriate given corporate and personal performance and to adjust the salaries of our senior managers and Executives to be comparable to Parex' peer group. Further, the cost of this program is offset by the reduction of one executive position with the Chief Operating Officer leaving his employment with the Company in 2015 and the absorption of his duties within the existing executive team.

Say on Pay

At the Meeting, we will providing Shareholders with an advisory vote on executive compensation. It is the view of the Board that a "say on pay" will be another communication avenue for our Shareholders regarding executive compensation and is reflective of governance best practices.

Conclusion

We hope this discussion provides you with some further insight into our performance and executive compensation practices. We are committed to strong two way communication with our Shareholders. To that end we would be pleased to answer in person any questions you may have at the Meeting, or please contact Parex management at any time prior to the Meeting.

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

(signed) "*Robert Engbloom*"

Robert Engbloom
Chairman, Corporate Governance and Human Resources Committee

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company was incorporated in August 2009 and in September 2009 the CG&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 CG&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 in 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, Options and RSUs. 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 Options and RSUs, 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. All Calgary based Executives and employees were eligible for a foreign travel premium for extensive business travel outside of Canada and the United States each year, but this component of compensation was discontinued effective January 1, 2016 as a cost reduction measure.

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. Results and recommendations from a competitive compensation study initiated by the CG&HR Committee and conducted by Lane Caputo in autumn 2015, which compared Parex Executive and other employee compensation against a peer comparator group of companies, was used in planning for the annual long-term incentive compensation grants in 2015 to Executives and for compensation planning for 2016 for Executives, including base salaries. The results and recommendations from the Lane Caputo compensation study were supplemented by the results of the 2015 Mercer Total Compensation Survey, being a third party compensation survey used to

compare pay levels and practices for similar positions across the Canadian energy industry, including executive positions See *"Statement of Executive Compensation – Changes to Executive Compensation"*. 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 CG&HR Committee, upon management's recommendation. The composition of the group is reviewed annually by the CG&HR Committee for its ongoing business relevance to Parex. For 2015, the peer comparator group of eighteen companies that were good comparisons to Parex' current and growth plan metrics were Africa Oil Corp., Bankers Petroleum Ltd., Bellatrix Exploration Ltd., Birchcliff Energy Ltd., Bonavista Energy Corp., Canacol Energy Ltd., Crew Energy Inc., Enerplus Corp., Gran Tierra Energy Inc., NuVista Energy Ltd., Paramount Resources Ltd., Pengrowth Energy Corp., Penn West Petroleum Ltd., 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 appropriate levels and composition of compensation for the Company's executives, supplemented by data from the 2015 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 CG&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 CG&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 Stock Option and RSU grants are at the discretion of the Parex Board of Directors from year to year;
- bonus plan payouts are capped based on a percentage of salary and subject to overall maximum thresholds;
- the Stock 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. These factors encourage long term sustainable share price appreciation;
- recommendations for annual Stock Option and RSU grants are reviewed by the CG&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 CG&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 CG&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 CG&HR Committee did not identify any risks associated with Parex' compensation policies and practices for the year ended December 31, 2015 that were reasonably likely to have a material adverse effect on Parex. The CG&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 and RSUs).

Position	Fixed Compensation Base Salary (% of Total Compensation)	At-Risk Compensation Incentive Bonus/Long-Term Incentives (% of Total Compensation)
Executives	15% - 29%	71% - 85%

Base Salary

The base salary amounts for each Executive are targeted at the median of the Company's peer comparator group and are reviewed annually. The results of Lane Caputo's executive compensation studies in 2014 and 2015 indicated the executive salaries lagged behind the comparable medians in the peer comparator group. These results were considered by the Board in determining a salary increase for Mr. Taylor when he was promoted to President in November 2015, and in determining salary increases for the remaining executives effective January 1, 2016. See "*Statement of Executive Compensation – Changes to Executive Compensation*". 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 CEO is approved by the Parex Board of Directors, upon the recommendation of the CG&HR Committee. The base salary level for all other Executives is recommended by the CEO for consideration and approval by the CG&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 percent of base salary for the CEO and 60 percent of base salary for the Company's other Executives, other than for the President Parex Colombia, which is set at 50 percent of base salary.

Payment levels are weighted based on individual and corporate performance goals. The incentive bonus is paid within a range of between 50 percent and 150 percent 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 percent for outstanding results against individual and corporate goals, as follows:

Position	Performance Weighting Corporate/Individual	Target Incentive Bonus (% Base Salary)	Incentive Bonus Range (Payment as % of Target Incentive Bonus)	
			Threshold	Exceptional
CEO	75% / 25%	70%	50%	150%
CFO	75% / 25%	60%	50%	150%
COO ⁽¹⁾	75% / 25%	60%	50%	150%
President	75% / 25%	60%	50%	150%
President Parex Colombia	50% / 50%	50%	50%	150%

Note:

(1) Mr. Larson was COO until November 5, 2015 and Senior Advisor from November 5, 2015 until December 31, 2015.

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

Incentive Bonus Performance Goals

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 2015 were approved in early 2015 for each of the performance areas. These goals were subjective, based on the view of the Parex Board of Directors of key performance requirements for the Company, and included reserve additions, finding, development & acquisition costs, exit oil production rate, safety record, pre-tax cash flow and the achievement of certain key progress milestones. The reserve additions and finding, development & acquisition cost goals had the highest single weightings of the 2015 corporate goals.

Long-Term Incentives

Long-term incentives 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. These incentives are provided in the form of Options and RSUs. The annual long-term incentive grants of Options and RSUs are calculated to target the Executive's total compensation at the median of similar positions in the Company's peer comparator group and are based on the expected value of the Option and RSU awards with reference to the Executive's base salary and incentive bonus.

Options

The Stock Option Plan is administered by the Parex Board of Directors. 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 CEO are recommended by the CEO, reviewed by the CG&HR Committee and approved by the Parex Board of Directors. The Parex Board of Directors approves Option grants for the CEO, upon the recommendation of the CG&HR Committee. As of the date hereof, Options to purchase an aggregate of 7,501,646 Common Shares are issued and outstanding.

The number of Options granted to Executives takes into consideration Company and individual performance as well as the mix of all elements of the Executive's compensation. When setting grant levels, the Company considers competitive market information on Options and other forms of long-term incentives. In addition, the Stock Option Plan's dilutive impact on shareholders and number of Common Shares available for issuance are factored into the determination of Option grant levels. The Stock Option Plan provides for the issuance of Options to a maximum of 10% 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 10% of the Common Shares outstanding from time to time.

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, but previous grants can be taken into consideration when considering new grants of Options. Any grant of Options is subject to the restrictions of the Stock Option Plan.

With respect to annual Option grant awards, the intent is for the timing of such awards to coincide with the Company's long-term planning cycle and approval of strategic goals for the near and longer term. Awarding long-term incentives at the same time that the Company's goals are set is intended to reinforce Executives' focus on the long-term goals of the Company. In 2015, updated strategic goals for the Company were approved in October and in early November, 2015 and options were awarded to the executives and all qualifying employees on November 9, 2015.

RSUs

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 to Executives other than the CEO are recommended by the CEO, reviewed by the CG&HR Committee and approved by the Parex Board of Directors. The Parex Board of Directors approves RSU grants for the CEO, upon the recommendation of the CG&HR Committee. As of the date hereof, 2,231,583 RSUs are issued and outstanding exercisable for an aggregate of 2,231,583 Common Shares. Any grant of RSUs is subject to the restrictions of the RSU Plan.

The number of RSUs granted to Executives takes into consideration Company and individual performance as well as the mix of all elements of the Executive's compensation. When setting grant levels, the Company considers competitive market information on RSUs and other forms of long-term incentives. In addition, the RSU Plan's dilutive impact on shareholders and numbers of Common Shares available for issuance are factored into the determination of RSU grant levels. The RSU Plan provides for the issuance of RSUs 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 all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 10% of the Common Shares outstanding from time to time.

The intent is for the timing of annual RSU grant awards to coincide with the Company's long-term planning cycle and approval of strategic goals for the near and longer term. Awarding long-term incentives at the same time that the Company's upcoming strategic goals are set is intended to reinforce Executives' focus on the long-term goals of the Company. In 2015, updated strategic goals for the Company were approved in October and early November, 2015 and RSUs were awarded to the Executives and all qualifying employees on November 9, 2015.

Compensation Governance

CG&HR Committee

The CG&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. The members of the CG&HR Committee are Curtis Bartlett, Lisa Colnett and Robert Engbloom. The skills and experience that enable the members of the CG&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:

CG&HR Committee Member	Independent	Skills and Experience Relevant to CG&HR Committee
Robert Engbloom, Q.C. CG&HR Committee Chairman	Yes	Senior Partner of 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.
Curtis Bartlett	Yes	Co-founder and Partner at Lorem Partners, a private equity investment firm. Over 25 years of experience as an entrepreneur and private equity investor. Director of several private companies.
Lisa Colnett	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 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.

Mandate of the CG&HR Committee

The CG&HR Committee of the Parex Board of Directors is responsible for oversight of the Company's corporate governance, board development, executive appointments and compensation, human resources, Stock Option Plan, RSU Plan, DSU Plan disclosures and performance assessment functions.

In particular, the CG&HR Committee's responsibilities include, but are not limited to:

- overseeing that the Company's corporate governance system is effective and meets regulatory requirements;
- assessing and making recommendations regarding Board and Committee mandates and performance;
- providing ongoing training and development for directors as required;
- establishing a process for identifying, recruiting, appointing, and electing directors and officers of the Company;
- 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;
- encouraging alignment between the tactical performance of the officers and the Company and the strategic objectives and goals of the Company;
- assessing the adequacy of the Company's corporate governance, code of conduct, anti-bribery and corruption, whistleblower and all other significant policies and procedures which govern the Company's operations;
- taking the steps necessary to address and resolve all complaints reported to the Company and/or the Committee in accordance with the Company's whistleblower policy;

- periodically reviewing and evaluating the size, composition, compensation and charter of the Parex Board of Directors and Committees, the structure and mandates of the Committees, and position descriptions for the Chairman's thereof and overall director qualifications;
- reviewing and recommending to the Parex Board of Directors:
 - appointments of the officers of the Company;
 - the approval of terminations, and severance arrangements for officers;
 - approval of officers' annual compensation and benefits package and related terms of employment based on the officers' annual performance evaluations;
 - 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
 - overall budget salary increases for the Company's employees and directors, including cash compensation consisting of salary and bonuses, and the number of new Options, RSUs and DSUs;
- reviewing annually the adequacy and form 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;
- 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
- 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 CG&HR Committee's responsibilities include the Company having in place a process to provide for the orderly succession of management, including the CEO role. The Board reviews the succession plan for the CEO as well as for other management positions at least once per year, including the annual Board strategic planning meeting. In 2015, succession planning for the CEO and for other management positions was reviewed at the Board's strategic planning meeting held on October 1, 2015. At such time, the Board was satisfied that appropriate succession plans were in place for the CEO and for other management positions.

Compensation Consultants

Consultant	Date Retained	Mandate	Executive Compensation-Related Fees (includes GST)
Lane Caputo	September 8, 2015	Review of and recommendations for Executive, Vice President and independent director compensation for Parex against the Company's peer group of companies	\$33,600
Lane Caputo	October 8, 2014	Review of and recommendations for Executive, Vice President and independent director compensation for Parex against the Company's peer group of companies	\$37,800

In each of 2014 and 2015, the CG&HR Committee retained Lane Caputo to review and recommend Executive, vice president and independent director compensation against the Company's peer group of companies. See "*Statement of Executive Compensation – Changes to Executive Compensation*" and "*Statement of Executive Compensation – Director Compensation*".

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 CG&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, 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 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

In the autumn of 2014, Management undertook an organizational review to prepare the Company to grow production to 50,000 barrels of oil per day and to achieve its growth aspirations. The Company's focus was on strengthening systems and processes as well as leadership development in both the Calgary and Bogota offices. The project was completed in October 2015. As a result, to position Parex for the path forward, the Company announced the following changes to its executive management team on November 5, 2015:

- Dave Taylor was promoted to President of the Company, responsible for operations, business development and exploration.
- Wayne Foo remained as CEO and a member of the Board of Directors, responsible for strategy development, capital allocation and stakeholder relations. The roles of the President, Chief Financial Officer and Vice President Human Resources and Administration are to report to the CEO.

With the strengthening of the extended leadership team enabling a streamlined organization, and with the executive management changes formalizing the decision making process that resulted from the organizational review project, the COO position was not included in the Company's new organization structure. Barry Larson, COO since the Company's inception in 2009, left his employment with the Company at the end of 2015, following an orderly transition period for the new executive management structure. Under the terms of his Employment Agreement, Mr. Larson received a retiring allowance when his employment with the Company ended effective December 31, 2015.

The CG&HR Committee retained Lane Caputo in September 2015 to conduct an update of their October 2014 review of and recommendations for Executive, Vice President and independent director compensation against an updated peer group of companies. Lane Caputo made several recommendations in their 2015 report regarding increases to base salaries for Executive and Vice President positions in Parex, as well as recommended levels of annual grants of long term incentives for these positions, to help ensure that the Company's compensation practices were competitive against the peer group of companies.

The CG&HR Committee reviewed Lane Caputo's recommendations in early November 2015 and directed Management to use these recommendations in the planning for the annual long term incentive grants to be made later in November that year, as well as in salary and other compensation planning for 2016 that would be prepared for CG&HR Committee and Board approval in February 2016. The 2015 Lane Caputo report data was also considered in the decision to increase Mr. Taylor's annual salary to the median of the peer group data for similar positions effective November 1, 2015 following his promotion to President.

The CG&HR Committee met in January and February 2016 to review management's recommendations for salary and other compensation planning for 2016, in preparation for the Board meeting in February 2016.

In February 2016 the Board considered the 2015 Lane Caputo report recommendations, including that executive compensation had significantly lagged behind the peer group for at least the past two years, and the new streamlined organization which did not include a COO position, in determining salary actions for the remaining executives. The Board approved annual salary increases for Mr. Foo, Mr. Pinsky and Mr. DiStefano to the median base salaries of similar positions in the peer group. The salary increases, which were effective January 1, 2016, were also in recognition of each executive's significant contributions to the Company's excellent performance and results, including Parex being the top performing company in the TSX Energy Index in 2015, and addressed the need to compensate executives competitively compared to similar positions in the peer group of companies. As well, the executives had not received salary increases in 2015.

Aggregate 2016 salaries for Executives, including the salary increases, are less than in 2015 because of the elimination of the COO position in December 2015.

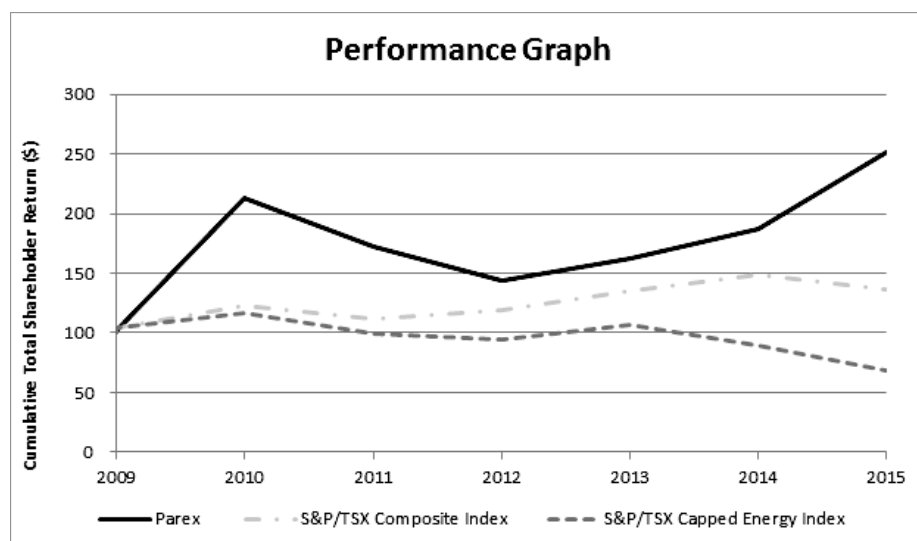
Shareholders are being asked to approve the Amended RSU Plan at the Meeting. If approved, the Amended RSU Plan would enable the Board to grant Performance RSUs to Executives and other employees, which Performance RSUs have a Payout Multiplier based on Performance Measures, further aligning the long term incentive grants to executives and other employees with shareholder interests. See "*Matters to be Acted Upon at the Meeting – Amendments to RSU Plan and Approval of Unallocated RSUs*" in this Information Circular.

In recognition of the challenging economic environment and cost pressures in the industry, the Company's policy for foreign travel premium (which had been put in place to help reduce the need for more costly expatriate assignments, was based on the actual amount of international business trips conducted each year outside of Canada and the United States by an officer or employee and was only paid if a certain minimum threshold of number of days was reached each year) was discontinued effective January 1, 2016.

At this time, the Company is not considering any further potential changes to its compensation policies and practices for 2016.

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 November 12, 2009, the date on which the Common Shares began trading on the TSX Venture Exchange, to December 31, 2015. The Company's Common Shares began trading on the TSX on October 3, 2011. 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.



	11/12/2009	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Parex	100	101	214	172	143	162	187	251
S&P/TSX Composite Index	100	104	122	112	120	135	149	137
S&P/TSX Capped Energy Index	100	105	117	100	95	107	90	68

If \$100 was invested in the Common Shares on November 12, 2009, it would have resulted in a cumulative shareholder return of 151% on December 31, 2015. 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 37%, and the same amount invested in the S&P/TSX Capped Energy Index would have resulted in a cumulative shareholder return of minus 32%.

From November 12, 2009 to December 31, 2015 the total compensation paid to the four Parex NEO's who joined Parex in 2009, as reported in the NEO Summary Compensation Table in this document and excluding the retiring allowance paid to Mr. Larson in December 2015 as described in "Statement of Executive Compensation - Changes to Executive Compensation", increased by 107%. This analysis assumes a full year of total compensation for 2009 instead of the actual partial year which commenced on November 1, 2009 when the four NEO's joined the Parex payroll in order to accurately compare total compensation for 2009 against 2010, 2011, 2012, 2013, 2014 and 2015. The fifth NEO included in the NEO Summary Compensation Table in this Information Circular joined Parex in 2011.

The increase in NEO total compensation has been largely due to the significant increase from 2009 to 2015 of the grant date fair value of the Company's option-based awards and to the significant increase from 2012 to 2015 of the grant date fair value of share-based awards (RSUs). The option and share-based awards in the NEO Summary Compensation Table are based on the grant date fair value, which 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 Options and RSUs, in accordance with International Financial Reporting Standard 2 – Share Based Payments. The grant date fair values per Option and RSU awarded in 2015 as compared to 2009 have increased consistently with the increase in the price of the Common Shares, as the Black-Scholes methodology calculates a higher value per

Option or RSU for a higher Common Share price (all other assumptions remaining equal). The increase in the price of the Common Shares reflected the Company's excellent performance and growth in the period 2009 to 2015. 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 performance bonuses paid to the NEOs for 2015 that reflect outstanding corporate performance against Parex goals that were established at the start of the year, as compared to the target bonuses that were included in the assumed full year of total compensation for 2009 for this analysis.

NEO Summary Compensation Table⁽¹⁾

Name and principal position	Year	Salary (\$)	Share-based awards (RSUs) (\$) ⁽²⁾	Option-based awards (\$) ⁽³⁾⁽⁸⁾	Non-equity incentive plan compensation	All other compensation ⁽⁵⁾ (\$)	Total compensation ⁽⁶⁾ (\$)
					Annual incentive plans ⁽⁴⁾ (\$)		
Wayne Foo ⁽¹⁰⁾ Chief Executive Officer	2013	345,000	397,800	568,400	281,520	59,373	1,652,093
	2014	370,000	486,000	427,500	348,984	192,464	1,824,948
	2015	370,000	929,050	697,000	378,788	70,622	2,445,460
Kenneth Pinsky Chief Financial Officer and Corporate Secretary	2013	270,000	217,260	568,400	202,500	58,230	1,316,390
	2014	290,000	340,200	285,000	200,825	101,380	1,217,405
	2015	290,000	655,800	492,000	245,775	55,988	1,739,563
Barry Larson ⁽⁹⁾ COO	2013	310,000	217,260	568,400	232,500	75,306	1,403,466
	2014	325,000	340,200	285,000	212,875	126,772	1,289,847
	2015	325,000	Nil	Nil	200,000	1,276,418	1,801,418
David Taylor President	2013	275,000	217,260	568,400	206,250	76,597	1,343,507
	2014	295,000	340,200	285,000	230,100	117,752	1,263,052
	2015	307,499 ⁽¹¹⁾	655,800	492,000	319,125	72,247	1,846,641
Lee DiStefano ⁽⁷⁾ President Parex Colombia	2013	266,540	173,196	450,660	143,931	133,270	1,167,597
	2014	316,992	194,400	171,000	182,003	168,540	1,032,935
	2015	366,987	360,690	270,600	264,545	183,493	1,446,315

Notes:

- (1) The Company does not provide long-term non-equity incentive plan or pension plan compensation.
- (2) The grant date fair value of share-based awards (RSUs) 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 RSUs, in accordance with International Financial Reporting Standard 2 – Share Based Payments. The following assumptions were used for calculating the grant date fair value of share-based awards granted to the NEOs:

Assumption	RSU Grant Date		
	October 16, 2013	November 10, 2014	November 9, 2015
Expected life of RSUs	3.0 years	3.0 years	4.0 years
Risk-free interest rate	1.22%	1.23%	0.77%
Expected volatility	48%	39%	47.5%
Expected dividend yield	0%	0%	0%
Grant date fair value per RSU	\$6.12	\$9.72	\$10.93

- (3) 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		
	October 16, 2013	November 10, 2014	November 9, 2015
Expected life of Options	3.0 years	3.0 years	4 years
Risk-free interest rate	1.22%	1.23%	0.77%
Expected volatility	48%	39%	47.5%
Expected dividend yield	0%	0%	0%
Grant date fair value per Option	\$2.03	\$2.85	\$4.10

- (4) Incentive plan bonuses for 2013 were paid in February 2014. Incentive plan bonuses for 2014 were paid in February 2015. Incentive plan bonuses for 2015 were paid in February 2016.
- (5) All other compensation for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor 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, as well as the special payment in lieu of a salary increase in 2015, paid in February 2015 and included in the 2014 all other cash compensation and perquisites amount. 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 compensation for Mr. Larson also included the retiring allowance described in "Statement of Executive Compensation - Changes to Executive Compensation". 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, as well as the special payment in lieu of a salary increase in 2015, paid in February 2015 and included in the 2014 all other compensation amount.
- (6) Total compensation equals salary plus all other cash compensation and perquisites and the grant date fair value of option and share based awards.
- (7) 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 or partial year of employment of 0.9710 for 2013, 1.1045 for 2014, and 1.2787 for 2015.
- (8) In June 2013, an aggregate of 1,550,000 Options held by NEOs which were significantly "out of the money" were acquired by the Company for nominal consideration and cancelled. An aggregate of 1,342,000 Options were granted to the NEOs on October 16, 2013 under the annual Option grant award as described in "Statement of Executive Compensation – Long-Term Incentives" in this Information Circular. The incremental fair value of the Options granted on October 16, 2013 was \$0.78 less per Option than the per Option value of the cancelled Options, and the three year vesting and five year term provisions of the October 16, 2013 annual Option grant, as per the terms of the Stock Option Plan, are aligned with the long term strategic goals approved by the Parex Board of Directors in early October, 2013. The opportunity to have the Company acquire "out-of-the-money" Options in June 2013 was made available to all employees, officers and directors of the Company.
- (9) COO until November 5, 2015 and Senior Advisor from November 5, 2015 until December 31, 2015.
- (10) Salary effective January 1, 2016 is \$450,000. See "Statement of Executive Compensation - Changes to Executive Compensation".
- (11) Reflects salary of \$295,000 January 1 to October 31, 2015 and salary increase to \$370,000 effective November 1, 2015. See "Statement of Executive Compensation - Changes to Executive Compensation".

NEO Incentive Plan Awards

Outstanding Option-based and Share-based awards (as at December 31, 2015)

Name	Grant Date	Option-Based Awards			Value of unexercised in-the-money Options (\$) ⁽¹⁾
		Number of securities underlying unexercised Options (#)	Option exercise price (\$/Common Share)	Option expiration date	
Wayne Foo	August 16, 2012	8,500	4.45	August 16, 2017	48,535
	October 16, 2013	280,000	6.07	October 16, 2018	1,145,200
	November 10, 2014	150,000	10.23	November 10, 2019	Nil
	November 9, 2015	170,000	10.94	November 9, 2020	Nil
Kenneth Pinsky	August 16, 2012	20,000	4.45	August 16, 2017	114,200
	October 16, 2013	280,000	6.07	October 16, 2018	1,145,200
	November 10, 2014	100,000	10.23	November 10, 2019	Nil
	November 9, 2015	120,000	10.94	November 9, 2020	Nil

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⁾
Barry Larson ⁽²⁾	August 16, 2012	90,000	4.45	August 16, 2017	281,700
	October 16, 2013	280,000	6.07	October 16, 2018	422,800
	November 10, 2014	100,000	10.23	November 10, 2019	Nil
David Taylor	August 16, 2012	90,000	4.45	August 16, 2017	513,900
	October 16, 2013	280,000	6.07	October 16, 2018	1,145,200
	November 10, 2014	100,000	10.23	November 10, 2019	Nil
	November 9, 2015	120,000	10.94	November 9, 2020	Nil
Lee DiStefano	August 16, 2012	100,000	4.45	August 16, 2017	571,000
	October 16, 2013	222,000	6.07	October 16, 2018	907,980
	November 10, 2014	60,000	10.23	November 10, 2019	Nil
	November 9, 2015	66,000	10.94	November 9, 2020	Nil

Notes:

- (1) Based on the difference between the market price of the Common Shares at December 31, 2015 of \$10.16 and the exercise price of the Options.
- (2) Mr. Larson did not receive a grant of Options in 2015. Mr. Larson left his employment with the Company on December 31, 2015, at which time all of his unvested Options expired and his vested Options expired on March 30, 2016.

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⁾
Wayne Foo	October 19, 2012	Nil	Nil	Nil
	October 16, 2013	21,668	220,147	440,253
	November 10, 2014	33,334	338,673	169,327
	November 9, 2015	85,000	863,600	Nil
Kenneth Pinsky	October 19, 2012	Nil	Nil	121,920
	October 16, 2013	11,834	120,223	240,447
	November 10, 2014	23,334	237,063	118,527
	November 9, 2015	60,000	609,600	Nil
Barry Larson ⁽³⁾	October 19, 2012	Nil	Nil	Nil
	October 16, 2013	11,834	120,223	Nil
	November 10, 2014	23,334	237,063	118,527
David Taylor	October 19, 2012	Nil	Nil	121,920
	October 16, 2013	11,834	120,223	240,447
	November 10, 2014	23,334	237,063	118,527
	November 9, 2015	60,000	609,600	Nil
Lee DiStefano	October 19, 2012	Nil	Nil	60,960
	October 16, 2013	9,434	95,849	191,679
	November 10, 2014	13,334	135,473	67,727
	November 9, 2015	33,000	335,280	Nil

Notes:

- (1) Based on multiplying the market price of the Common Shares at December 31, 2015 of \$10.16 by the number of Common Shares issuable pursuant to RSUs that were not vested as at December 31, 2015.
- (2) Based on multiplying the market price of the Common Shares at December 31, 2015 of \$10.16 by the number of Common Shares issuable pursuant to RSUs that were vested but not exercised as at December 31, 2015.
- (3) Mr. Larson did not receive a RSU grant in 2015. Mr. Larson left his employment with the Company on December 31, 2015, at which time all of his unvested RSUs expired and all vested RSUs were exercised.

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, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards (RSUs) Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\$)
Wayne Foo	553,232	571,688	378,788
Kenneth Pinsky	542,065	290,042	245,775
Barry Larson	542,065	290,042	200,000
David Taylor	542,065	290,042	319,125
Lee DiStefano	464,045	190,536	264,545 ⁽⁴⁾

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 that vest on such date.
- (3) Incentive plan bonuses for 2015 were paid in February 2016.
- (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 2015 of 1.2787.

Stock Option Plan

The Company has a "rolling" stock option plan (the "**Stock Option Plan**") reserving a maximum of 10% 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 10% 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 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 10% 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% 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% 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 10% 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 10% 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% 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 2014 or 2015.

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: (i) the close of business 90 days after the optionee ceasing (other than by reason of death 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, (ii) the close of business 90 days after the optionee has been provided with written notice of dismissal related to (i) above; and (iii) the original expiry date of the Option. 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.

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.

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.

On April 2, 2014, the Parex Board of Directors approved certain "housekeeping" amendments to the RSU Plan, which amendments did not require shareholder approval, to remove the ability of consultants to receive RSUs under the RSU Plan.

On April 1, 2016, the Parex Board of Directors approved the following amendments to the RSU Plan, which amendments did not require shareholder approval:

- a reduction of the maximum number of Common Shares issuable under the RSU Plan at any time from 10.0% to 4.0% of the aggregate number of issued and outstanding Common Shares, with the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements (including the Stock Option Plan and the DSU Plan), remaining at 10.0% of the Common Shares outstanding from time to time;
- a provision that effective April 1, 2016, non-management directors are not be eligible to receive new grants of RSUs pursuant to the RSU Plan;
- an amendment to the limitation on grants of RSUs to non-management directors to reflect that the number of Common Shares issuable to non-management directors under all security based compensation arrangements of the Company is limited to 1.0% of the issued and outstanding Common Shares. Previously the RSU Plan provided that the number of Common Shares issuable to non-management directors under the RSU Plan only could not exceed 1.0% of the issued and outstanding Common Shares;
- the removal of the annual equity value for new grants of RSUs to non-management directors due to the ineligibility of non-management directors to receive new grants of RSUs under the RSU Plan after April 1, 2016; and
- certain other "housekeeping" amendments.

At the Meeting, the Proposed RSU Plan Amendments are being placed before shareholders for approval. For a summary of the Proposed RSU Plan Amendments see "*Matters to be Acted Upon at the Meeting – Amendments to RSU Plan and Approval of Unallocated RSUs*" in this Information Circular. Also see a copy of the Amended RSU Plan attached hereto as Appendix B.

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. Non-management directors did not receive RSUs in 2015 and effective April 1, 2016, non-management directors are not eligible to receive new grants of RSUs pursuant to the RSU Plan,

as non-management directors are expected to, subject to approval of the Compensation Committee and the Board, receive grants of DSUs.

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. Instead, 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 10% 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 10.0% 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 10.0% 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. 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, retirement, 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.

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, provided that if the Parex Board of Directors approves the Sale Acceleration Right but does not determine commencement and termination dates regarding same, 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.

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, 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 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.

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 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.

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.

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. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor, and an employment contract (the "**Employment Contract**") with Mr. DiStefano.

The Employment Agreements for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor 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. The Employment Contract for Mr. DiStefano provides for payment of compensation in the event of termination of the Executive's employment by the Company without cause or upon resignation of employment by the Executive in the event of a change of control of the Company

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 Mr. Foo, Mr. Pinsky, Mr. Larson, Mr. Taylor and Mr. DiStefano a change of control includes 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. For Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor, 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.

Mr. Larson received a retiring allowance of \$1,192,876.00 upon leaving his employment with the Company on December 31, 2015 under the terms of his employment agreement and as described in "*Statement of Executive Compensation - Changes to Executive Compensation*".

Termination Event	Name	Incremental Compensation
Termination Without Cause	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	Retiring allowance equal to the sum of: (i) the Executive's annual base salary; plus (ii) the average of any cash bonuses paid in the two years preceding the termination date; plus (iii) an amount equal to the lesser of fifteen percent of the Executive's annual base salary or \$50,000 to compensate for loss of benefits times a multiplier of one (1) times should the Executive's employment be terminated prior to the second anniversary of the effective date of the Employment Agreement, or two (2) times should the Executive's employment be terminated on or following the second anniversary of the effective date. The second anniversary of the effective date of the Employment Agreements for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor was November 2, 2011.
	Mr. DiStefano	Severance payment of twelve (12) months of annual base salary plus an incentive compensation payment as determined by the Company, pro-rated for actual Company service in that calendar year.
Change of Control	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	All applicable incremental payments for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor are calculated as specified above for termination without cause.
	Mr. DiStefano	Retiring allowance equal to two (2) times the Executive's annual base salary plus a payment in lieu of cash incentive compensation for the portion of the calendar year worked up to the termination date, calculated by averaging the cash incentive compensation paid to the Executive in the two (2) years prior to the termination date and prorating it for the number of days worked in the calendar year in which termination of employment occurs.

Termination Event	Name	Incremental Compensation
Triggering Change of Control	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	All applicable incremental payments for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor are calculated as specified above for termination without cause, with the additional provision that the multiplier will be two (2) times regardless of the date of termination of employment.
Resignation For Good Reason	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	All applicable incremental payments for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor are calculated as specified above for termination without cause.
	Mr. DiStefano	All applicable incremental payments for Mr. DiStefano are calculated as specified above for change of control.

Under the Employment Agreements for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor, 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, 2015)⁽⁴⁾**

Name	Severance Period (months)	Compensation Components					TOTAL (\$)
		2X Annual Base Salary (\$)	2X Average of Last 2 Incentive Bonus Payments⁽¹⁾ (\$)	2X Annual Benefits (\$)	Options⁽²⁾ (\$)	RSUs⁽³⁾	
Wayne Foo	24	740,000	727,772	100,000	Nil	Nil	1,567,772
Kenneth Pinsky	24	580,000	446,600	87,000	Nil	Nil	1,113,600
David Taylor	24	740,000	549,225	100,000	Nil	Nil	1,389,225
Lee DiStefano ⁽⁵⁾	24	733,974 ⁽⁶⁾	223,274 ⁽⁷⁾	N/A	Nil	Nil	957,248

Notes:

- (1) The annual incentive plan bonuses for 2015 were not paid until February 2016, as previously disclosed in Note (4) to the NEO Summary Compensation Table. However, the 2015 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, 2015 due to termination without cause, resignation for good reason or a change of control. Mr. DiStefano's incentive bonus, should there have been a termination on December 31, 2015 due to termination without cause or resignation for good reason due to a change of control, would have been the average of the cash incentive compensation paid to the Executive in the two (2) years prior to the Termination Date. Mr DiStefano's incentive bonus, should there have been a termination on December 31, 2015 due to termination without cause not related to a change of control, would have been as determined by the Company for the year 2015.
- (2) Pursuant to the Employment Agreements for Mr. Foo, Mr. Pinsky and Mr. Taylor, 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. Pursuant to the Employment Contract for Mr. DiStefano, if the Executive's employment is terminated by the Company with or without cause, 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. 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, 2015 due to a change of control and based on the market value of Common Shares at that date of \$10.16, the incremental compensation from Options for each of Mr. Foo, Mr. Pinsky and Mr. Taylor would have been \$381,732 and for Mr. DiStefano would have been \$302,660.

- (3) Pursuant to the Employment Agreements for Mr. Foo, Mr. Pinsky and Mr. Taylor, 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 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 would be terminated. Pursuant to the Employment Contract for Mr. DiStefano, if the Executive's employment is terminated by the Company with or without cause, any Common Shares corresponding to any remaining vested grant of RSUs 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. In accordance with the RSU Plan, in the event of a change in control of the Company, all RSUs which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the RSUs for a period of time ending on the earlier of the expiry date of the RSU and the thirtieth day following the change of control. Based on a hypothetical termination as at December 31, 2015 due to a change of control and based on the market value of Common Shares at that date of \$10.16, the incremental compensation from RSUs for Mr. Foo would have been \$1,422,420, for each of Mr. Pinsky and Mr. Taylor would have been \$966,907, and for Mr. DiStefano would have been \$566,602.
- (4) Mr. Larson received a retiring allowance of \$1,192,876.00 upon leaving his employment with the Company on December 31, 2015 under the terms of his employment agreement and as described in "Statement of Executive Compensation - Changes to Executive Compensation".
- (5) 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 1.2787 for 2015.
- (6) In the event of termination without cause, the amount for Mr. DiStefano would have been USD\$ 287,000, which for purposes of this document is converted to CAN\$ 366,987 using the average foreign exchange rate of 1.2787 for 2015.
- (7) Represents average of last two incentive bonus payments to Mr. DiStefano.

**Estimated Incremental Compensation
Upon a Triggering Change of Control
(based on hypothetical termination as at December 31, 2015)⁽⁴⁾**

Name	Severance Period (months)	Compensation Components					TOTAL (\$)
		2X Annual Base Salary (\$)	2X Average of Last 2 Incentive Bonus Payments ⁽¹⁾ (\$)	2X Annual Benefits (\$)	Options (\$) ⁽²⁾	RSUs ⁽³⁾	
Wayne Foo	24	740,000	727,772	100,000	381,732	1,422,420	3,371,924
Kenneth Pinsky	24	580,000	446,600	87,000	381,732	966,907	2,462,239
David Taylor	24	740,000	549,225	100,000	381,732	966,907	2,737,864
Lee DiStefano ⁽⁵⁾	24	733,974	223,274	N/A	302,660	566,602	1,826,510

Notes:

- (1) The annual incentive plan bonuses for 2015 were not paid until February 2016, as previously disclosed in Note (3) to the NEO Summary Compensation Table. However, the 2015 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, 2015 due to a triggering change of control. Mr. DiStefano's incentive bonus, should there have been a termination on December 31, 2015 due to a triggering change of control, would have been the average of the cash incentive compensation paid to the Executive in the two (2) years prior to the termination date.
- (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 31, 2015 of \$10.16.
- (3) In accordance with the RSU Plan, in the event of a change in control of the Company, all RSUs which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the RSUs for a period of time ending on the earlier of the expiry date of the RSU and the thirtieth day following the change of control. RSU calculations are based on the market value of Common Shares at December 31, 2015 of \$10.16.
- (4) Mr. Larson received a retiring allowance of \$1,192,876.00 upon leaving his employment with the Company on December 31, 2015 under the terms of his employment agreement and as described in "Statement of Executive Compensation - Changes to Executive Compensation", which did not result from a triggering change of control.

- (5) 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 2015 of 1.2787, to result in a total estimated incremental compensation in CAN\$.

Director Compensation

General

Due to the Company's transition from a junior company to an intermediate exploration and production company, as reflected in the significant production and reserves growth from 2013 to 2014 and in the Company's long term business plan as approved by the Board in 2014, the Board approved in October 2014 an expanded peer comparator group of companies that were good comparisons to Parex' current and growth plan metrics. Following the approval of the new peer comparator group, the CG&HR Committee retained Lane Caputo in October 2014 to conduct a review of and to make recommendations for Executive, Vice President and independent director compensation against the new peer group of companies. To help ensure competitive independent director compensation against the peer group, Lane Caputo recommended implementing a cash-settled deferred share unit program to deliver equity-based incentives to independent directors and increasing the annual base retainer for Board membership from \$25,000 to \$35,000.

The Board reviewed Lane Caputo's recommendations in November 2014 and directed Management to prepare a DSU Plan for independent directors, to be brought forward for Board and shareholder approval in 2015. 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.

Pursuant to the Company's director retirement policy, Mr. W.A. (Alf) Peneycad did not seek re-election to the Company's Board at the Annual General and Special Meeting of Shareholders held on May 12, 2015. Mr. Peneycad's effective retirement date from the Board was May, 12, 2015. To mitigate the unintended consequences of the timing of the implementation of the director retirement policy shortly before Mr. Peneycad reached the mandatory retirement age and in advance of the transition to a DSU Plan and since certain of Mr. Peneycad's Stock Option and RSU grants would not be vested as of his retirement date, the Board directed that Mr. Peneycad be awarded a special cash payment of \$100,000 less mandatory deductions, upon his retirement.

Ms. Lisa Colnett was elected to the Company's Board at the Annual General and Special Meeting of Shareholders held on May 12, 2015. Ms. Colnett was awarded a grant of 5,000 DSUs on May 14, 2015, an amount which was a pro-rated portion of the RSU grant received by directors, other than the Chairman of the Board, in November 2014. Ms. Colnett was appointed to the CG&HR Committee and Operations and Reserves Committee in May 2015.

Mr. Robert Engbloom was appointed as CG&HR Committee Chairman effective May 12, 2015, replacing Mr. Peneycad.

The Board reviewed Lane Caputo's recommendation regarding the base retainer for directors again 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.

Directors who are also NEOs are not eligible to receive the following payments with respect to their services as directors. The current directors compensation program is as follows:

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 2015);
 - (d) \$5,000 with respect to each standing committee of the Parex Board of Directors on which they serve as a member;

- (e) \$7,500 with respect to serving as Chairman of the Finance and Audit Committee; and
 - (f) \$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 Stock Option Plan and the DSU Plan and prior to April 1, 2016 were eligible to participate in the RSU Plan. The number of Options and DSUs granted, if any, is to be reviewed each year by the CG&HR Committee. Non-management directors did not receive Stock Option grants in 2014 or 2015 and did not receive RSU grants in 2015.

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 CG&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, at the election of the Company, either a cash payment or Common Shares 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 "*Election by DSU Participant and Payment*" below.

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 CG&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 CG&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 CG&HR Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction.

Limits on Issuances

Notwithstanding any other provision of the DSU Plan, the maximum number of Common Shares issuable pursuant to outstanding DSUs at any time shall be limited to 0.5% of the aggregate number of issued and outstanding Common Shares, provided that the maximum number of Common Shares issuable pursuant to outstanding DSUs and all other security based compensation arrangements, may not exceed 10.0% of the Common Shares outstanding from time to time.

In addition: (i) the number of Common Shares reserved for issuance to any one DSU Participant under all security based compensation arrangements may not exceed 5.0% of the issued and outstanding Common Shares; (ii) 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 10.0% of the issued and outstanding Common Shares; (iii) 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 10.0% of the issued and outstanding Common Shares; and (iv) the aggregate value of all DSUs (calculated as of the date of grant) granted pursuant to the DSU Plan to any non-management director cannot exceed \$150,000 in any 12 month period (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).

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

Any increase in the issued and outstanding Common Shares (whether as a result of the issue of Common Shares pursuant to DSUs or otherwise) will result in an increase in the number of Common Shares that may be issued pursuant to DSUs outstanding at any time and any increase in the number of DSUs granted will, upon the issue of Common Shares pursuant thereto, make new grants available under the DSU Plan. Further, 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.

Election by DSU Participant and Payment

A DSU Participant will have the right to receive, at the election of the Company, either a Cash Payment (as defined below) or Payment Shares (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.

In the event the Company elects to pay and distribute a Cash Payment, 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.

In the event the Company elects to pay and issue Payment Shares, the Company will within 10 business days after the Distribution Date: (i) issue to the DSU Participant a number of Common Shares from treasury equal to the number of DSUs in the Participant's Account that became payable on the Distribution Date; or (ii) pay to a broker designated by the CG&HR Committee the Cash Payment less withholding taxes, and the broker will, as soon as practicable thereafter use all of the cash to purchase Common Shares on a securities exchange on which the Common Shares are listed and traded (the "**Payment Shares**").

Black Out Periods

If any Common Shares may not issued pursuant to any DSUs during a 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 DSU Participant that holds a DSU (a "**Black Out Period**"), such Common Shares will be issued seven business days following the end of the Black-Out Period (or such longer period as permitted by applicable regulatory authorities and approved by the CG&HR Committee).

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 discontinue the DSU Plan or amend any DSU or agreement in respect of a DSU ("**DSU Agreement**") at any time without the consent of a DSU Participant, provided that such amendment shall not adversely alter or impair the rights of any DSU Participant in respect of any DSU previously granted to such DSU Participant under the Plan, except as otherwise permitted under the DSU Plan. In addition, the Board may, by resolution, amend the DSU Plan and any DSU granted under it (together with any related DSU Agreement) without shareholder approval, provided however, that at any time while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the DSU Plan or any DSU granted under it (together with any related DSU Agreement) without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the DSU Plan; (ii) to extend the term of a DSU; (iii) to permit the assignment or transfer of a DSU other than as provided for in the DSU Plan; (iv) to add to the categories of persons eligible to participate in the DSU Plan; (v) to remove or amend the limits on issuances to Insiders or non-management directors under the DSU Plan; (vi) to remove or amend the amendment provisions in the DSU Plan; or (vii) in any other circumstances where TSX and shareholder approval is required by the TSX.

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 CG&HR 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⁾

Name	Fees earned (\$) ⁽⁵⁾	Share-based awards (DSUs) ⁽²⁾ (\$)	Option-based awards ⁽⁴⁾ (\$)	All other compensation (\$)	Total (\$)
Norman McIntyre	109,167	150,280	Nil	Nil	259,447
Curtis Bartlett	50,667	110,500	Nil	Nil	161,167
John Bechtold	65,667	110,500	Nil	Nil	176,167
Lisa Colnett ⁽³⁾	39,542	160,400	Nil	Nil	199,942
Robert Engbloom	63,230	110,500	Nil	Nil	173,730
W.A.(Alf) Peneycad ⁽⁶⁾	21,188	Nil	Nil	100,000 ⁽⁵⁾	121,188
Ron Miller	50,667	110,500	Nil	Nil	161,167
Paul Wright	58,167	110,500	Nil	Nil	168,667

Notes:

- (1) The Company does not provide non-equity incentive plan or pension plan compensation.
- (2) The grant date fair value of share-based awards (DSUs) is \$11.05, 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 November 9, 2015, 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. The following assumptions were used for calculating the grant date fair value of share-based awards granted to the Directors:

Assumption	November 9, 2015
Expected life of DSUs	5.0 years
Risk-free interest rate	0.77%
Expected volatility	47.5%
Expected dividend yield	0%
Grant date fair value per DSU	\$11.05

- (3) Ms. Colnett received a pro-rated DSU grant on May 14, 2015 upon joining the Board of Directors, based on the 2014 annual RSU grant to directors on November 10, 2014. The grant date fair value of the May 14, 2015 DSU grant was \$9.98, the weighted average of the prices at which the shares traded on the TSX for the five trading days immediately preceding the grant date of May 14, 2015, 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. The following assumptions were used for calculating the grant date fair value of Share-based awards granted to Ms. Colnett on May 14, 2015:

Assumption	May 14, 2015
Expected life of DSUs	5.0 years
Risk-free interest rate	0.77%
Expected volatility	47.5%
Expected dividend yield	0%
Grant date fair value per DSU	\$9.98

Ms. Colnett also received a 2015 annual DSU grant on November 9, 2015.

- (4) Directors were not granted option-based awards (Options) in 2015.
- (5) See "Statement of Executive Compensation - Director Compensation".
- (6) Mr. Peneycad ceased to be a director on May 12, 2015.

Director Fees

Fees were paid to directors in 2015 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 DSUs were provided to directors in 2015. No non-equity incentive bonus compensation was provided.

The intent is for the timing of annual incentive plan awards to coincide with the Company's long-term planning cycle and the setting of strategic goals for the near and longer term. On November 9, 2015, 13,600 DSUs were awarded to the Chairman of the Parex Board of Directors and 10,000 DSUs were awarded to each director then serving on the Parex Board of Directors.

Outstanding Option-based and Share-based Awards – Independent Directors
(as at December 31, 2015)

Name	Grant Date	Option-Based Awards ⁽²⁾			Value of unexercised in-the-money Options (\$) ⁽¹⁾
		Number of securities underlying unexercised Options (#)	Option exercise price (\$/Common Share)	Option expiration date	
Norman McIntyre	August 16, 2012	15,000	4.45	August 16, 2017	85,650
	October 16, 2013	86,000	6.07	October 16, 2018	351,740
Curtis Bartlett	August 16, 2012	Nil	4.45	August 16, 2017	Nil
	October 16, 2013	16,834	6.07	October 16, 2018	68,851
John Bechtold	August 16, 2012	10,000	4.45	August 16, 2017	57,100
	October 16, 2013	50,500	6.07	October 16, 2018	206,545
Lisa Colnett	N/A	Nil	Nil	N/A	Nil
Robert Engbloom	August 16, 2012	Nil	4.45	August 16, 2017	Nil
	October 16, 2013	33,367	6.07	October 16, 2018	136,471
Ron Miller	August 16, 2012	Nil	4.45	August 16, 2017	Nil
	October 16, 2013	17,000	6.07	October 16, 2018	69,530
Paul Wright	August 16, 2012	10,000	4.45	August 16, 2017	57,100
	October 16, 2013	35,500	6.07	October 16, 2018	145,195

Notes:

- (1) Based on the difference between the market price of the Common Shares at December 31, 2015 of \$10.16 and the exercise price of the Options.
- (2) Mr. Peneycad ceased to be a director on May 12, 2015 and did not hold any option-based awards as at December 31, 2015.

Share-Based Awards (RSUs)⁽⁴⁾

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	October 19, 2012	Nil	Nil	76,200
	October 16, 2013	3,666	37,247	74,493
	November 10, 2014 ⁽³⁾	Nil	Nil	152,400
Curtis Bartlett	October 19, 2012	Nil	Nil	Nil
	October 16, 2013	2,200	22,352	Nil
	November 10, 2014 ⁽³⁾	Nil	Nil	Nil
John Bechtold	October 19, 2012	Nil	Nil	50,800
	October 16, 2013	2,200	22,352	44,704
	November 10, 2014 ⁽³⁾	Nil	Nil	101,600
Lisa Colnett	N/A	Nil	Nil	Nil
Robert Engbloom	October 19, 2012	Nil	Nil	50,800
	October 16, 2013	2,200	22,352	44,704
	November 10, 2014 ⁽³⁾	Nil	Nil	101,600
Ron Miller	October 19, 2012	Nil	Nil	50,800
	October 16, 2013	2,200	22,352	44,704
	November 10, 2014 ⁽³⁾	Nil	Nil	101,600
Paul Wright	October 19, 2012	Nil	Nil	50,800
	October 16, 2013	2,200	22,352	44,704
	November 10, 2014 ⁽³⁾	Nil	Nil	101,600

Notes:

- (1) Based on multiplying the market price of the Common Shares at December 31, 2015 of \$10.16 by the number of Common Shares issuable pursuant to RSUs that were not vested as at December 31, 2015.
- (2) Based on multiplying the market price of the Common Shares at December 31, 2015 of \$10.16 by the number of Common Shares issuable pursuant to RSUs that were vested but not exercised as at December 31, 2015.
- (3) 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.
- (4) Mr. Peneycad ceased to be a director on May 12, 2015 and did not hold any share-based awards (RSUs) as at December 31, 2015.

Share-Based Awards (DSUs)⁽³⁾

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	November 9, 2015	Nil	Nil	138,176
Curtis Bartlett	November 9, 2015	Nil	Nil	101,600
John Bechtold	November 9, 2015	Nil	Nil	101,600
Lisa Colnett	May 14, 2015	Nil	Nil	50,800
	November 9, 2015	Nil	Nil	101,600
Robert Engbloom	November 9, 2015	Nil	Nil	101,600

Share-Based Awards (DSUs)⁽³⁾				
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⁾ (\$)
Ron Miller	November 9, 2015	Nil	Nil	101,600
Paul Wright	November 9, 2015	Nil	Nil	101,600

Notes:

- (1) Based on multiplying the market price of the Common Shares at December 31, 2015 of \$10.16 by the number of Common Shares issuable pursuant to DSUs that were not vested as at December 31, 2015.
- (2) Based on multiplying the market price of the Common Shares at December 31, 2015 of \$10.16 by the number of Common Shares issuable pursuant to DSUs that were vested but not paid out or distributed as at December 31, 2015.
- (3) Mr. Peneycad ceased to be a director on May 12, 2015 and did not hold any DSUs as at December 31, 2015.

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, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015.

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards (RSUs) – Value vested during the year⁽²⁾ (\$)	Share-based awards (DSUs) – Value vested during the year⁽³⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year⁽⁴⁾ (\$)
Norman McIntyre	142,604	182,581	148,240	N/A
Curtis Bartlett	85,526	119,211	109,000	N/A
John Bechtold	85,526	119,211	109,000	N/A
Lisa Colnett	Nil	Nil	158,400	N/A
Robert Engbloom	85,526	119,211	109,000	N/A
W.A.(Alf) Peneycad ⁽⁵⁾	85,526	119,211	109,000	N/A
Ron Miller	85,526	119,211	109,000	N/A
Paul Wright	85,526	119,211	109,000	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) Based on multiplying the market price of the Common Shares on the vesting date by the number of RSUs that vest on such date. In October 2014, Lane Caputo recommended that a DSU Plan be put in place for grants to independent, non-employee directors of the Company. 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.
- (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 does not provide non-equity incentive plan compensation to independent directors.
- (5) Mr. Peneycad ceased to be a director on May 12, 2015.

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, 2015. The only equity compensation plans as at December 31, 2015 were the Stock Option Plan, the RSU Plan and the DSU Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, RSUs, DSUs, warrants and rights ⁽⁶⁾ (a)	Weighted average exercise price of outstanding Options, RSUs, DSUs, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ^{(1) (2) (3) (5)}
Equity compensation plans approved by security holders			
Stock Option Plan	7,854,511 ⁽⁴⁾	8.11	See Note 4
RSU Plan	2,306,965	0.01	See Note 4
DSU Plan	78,600	-	See Note 4
Equity compensation plans not approved by security holders	-	-	-
Total	10,240,076	6.22	4,908,854 ⁽⁵⁾

Notes:

- (1) The Stock Option Plan provides for the issuance of Options to a maximum of 10 percent 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 10 percent of the Common Shares outstanding from time to time.
- (2) The RSU Plan provides for the issuance of RSUs to a maximum of 4 percent of the issued and outstanding Common Shares of the Company, 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 10 percent of the Common Shares outstanding from time to time. Pursuant to the RSU Plan, the holder is required to pay \$0.01 upon exercise of each RSU.
- (3) The DSU Plan provides for the issuance of DSUs to a maximum of 0.5 percent of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding DSUs and all other security based compensation arrangements (as defined in the TSX Company Manual) shall not exceed 10 percent of the Common Shares outstanding from time to time.
- (4) Of the 7,854,511 outstanding Options as of December 31, 2015, 4,168,969 were in-the-money as of that date, based on the market value of the Common Shares at December 31, 2015 of \$10.16.
- (5) The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2015 is equal to 10% of the number of Common Shares outstanding as at December 31, 2015 less the number of Options outstanding under the Stock Option Plan as at December 31, 2015, less the number of RSUs outstanding under the RSU Plan as at December 31, 2015 and less the number of DSUs outstanding under the DSU Plan as at December 31, 2015. As at December 31, 2015, there were 7,854,511 Options outstanding, 2,306,965 RSUs outstanding and 78,600 DSUs outstanding leaving 4,908,854 Common Shares available for issuance under the Stock Option Plan, the RSU Plan and/or the DSU Plan, subject to the applicable limitations contained in each of such plans.
- (6) During the year ended December 31, 2015, 1,534,331 Common Shares were issued on exercise of Options and 285,033 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 eight directors, a majority of which are independent directors within the meaning of NI 58-101. Curtis Bartlett, John Bechtold, Lisa Colnett, Robert Engbloom, Norman McIntyre, Ron Miller, and Paul Wright are all independent directors of the Company within the meaning of NI 58-101, and Wayne Foo is not independent as he is the Chief Executive Officer of the Company. 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, 2015 to January 1, 2016, six such meetings have been 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 and CG&HR Committee and Operations and Reserves Committee of the Parex Board of Directors are all comprised entirely of independent directors.

The Chairman of the Parex Board of Directors is an independent director, Mr. Norman McIntyre. 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 since January 1, 2015 are as follows:

Name	Board Meetings Attended / Held⁽⁵⁾	Finance and Audit Committee Meetings Attended / Held⁽⁵⁾	CG&HR Committee Meetings Attended / Held⁽⁵⁾	Operations and Reserves Committee Meetings Attended/ Held⁽⁵⁾
Curtis Bartlett ⁽²⁾	6/6	3/3	2/2	n/a
John Bechtold ⁽¹⁾⁽³⁾	6/6	2/2	4/4	4/4
Lisa Colnett ⁽²⁾⁽³⁾⁽⁴⁾	3/3	n/a	2/2	2/2
Robert Engbloom ⁽¹⁾⁽²⁾	6/6	2/2	6/6	1/1
Wayne Foo	6/6	n/a	n/a	n/a
Norman McIntyre ⁽³⁾	6/6	n/a	n/a	4/4
Ron Miller ⁽¹⁾	6/6	5/5	n/a	n/a

Name	Board Meetings Attended / Held ⁽⁵⁾	Finance and Audit Committee Meetings Attended / Held ⁽⁵⁾	CG&HR Committee Meetings Attended / Held ⁽⁵⁾	Operations and Reserves Committee Meetings Attended/ Held ⁽⁵⁾
Paul Wright ⁽¹⁾	6/6	5/5	n/a	n/a

Notes:

- (1) Member of the Finance and Audit Committee.
- (2) Member of the CG&HR Committee.
- (3) Member of the Operations and Reserves Committee.
- (4) Ms. Colnett joined the Board on May 12, 2015 and attended all meetings from May 12, 2015 to December 31, 2015.
- (5) On May 12, 2015, each of the Committees of the Board of Directors was assigned different members. Each Director did attend all meetings of the Board and Committee during the time in 2015 for which they were assigned to a particular Committee.

Director Participation with Other Reporting Issuers

Certain of our directors are presently directors of other issuers that are reporting issuers (or the equivalent). Mr. Bechtold and Ms. Colnett are directors of Parkland Fuel Corporation, Ms. Colnett is also a director of Detour Gold Corporation, Mr. Foo is a director of Pengrowth Energy Corporation, and Mr. Engbloom is a director of Superior Plus Corp.

Other Board Committees and Position Descriptions

The Company has established the Finance and Audit Committee, the CG&HR Committee and an Operations and Reserves Committee of the Board, each comprised entirely of independent directors, in accordance with 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, 2015, 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 CG&HR Committee*" in this Information Circular for a description of the mandate of the CG&HR Committee.

The Operations 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.

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 CG&HR 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. Four directors, namely Norman McIntyre, Ron Miller, Paul Wright and Lisa Colnett, have completed the Directors Education 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.

All 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.

Mr. Bartlett attended the Company's office in Bogota, Colombia in January 2015 in his role as member of the Finance and Audit Committee of the Parex Board of Directors. He was accompanied by the Company's PricewaterhouseCoopers audit partner for meetings with management of the finance department and other key personnel of the Bogota office. They also toured the Company's field operations in Colombia.

Mr. McIntyre, Mr. Bechtold and Ms. Colnett attended the Company's office in Bogota, Colombia in October 2015 in their roles as members of the Operations & Reserves Committee of the Parex Board of Directors. They attended presentations and meetings with management and with key department personnel in the Bogota office. They also toured the Company's field operations in Colombia.

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 2015. 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 CG&HR 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 small size of the Parex Board of Directors allows for significant and consistent communication amongst the directors and management with respect to matters of effectiveness. As well, the Directors Annual Evaluation Form, completed by each director, includes assessments of the performance of the Board as a whole, the committees of the Board and the individual directors. In 2014, each director completed a Board of Directors Skills Matrix Form that was prepared by an independent consultant retained by the CG&HR Committee, indicating their level of experience and/or expertise in several key skills required by the Board. The results were reviewed and considered by the Board in determining the required skills and qualifications needed from a new director to be appointed to the Board in 2015 to fill the vacancy that would be left by Mr. Peneycad's retirement from the Board under the Company's Director Retirement Policy.

Nomination of Directors

The CG&HR 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 and compensation, human resources, equity based compensation plans, disclosures and performance assessment functions. See "*Statement of Executive Compensation – Compensation Governance*" in this Information Circular.

While the CG&HR Committee is responsible for the functions of a nominating committee, 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

As disclosed above, to ensure adequate board renewal, the CG&HR 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 CG&HR 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.

Diversity

While Parex recognizes the benefits of diversity at all levels within its organization, 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 12.5 percent (1 out of 8) of the Company's directors are women.

Parex Board appointments are determined by finding the best-suited individual based on merit and the requirements of the Board at that time. Nominations of members of the Board will be based on the merits of the candidates in the context of the skills, experience and independence which the Board requires in order to be effective and which the Board considers to be in the best interest of the Company. Although Parex has not adopted a policy with specific targets regarding the number or percentage of women on 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 2015 Meeting.

When considering candidates for senior management positions, Parex focuses on attracting and retaining experienced and highly skilled individuals that can add value to its business, rather than considering the level of representation of women in executive officer positions. When making executive officer appointments, Parex considers all candidates based on their merit and qualifications relevant to the specific role.

Compensation

The CG&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 CG&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 CG&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.

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.

NORMAL COURSE ISSUER BID

On March 27, 2015, the Company announced the renewal of its normal course issuer bid (the "**Bid**") to purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 12,595,889 Common Shares on the open market through the facilities of the TSX and/or alternative trading systems. The number of Common Shares that could be purchased pursuant to the Bid was subject to a daily maximum of 161,955 Common Shares (which was equal to 25% of the average daily trading volume from September 1, 2014 to February 28, 2015). The price that Parex was required to pay for any Common Shares under the Bid was the prevailing market price on the TSX at the time of purchase. Any Common Shares acquired under the Bid would be cancelled. The Bid commenced on March 31, 2015 and terminated on March 30, 2016. A copy of the Form 12 Notice of Intention to Make a Normal Course Issuer Bid filed by the Company with the TSX can be obtained from the Company upon request without charge. The Company did not purchase any Common Shares pursuant to the Bid.

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 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**").

2. Purpose of the Board of Directors

- (a) The primary responsibility of the Board of Directors (the "**Board**") is to foster the long-term success of the Corporation consistent with the Board's responsibilities to the shareholders.
- (b) The Board has the responsibility to oversee the conduct of the business of the Corporation and to oversee 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 employees, regulators, surface rights owners, aboriginals, industry associations, suppliers, customers and communities may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the Corporation.
- (c) The Board has the statutory authority and obligation to protect and enhance the assets of the Corporation, and the Directors are charged with protecting the interests of all shareholders, both present and future, of the Corporation.

3. General Legal Obligations of the Board

- (a) Alberta law identifies the following as legal requirements for the Board:
 - (i) To oversee the management of the business and affairs of the Corporation.
 - (ii) To act honestly and in good faith with a view to the best interests of the Corporation.
 - (iii) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (b) The Board 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 Chief Executive Officer.

- (a) The Board retains the responsibility for managing its own affairs including:
 - (i) Selecting the Chair, or an acting Chair, if the Chair is absent from the meeting.
 - (ii) Nominating candidates for election to the Board.
 - (iii) Constituting committees to the Board.
 - (iv) Recommending director compensation.
- (b) Subject to the Articles of the Corporation and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice 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, Compensation and Human Resources Committee the responsibility of considering and making recommendations to the Board with respect to the appropriate Board size.

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 National Instrument 52-110 – Audit Committees). Certain tasks suited to independent judgments will be delegated to specialized Board Committees that are comprised mainly of independent Directors wherever possible. The Board will develop broad standards to determine whether Directors are independent. The Board will disclose both the standards and the annual determinations as required by law.
- (b) The Board will be responsible for having the independent directors conduct a session without the presence of Management at all regularly scheduled Board meetings.

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.

8. Nomination

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

In carrying out these functions, the Board shall consider the advice and input of the Corporate Governance, Compensation and Human Resources Committee.

9. Duties and Responsibilities

In keeping with generally accepted corporate governance practices and, as part of the overall stewardship responsibility, the Board explicitly assumes responsibility for the following:

(a) Selection of Management & Succession Planning

The Board has the responsibility to:

- (i) Appoint and replace the Chief Executive Officer ("CEO"), to monitor CEO performance, to approve CEO compensation and to provide advice and counsel to the CEO in the execution of the CEO's duties.
- (ii) Be responsible for plans being made for management succession and development.

(b) Oversight of Management

- (i) Assess each Officer's contribution to the implementation and achievement of the Corporation's strategic plan measured by performance against objectives established by the Board.
- (ii) Establish a formal process for determining the Officers' compensation, in part, by using established criteria and objectives for measuring performance.
- (iii) Acting upon the advice of the CEO, and the recommendation of the Corporate Governance, Compensation and Human Resources Committee, the Board has the responsibility to approve the appointment and remuneration of all corporate 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.
- (3) Approve the annual operating and capital plans and budgets.
- (4) Approve material or significant acquisitions.
- (5) Review progress in respect to the achievement of the goals and objectives established in the strategic, operating and capital plans.
- (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.

(d) 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, and to the highest ethical, social and moral standards.

(e) 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 any payment of dividends and new financings.
- (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.

(f) 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) Oversee that the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles.
- (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.

10. Meetings

- (a) The Board shall meet at least once in each fiscal quarter, either in person or by round robin. 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. Telephonic attendance is permissible with approval from the Chairman.
- (b) At each Board meeting, there shall be a private session of the independent directors from which the non-independent directors will be excused.

11. Legal Requirements

The Board is responsible for overseeing adherence to routine legal requirements and that documents and records have been properly prepared, approved and maintained by the Corporation.

12. Mandate Review

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

APPENDIX B
AMENDED RSU PLAN

**PAREX RESOURCES INC.
RESTRICTED SHARE UNIT PLAN**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

For purposes of this Plan:

- (a) "**Account**" means an account maintained by the Corporation for each Participant and which will be credited by means of a book-keeping entry with RSUs that are granted in accordance with the terms of this Plan and the RSU Agreements;
- (b) A company is an "**affiliate**" of another company if:
 - (i) one of them is the Subsidiary of the other; or
 - (ii) each of them is controlled by the same company or individual;
- (c) "**Black-Out Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any Participant that holds a RSU;
- (d) "**Board**" means the board of directors of the Corporation as constituted from time to time;
- (e) "**Change of Control**" means:
 - (i) the purchase or acquisition of any Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Shares carrying the right to cast more than 50% of the votes attaching to all Shares, but excluding any issue or sale of Shares of the Corporation to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or
 - (ii) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation and pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or
 - (iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or

- (iv) the liquidation, dissolution or winding-up of the Corporation; or
 - (v) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
 - (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or
 - (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Shares of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- (f) "**Committee**" has the meaning ascribed thereto in Section 2.4;
 - (g) "**Convertible Securities**" means any securities convertible or exchangeable into Shares or carrying the right or obligation to acquire Shares;
 - (h) "**Corporation**" means Parex Resources Inc., and includes any successor corporation thereof;
 - (i) "**Exchange**" means the TSX or, if the Shares are not then listed and posted for trading on the TSX, such stock exchange on which such Shares are listed and posted for trading and on which the majority of the trading volume and value of such Shares occurs;
 - (j) "**Fair Market Value**" with respect to a Share, as at any date, means the weighted average of the prices at which the Shares traded on the TSX (or, if the Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the five (5) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
 - (k) "**Forfeited RSU**" means a RSU that relates to a grant of RSUs that does not vest and is forfeited by a Participant pursuant to Section 4.5;
 - (l) "**Forfeiture Date**" means the date, as determined by the Board, on which a Participant ceases to be a Participant pursuant to Section 4.5 and, if the Participant is an employee and the Participant's employment is terminated without cause, the date shall be extended to include the applicable period of statutory notice, if any, pursuant to the governing employment standards legislation, but shall not include any period of reasonable notice that the Corporation may be required at common law to provide to the Participant;
 - (m) "**Grant Date**" means the date or dates on which a grant of RSUs is made to a Participant in accordance with Section 4.1;
 - (n) "**Holder**" means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

- (o) **"Insider"** and **"associate"** each have the meaning ascribed thereto in Part I of the Company Manual of the TSX, as amended from time to time;
- (p) **"Parex Group"** means collectively, the Corporation and any entity that is a Subsidiary of the Corporation from time to time, and any other entity designated by the Board from time to time as a member of the Parex Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities);
- (q) **"Participant"** means a Service Provider determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Service Provider deemed eligible to continue to participate in this Plan in accordance with Section 4.5;
- (r) **"Payout Multiplier"** means the payout multiplier determined by the Board in accordance with Section 4.2(b) hereof;
- (s) **"Performance Measures"** for any period that the Board in its sole discretion shall determine, means the performance measures that may, without restriction, be taken into consideration in granting RSUs under the Plan and determining the Payout Multiplier in respect of any Performance RSU, which Payout Multiplier shall be determined by the Board in its sole discretion, and which measures may include, without limitation, any one or more of the following: (i) total shareholder return, absolute or relative; (ii) the market price of the Shares from time to time; (iii) the financial performance or results of the Corporation, any member (s) of the Parex Group, or a business unit or division thereof; (iv) other operational or performance criteria relating to the Corporation, any member(s) of the Parex Group, or a business unit or division thereof, including the achievement of corporate or personal objectives, and/or the attainment of milestones relating to financial, operational, strategic or other objectives of the Corporation; (v) activities related to growth of the Corporation, members of the Parex Group, or a business unit or division thereof; (vi) health and safety performance of the Corporation, members of the Parex Group, or a business unit or division thereof; (vii) the execution of the Corporation's strategic plan as determined by the Board; (viii) other performance criteria and results relating to the Participant, the Corporation, members of the Parex Group, or a business unit or division thereof, and (ix) such additional or other measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (t) **"Performance RSU"** means a right, designated in a RSU Agreement as a "Performance RSU", to acquire a number of Shares in accordance with this Plan and a RSU Agreement;
- (u) **"Plan"** means this Restricted Share Unit Plan;
- (v) **"Restricted RSUs"** has the meaning ascribed thereto in Section 4.5;
- (w) **"RSU"** means a right to acquire a number of Shares in accordance with this Plan and a RSU Agreement for an exercise price of \$0.01 per Share, and includes Performance RSUs;
- (x) **"RSU Agreement"** has the meaning set forth in Section 3.2;
- (y) **"Security Based Compensation Arrangements"** has the meaning ascribed thereto in Part VI of the Company Manual of the TSX, as amended from time to time;
- (z) **"Service Provider"** means a director, officer or employee of one or more of the entities comprising the Parex Group;

- (aa) **"Share"** means a common share of the Corporation;
- (bb) **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (cc) **"Take-over Proposal"** means: (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 Corporation's outstanding 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 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 Corporation;
- (dd) **"TSX"** means the Toronto Stock Exchange; and
- (ee) **"Vesting Date"** means, with respect to any RSU, the date upon which such RSU shall irrevocably vest and become exercisable by the Participant in accordance with the terms hereof, including, without restriction, Section 4.2 hereof.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating Service Providers in the growth and development of the Parex Group by providing them with the right through RSUs to acquire Shares; (b) more closely align Service Providers interests with those of the Corporation's shareholders; (c) focus such Service Providers on operational and financial performance and long-term shareholder value; and (d) motivate and reward Service Providers for their performance and contributions to the Corporation's long-term success.

2.2 Administration of the Plan

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

2.3 Authority of the Board

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

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

2.4 Delegation of Authority

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

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

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

2.6 Amendment or Discontinuance of the Plan

- (a) Subject to any required approval of the TSX, the Board may amend or discontinue this Plan or amend any RSU or RSU Agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU Agreement, except as otherwise permitted hereunder. In addition, the Board may, by resolution, amend this Plan and any RSU granted under it (together with any related RSU Agreement) without shareholder approval, provided however, that at any time while the Shares are listed for trading on the TSX the Board will not be entitled to amend this Plan or any RSU granted under it (together with any related RSU Agreement) without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Shares issuable pursuant to this Plan; (ii) to reduce the exercise price of a RSU or cancel a RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (iii) to extend the term of a RSU; (iv) to permit the assignment or transfer of a RSU other than as provided for in this Plan; (v) to add to the categories of persons eligible to participate in this Plan, including to permit the grant of RSUs to non-management directors after April 1, 2016; (vi) to remove or amend Section 4.4(c), Section 4.4(d) or Section 4.4(e) of this Plan; (vii) to remove or amend this Section 2.6(a); or (viii) in any other circumstances where TSX and shareholder approval is required by the TSX.
- (b) Without limitation to Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.
- (c) On termination of this Plan, any outstanding RSUs under this Plan shall immediately vest and the number of Shares corresponding to such RSUs shall be delivered to the Participant in accordance with and upon compliance with Section 4.6. This Plan will finally cease to operate for all purposes when: (i) the last remaining Participant receives delivery of all Shares corresponding to RSUs credited to the Participant's Account; or (ii) all unexercised RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements. For this purpose, the Board shall determine the Payout Multiplier applicable to such RSUs in accordance with Section 4.2.

2.7 Final Determination

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

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

2.8 Taxes

- (a) A Participant shall be solely responsible for reporting and paying income tax payable in respect of the Shares received by the Participant under this Plan. The Corporation will provide each Participant who is resident in Canada with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable law to report income, if any,

arising upon the grant or exercise of rights under this Plan by a Participant who is resident in Canada for income tax purposes.

- (b) The Corporation shall have the power and the right to deduct or withhold, or require (as a condition to the requirement to deliver Shares upon exercise of RSUs) a Participant to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law to be withheld with respect to any taxable event arising as a result of this Plan, including the grant of RSUs or the exercise of RSUs and the receipt of Shares issued pursuant thereto. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Participant consents to the Corporation) setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Participant (whether arising pursuant to the Participant relationship as an officer or employee of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements as are satisfactory to the Participant and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Participant and which shall be and are authorized to be deducted from the proceeds of sale). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares. Any reference in this Plan to the issuance of Shares or a payment of cash is expressly subject to this paragraph 2.8(b).

2.9 Information

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

2.10 Account Information

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

2.11 Indemnification

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

**ARTICLE 3
ELIGIBILITY AND PARTICIPATION IN THE PLAN**

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Service Providers will be eligible to participate in this Plan; provided that after April 1, 2016, non-management directors will not be eligible to receive new grants of RSUs pursuant to this Plan.

3.2 RSU Agreement

To receive RSUs, a Participant shall enter into an agreement with the Corporation in such form as determined by the Board from time to time (the "**RSU Agreement**"), within such time period and in such manner as specified by the Board. If a RSU Agreement is not entered into within the time and manner specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.

3.3 Participant's Agreement to be Bound

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

**ARTICLE 4
TERMS OF THE PLAN**

4.1 Grant of RSUs

In accordance with Section 3.2, a grant of RSUs pursuant to this Plan will be made and the number of such RSUs granted, including the number of Performance RSUs granted, if any, will be credited to each Participant's Account, effective as of the Grant Date. The number of RSUs to be offered to each Participant, including the number of Performance RSUs, if any, shall be determined by the Board, or the Committee delegated by the Board to do so pursuant to Section 2.4, each in its sole discretion.

4.2 Vesting

- (a) A RSU may not be exercised until it vests. The Board or the Committee may, in its sole discretion, determine: (i) the Vesting Date or Vesting Dates and whether there shall be any other conditions or performance criteria to vesting; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary and subject to Section 4.2(b), RSUs will vest and be exercisable as to one-third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the Grant Date (computed in each case to the nearest whole Share). Notwithstanding the foregoing, the Board or the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted.
- (b) Prior to the Vesting Date in respect of any Performance RSU, the Board will assess the performance of the Corporation for the applicable period based on the Performance Measures. The weighting of the individual measures comprising the Performance Measures shall be determined by the Board in its sole discretion having regard to the principal purposes of the Plan

and, upon the assessment of all Performance Measures, the Board shall determine the applicable Payout Multiplier, which shall not be less than 0 and not more than 2. For greater certainty, the Payout Multiplier will apply to all Performance RSUs granted since the previous Payout Multiplier was calculated, if any. Upon the determination of the Payout Multiplier, the number of Shares issuable pursuant to a vested Performance RSU shall be adjusted by multiplying the number of vested Performance RSUs by the applicable Payout Multiplier.

4.3 Allotment of Shares for Issuance by the Corporation

The Corporation shall allot for issuance from treasury such number of Shares corresponding to the maximum number of Shares that may be deliverable to Participants upon the vesting of all RSUs granted to Participants under this Plan.

4.4 Limits on Issuances

Notwithstanding any other provision of this Plan:

- (a) the maximum number of Shares issuable pursuant to outstanding RSUs at any time shall be limited to 4.0% of the aggregate number of issued and outstanding Shares, provided that the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements, shall not exceed 10.0% of the Shares outstanding from time to time;
- (b) the number of Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements will not exceed 5.0% of the issued and outstanding Shares;
- (c) the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares;
- (d) the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares; and
- (e) the number of 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 Shares.

For the purposes of this Section 4.4, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares pursuant to vested RSUs or otherwise) will result in an increase in the number of Shares that may be issued pursuant to RSUs outstanding at any time and any increase in the number of RSUs granted will, upon vesting and the issuance of Shares pursuant thereto, make new grants available under this Plan. Further, if the acquisition of Shares by the Corporation for cancellation should result in the foregoing tests no longer being met, this shall not constitute non-compliance with this Section 4.4 for any RSUs issued prior to such purchase of Shares for cancellation.

RSUs that are cancelled, terminated or expire shall result in the Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares issuable thereunder that are not issued under such cancelled, terminated or expired RSUs. For purposes of the foregoing sentence, it shall be assumed that a Payout Multiplier of 1.0 will be applied to all Performance RSUs.

4.5 RSU Terms

- (a) The term during which a RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period, not in excess of five (5) years, as may be determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be the date that is five (5) years from the Grant Date. In addition, unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in a 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, or other Service Provider to, any of the entities comprising the Parex Group for any reason whatsoever including, without limitation, retirement, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof: (i) such Participant shall cease to be a Participant as of the Forfeiture Date; (ii) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (iii) any Shares corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with Section 4.6 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 Share; and (iv) the former Participant shall not be entitled to any further issuance of Shares or any payment in respect of this Plan.
- (b) Notwithstanding paragraph (a) or anything else contained in this Plan to the contrary, if a Participant shall cease 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: (i) any unvested grants respecting RSUs, other than unvested Performance RSUs, in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested grants respecting RSUs; and (ii) in respect of Performance RSUs, any unvested Performance RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested with the result that the deceased Participant shall not forfeit any unvested grants respecting Performance RSUs. If the Participant's death occurs within 90 days of the next Vesting Date applicable to such unvested Performance RSUs, the Vesting Date for such unvested Performance RSUs shall be deemed to be that Vesting Date and the Payout Multiplier for such unvested Performance RSUs shall be determined as of such Vesting Date in accordance with Section 4.2. Otherwise, the unvested Performance RSUs shall be deemed to have vested immediately prior to the Forfeiture Date and in such event, the Payout Multiplier will be 1.
- (c) If Shares may not be issued pursuant to a RSU due to any Black-Out Period at any time (the "**Restricted RSUs**"), and the expiry date of a RSU occurs during or within the three business day period prior to the Black-Out Period, the expiry date of such Restricted RSU shall be extended to a date which is seven business days following the end of the Black-Out Period (or such longer period as permitted by the Exchange and approved by the Board or the Committee). For greater certainty, no Restricted RSUs may be exercised during a Black-Out Period.
- (d) This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to any of the entities comprising the Parex Group, nor does it

interfere in any way with the right of the Participant or any of the entities comprising the Parex Group to terminate the Participant's employment or service provision at any time.

4.6 Exercise of RSUs

Subject to Section 2.8, the Corporation shall, as soon as practicable after the vesting and exercise of any RSUs granted under this Plan, issue from treasury to the Participant the number of Shares required to be delivered upon the vesting of such Participant's RSUs pursuant to Section 4.2 hereof. The Corporation shall register and deliver certificates for such Shares to the Participant by first class insured mail, unless the Corporation shall have received alternative instructions from the Participant for the registration and/or delivery of the certificates. The Participant may exercise any vested RSU by delivering to the Corporation, or as otherwise directed by the Corporation, a notice of exercise in writing, in such form as may be approved by the Board or the Committee from time to time, signed by the Participant and stating the Participant's intention to exercise a particular RSU together with payment of the exercise price of \$0.01 per Share issuable pursuant to such RSU. Upon receipt of the exercise notice and aggregate exercise price from the Participant, the Corporation shall cause the Shares in respect of which the RSU has been exercised to be issued to the Participant.

ARTICLE 5 EFFECT OF CORPORATE EVENTS

5.1 Alterations in Shares

In the event:

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

then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, and, if applicable, subject to TSX approval, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants hereunder and/or to provide for the Participants to receive and accept such other securities or property in lieu of Shares, and the Participants shall be bound by any such determination.

5.2 Merger and Sale, etc.

Except in the case of a transaction that is a Change of Control and to which Section 5.3 applies:

- (a) in the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation as an entirety (an "**Asset Sale**") prior to the expiry date of a RSU, a RSU may be exercised, as to all or any of the Shares in respect of which such RSU has not previously been exercised (including in respect of the right to purchase Shares not otherwise vested at such time) by the Participant (the "**Sale Acceleration Right**"). The Sale Acceleration Right shall commence at such time as determined by the Board (the "**Asset Sale Accelerated Vesting Date**"), provided

that if the Board approves the Sale Acceleration Right but does not determine commencement and termination dates regarding same, the Asset Sale Accelerated Vesting Date shall 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 (30th) day following the closing of the Asset Sale. Notwithstanding the foregoing, the Sale Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.2(a), the Payout Multiplier in respect of such Performance RSUs shall be determined as of the Asset Sale Accelerated Vesting Date in accordance with Section 4.2; and

- (b) if approved by the Board, whenever the Corporation's shareholders receive a Take-over Proposal, RSUs may be exercised as to all or any of the Shares in respect of which such RSU has not previously been exercised (including in respect of 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 Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Shares, if any, remaining unexercised under the RSU (and shall thus be available for exercise of the RSU in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board (the "**Take-over Proposal Accelerated Vesting Date**"), provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-Over Proposal Accelerated Vesting Date shall 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 (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.2(b), the Payout Multiplier in respect of such unvested Performance RSUs shall be determined as of the Take-over Proposal Accelerated Vesting Date in accordance with Section 4.2.

5.3 Change of Control

Notwithstanding any other provision in this Plan or the terms of any RSU Agreement, in the event of a Change of Control occurring, if so approved by the Board or the Committee, all RSUs which have not otherwise vested in accordance with their terms shall immediately vest (the "**Change of Control Accelerated Vesting Date**") and be exercisable, notwithstanding the other terms of the RSUs for a period of time ending on the earlier of the expiry time of the RSU and the thirtieth (30th) day following the Change of Control. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.3, the Payout Multiplier in respect of such Performance RSUs shall be determined as of the Change of Control Accelerated Vesting Date in accordance with Section 4.2. For greater certainty, if the event giving rise to the Change of Control is the approval by the shareholders of the Corporation of a matter contemplated in subparagraphs 1.1(e)(ii), (iv), (v) or, as applicable, (vi) herein, and the transaction so approved by the shareholders is not closed within 30 days from the date of such approval, then, at the discretion of the Board as indicated by notice delivered to the Participant, any such Shares so purchased by the Participant as a result of such early vesting shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Shares, if any,

remaining unexercised under the RSU (and shall thus be available for exercise of the RSU in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof.

ARTICLE 6 GENERAL

6.1 Compliance with Laws

The Corporation, in its sole discretion, may postpone the issuance or delivery of any Shares that may be issued pursuant to any RSUs to such date as the Board may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Shares that it elects to issue pursuant to the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of RSUs hereunder in accordance with any such requirements.

6.2 General Restrictions and Assignment

Except as required by law and Section 4.5, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Corporation to a successor to the business of the Corporation.

6.3 Market Fluctuations

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

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

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

6.4 No Shareholder Rights

A Participant shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable pursuant to a RSU until such RSU has vested and been exercised in accordance with the Plan and certificates representing the Shares issuable pursuant to the RSU have been issued and delivered.

6.5 No Guarantees Regarding Tax Treatment

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant of RSUs, the exercise of RSUs or the issuance of Shares on exercise of RSUs or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of RSUs or payments made under the Plan and none of the Corporation, nor any of its employees or representatives shall have any liability to a Participant with respect thereto.

6.6 Governing Law

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

6.7 Currency

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

6.8 Severability

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

6.9 Effective Time

This Plan shall be effective as of October 16, 2012, as amended effective April 2, 2014, April 1, 2016 and May 11, 2016, and as further amended from time to time.

**PAREX RESOURCES INC.
RESTRICTED SHARE UNIT PLAN**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

For purposes of this Plan:

- (a) "**Account**" means an account maintained by the Corporation for each Participant and which will be credited by means of a book-keeping entry with RSUs that are granted in accordance with the terms of this Plan and the RSU Agreements;
- (b) A company is an "**affiliate**" of another company if:
 - (i) one of them is the Subsidiary of the other; or
 - (ii) each of them is controlled by the same company or individual;
- (c) "**Black-Out Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any Participant that holds a RSU;
- (d) "**Board**" means the board of directors of the Corporation as constituted from time to time;
- (e) "**Change of Control**" means:
 - (i) the purchase or acquisition of any Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Shares carrying the right to cast more than 50% of the votes attaching to all Shares, but excluding any issue or sale of Shares of the Corporation to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or
 - (ii) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation and pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or
 - (iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
 - (iv) the liquidation, dissolution or winding-up of the Corporation; or

- (v) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
 - (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or
 - (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Shares of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- (f) "**Committee**" has the meaning ascribed thereto in Section 2.4;
 - (g) "**Convertible Securities**" means any securities convertible or exchangeable into Shares or carrying the right or obligation to acquire Shares;
 - (h) "**Corporation**" means Parex Resources Inc., and includes any successor corporation thereof;
 - (i) "**Exchange**" means the TSX or, if the Shares are not then listed and posted for trading on the TSX, such stock exchange on which such Shares are listed and posted for trading and on which the majority of the trading volume and value of such Shares occurs;
 - (j) "**Fair Market Value**" with respect to a Share, as at any date, means the weighted average of the prices at which the Shares traded on the TSX (or, if the Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the five (5) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
 - (k) "**Forfeited RSU**" means a RSU that relates to a grant of RSUs that does not vest and is forfeited by a Participant pursuant to Section 4.5;
 - (l) "**Forfeiture Date**" means the date, as determined by the Board, on which a Participant ceases to be a Participant pursuant to Section 4.5 and, if the Participant is an employee and the Participant's employment is terminated without cause, the date shall be extended to include the applicable period of statutory notice, if any, pursuant to the governing employment standards legislation, but shall not include any period of reasonable notice that the Corporation may be required at common law to provide to the Participant;
 - (m) "**Grant Date**" means the date or dates on which a grant of RSUs is made to a Participant in accordance with Section 4.1;
 - (n) "**Holder**" means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;
 - (o) "**Insider**" and "**associate**" each have the meaning ascribed thereto in Part I of the Company Manual of the TSX, as amended from time to time;

- (p) **"Parex Group"** means collectively, the Corporation and any entity that is a Subsidiary of the Corporation from time to time, and any other entity designated by the Board from time to time as a member of the Parex Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities);
- (q) **"Participant"** means a Service Provider determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Service Provider deemed eligible to continue to participate in this Plan in accordance with Section 4.5;
- (r) **"Payout Multiplier"** means the payout multiplier determined by the Board in accordance with Section 4.2(b) hereof;
- (s) **"Performance Measures"** for any period that the Board in its sole discretion shall determine, means the performance measures that may, without restriction, be taken into consideration in granting RSUs under the Plan and determining the Payout Multiplier in respect of any Performance RSU, which Payout Multiplier shall be determined by the Board in its sole discretion, and which measures may include, without limitation, any one or more of the following: (i) total shareholder return, absolute or relative; (ii) the market price of the Shares from time to time; (iii) the financial performance or results of the Corporation, any member (s) of the Parex Group, or a business unit or division thereof; (iv) other operational or performance criteria relating to the Corporation, any member(s) of the Parex Group, or a business unit or division thereof, including the achievement of corporate or personal objectives, and/or the attainment of milestones relating to financial, operational, strategic or other objectives of the Corporation; (v) activities related to growth of the Corporation, members of the Parex Group, or a business unit or division thereof; (vi) health and safety performance of the Corporation, members of the Parex Group, or a business unit or division thereof; (vii) the execution of the Corporation's strategic plan as determined by the Board; (viii) other performance criteria and results relating to the Participant, the Corporation, members of the Parex Group, or a business unit or division thereof, and (ix) such additional or other measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (t) **"Performance RSU"** means a right, designated in a RSU Agreement as a "Performance RSU", to acquire a number of Shares in accordance with this Plan and a RSU Agreement;
- (u) ~~(+)~~ **"Plan"** means this Restricted Share Unit Plan;
- (v) ~~(+)~~ **"Restricted RSUs"** has the meaning ascribed thereto in Section 4.5;
- (w) ~~(+)~~ **"RSU"** means a right to acquire a ~~Share~~ number of Shares in accordance with this Plan and a RSU Agreement for an exercise price of \$0.01 per Share, and includes Performance RSUs;
- (x) ~~(+)~~ **"RSU Agreement"** has the meaning set forth in Section 3.2;
- (y) ~~(+)~~ **"Security Based Compensation Arrangements"** has the meaning ascribed thereto in Part VI of the Company Manual of the TSX, as amended from time to time;
- (z) ~~(w)~~ **"Service Provider"** means a director, officer or employee of one or more of the entities comprising the Parex Group;
- (aa) ~~(x)~~ **"Share"** means a common share of the Corporation;

- (bb) ~~(y)~~ "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (cc) ~~(z)~~ "**Take-over Proposal**" means: (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 Corporation's outstanding 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 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 Corporation;
- (dd) ~~(aa)~~ "**TSX**" means the Toronto Stock Exchange; and
- (ee) ~~(bb)~~ "**Vesting Date**" means, with respect to any RSU, the date upon which such RSU shall irrevocably vest and become exercisable by the Participant in accordance with the terms hereof, including, without restriction, Section 4.2 hereof.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating Service Providers in the growth and development of the Parex Group by providing them with the right through RSUs to acquire Shares; (b) more closely align Service Providers interests with those of the Corporation's shareholders; (c) focus such Service Providers on operational and financial performance and long-term shareholder value; and (d) motivate and reward Service Providers for their performance and contributions to the Corporation's long-term success.

2.2 Administration of the Plan

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

2.3 Authority of the Board

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

- (a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;

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

2.4 Delegation of Authority

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

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

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

2.6 Amendment or Discontinuance of the Plan

- (a) ~~The~~Subject to any required approval of the TSX, the Board may amend or discontinue this Plan or amend any RSU or RSU Agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU Agreement, except as otherwise permitted hereunder. In addition, the Board may, by resolution, amend this Plan and any RSU granted under it (together with any

related RSU Agreement) without shareholder approval, provided however, that at any time while the Shares are listed for trading on the TSX the Board will not be entitled to amend this Plan or any RSU granted under it (together with any related RSU Agreement) without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Shares issuable pursuant to this Plan; (ii) to reduce the exercise price of a RSU or cancel a RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (iii) to extend the term of a RSU; (iv) to permit the assignment or transfer of a RSU other than as provided for in this Plan; (v) to add to the categories of persons eligible to participate in this Plan, including to permit the grant of RSUs to non-management directors after April 1, 2016; (vi) to remove or amend Section 4.4(c) ~~or~~, Section 4.4(d) or Section 4.4(e) of this Plan; (vii) to remove or amend this Section 2.6(a); or (viii) in any other circumstances where TSX and shareholder approval is required by the TSX.

- (b) Without limitation to Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.
- (c) On termination of this Plan, any outstanding RSUs under this Plan shall immediately vest and the number of Shares corresponding to such RSUs shall be delivered to the Participant in accordance with and upon compliance with Section 4.6. This Plan will finally cease to operate for all purposes when: (i) the last remaining Participant receives delivery of all Shares corresponding to RSUs credited to the Participant's Account; or (ii) all unexercised RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements. For this purpose, the Board shall determine the Payout Multiplier applicable to such RSUs in accordance with Section 4.2.

2.7 Final Determination

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

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

2.8 Taxes

- (a) A Participant shall be solely responsible for reporting and paying income tax payable in respect of the Shares received by the Participant under this Plan. The Corporation will provide each Participant who is resident in Canada with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable law to report income, if any, arising upon the grant or exercise of rights under this Plan by a Participant who is resident in Canada for income tax purposes.
- (b) The Corporation shall have the power and the right to deduct or withhold, or require (as a condition to the requirement to deliver Shares upon exercise of RSUs) a Participant to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law to be withheld with respect to any taxable event arising as a result of this Plan, including the grant of RSUs or the exercise of RSUs and the

receipt of Shares issued pursuant thereto. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Participant consents to the Corporation) setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Participant (whether arising pursuant to the Participant relationship as an officer or employee of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements as are satisfactory to the Participant and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Participant and which shall be and are authorized to be deducted from the proceeds of sale). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares. Any reference in this Plan to the issuance of Shares or a payment of cash is expressly subject to this paragraph 2.8(b).

2.9 Information

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

2.10 Account Information

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

2.11 Indemnification

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

ARTICLE 3 ELIGIBILITY AND PARTICIPATION IN THE PLAN

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Service Providers will be eligible to participate in this Plan; provided that after April 1, 2016, non-management directors will not be eligible to receive new grants of RSUs pursuant to this Plan.

3.2 RSU Agreement

To receive RSUs, a Participant shall enter into an agreement with the Corporation in such form as determined by the Board from time to time (the "**RSU Agreement**"), within such time period and in such manner as specified by the Board. If a RSU Agreement is not entered into within the time and manner specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.

3.3 Participant's Agreement to be Bound

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

ARTICLE 4 TERMS OF THE PLAN

4.1 Grant of RSUs

In accordance with Section 3.2, a grant of RSUs pursuant to this Plan will be made and the number of such RSUs granted, including the number of Performance RSUs granted, if any, will be credited to each Participant's Account, effective as of the Grant Date. The number of RSUs to be offered to each Participant, including the number of Performance RSUs, if any, shall be determined by the Board, or the Committee delegated by the Board to do so pursuant to Section 2.4, each in its sole discretion.

4.2 Vesting

- (a) A RSU may not be exercised until it vests. The Board or the Committee may, in its sole discretion, determine: (i) the Vesting Date or Vesting Dates and whether there shall be any other conditions or performance criteria to vesting; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary and subject to Section 4.2(b), RSUs will vest and be exercisable as to one-third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the Grant Date (computed in each case to the nearest whole Share). Notwithstanding the foregoing, the Board or the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted.
- (b) Prior to the Vesting Date in respect of any Performance RSU, the Board will assess the performance of the Corporation for the applicable period based on the Performance Measures. The weighting of the individual measures comprising the Performance Measures shall be determined by the Board in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of all Performance Measures, the Board shall determine the applicable Payout Multiplier, which shall not be less than 0 and not more than 2. For greater certainty, the Payout Multiplier will apply to all Performance RSUs granted since the previous Payout Multiplier was calculated, if any. Upon the determination of the Payout Multiplier, the number of Shares issuable pursuant to a vested Performance RSU shall be adjusted by multiplying the number of vested Performance RSUs by the applicable Payout Multiplier.

4.3 Allotment of Shares for Issuance by the Corporation

The Corporation shall allot for issuance from treasury such number of Shares corresponding to the maximum number of Shares that may be deliverable to Participants upon the vesting of all RSUs granted to Participants under this Plan.

4.4 Limits on Issuances

Notwithstanding any other provision of this Plan:

- (a) the maximum number of Shares issuable pursuant to outstanding RSUs at any time shall be limited to 4.0% of the aggregate number of issued and outstanding Shares, provided that the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements, shall not exceed 10.0% of the Shares outstanding from time to time;
- (b) the number of Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements will not exceed 5.0% of the issued and outstanding Shares;
- (c) the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares;
- (d) the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares; and
- (e) the number of 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 Shares.

For the purposes of this Section 4.4, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares pursuant to vested RSUs or otherwise) will result in an increase in the number of Shares that may be issued pursuant to RSUs outstanding at any time and any increase in the number of RSUs granted will, upon vesting and the issuance of Shares pursuant thereto, make new grants available under this Plan. Further, if the acquisition of Shares by the Corporation for cancellation should result in the foregoing tests no longer being met, this shall not constitute non-compliance with this Section 4.4 for any RSUs issued prior to such purchase of Shares for cancellation.

RSUs that are cancelled, terminated or expire shall result in the Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares issuable thereunder that are not issued under such cancelled, terminated or expired RSUs. For purposes of the foregoing sentence, it shall be assumed that a Payout Multiplier of 1.0 will be applied to all Performance RSUs.

4.5 RSU Terms

- (a) The term during which a RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period, not in excess of five (5) years, as may be determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be the date that is five (5) years from the Grant Date. In addition, unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in a 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, or other Service Provider to, any of the entities comprising the Parex Group for any reason whatsoever including, without limitation, retirement, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof: (i) such Participant shall cease to be a Participant as of the Forfeiture Date; (ii) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (iii) any Shares corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with Section 4.6 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 Share; and (iv) the former Participant shall not be entitled to any further issuance of Shares or any payment in respect of this Plan.

- (b) Notwithstanding paragraph (a) or anything else contained in this Plan to the contrary, if a Participant shall cease 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, (i) any unvested grants respecting RSUs, other than unvested Performance RSUs, in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested grants respecting RSUs; and (ii) in respect of Performance RSUs, any unvested Performance RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested with the result that the deceased Participant shall not forfeit any unvested grants respecting Performance RSUs. If the Participant's death occurs within 90 days of the next Vesting Date applicable to such unvested Performance RSUs, the Vesting Date for such unvested Performance RSUs shall be deemed to be that Vesting Date and the Payout Multiplier for such unvested Performance RSUs shall be determined as of such Vesting Date in accordance with Section 4.2. Otherwise, the unvested Performance RSUs shall be deemed to have vested immediately prior to the Forfeiture Date and in such event, the Payout Multiplier will be 1.
- (c) If Shares may not be issued pursuant to a RSU due to any Black-Out Period at any time (the "**Restricted RSUs**"), and the expiry date of a RSU occurs during or within the three business day period prior to the Black-Out Period, the expiry date of such Restricted RSU shall be extended to a date which is seven business days following the end of the Black-Out Period (or such longer period as permitted by the Exchange and approved by the Board or the Committee). For greater certainty, no Restricted RSUs may be exercised during a Black-Out Period.
- (d) This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to any of the entities comprising the Parex Group, nor does it interfere in any way with the right of the Participant or any of the entities comprising the Parex Group to terminate the Participant's employment or service provision at any time.

4.6 Exercise of RSUs

Subject to Section 2.8, the Corporation shall, as soon as practicable after the vesting and exercise of any RSUs granted under this Plan, issue from treasury to the Participant the number of Shares required to be delivered upon the vesting of such Participant's RSUs pursuant to Section 4.2 hereof. The Corporation shall register and deliver certificates for such Shares to the Participant by first class insured

mail, unless the Corporation shall have received alternative instructions from the Participant for the registration and/or delivery of the certificates. The Participant may exercise any vested RSU by delivering to the Corporation, or as otherwise directed by the Corporation, a notice of exercise in writing, in such form as may be approved by the Board or the Committee from time to time, signed by the Participant and stating the Participant's intention to exercise a particular RSU together with payment of the exercise price of \$0.01 per Share issuable pursuant to such RSU ~~so exercised~~. Upon receipt of the exercise notice and aggregate exercise price from the Participant, the Corporation shall cause the Shares in respect of which the RSU has been exercised to be issued to the Participant.

ARTICLE 5 EFFECT OF CORPORATE EVENTS

5.1 Alterations in Shares

In the event:

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

then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, and, if applicable, subject to TSX approval, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants hereunder and/or to provide for the Participants to receive and accept such other securities or property in lieu of Shares, and the Participants shall be bound by any such determination.

5.2 Merger and Sale, etc.

Except in the case of a transaction that is a Change of Control and to which Section 5.3 applies:

- (a) in the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation as an entirety (an "**Asset Sale**") prior to the expiry date of a RSU, a RSU may be exercised, as to all or any of the Shares in respect of which such RSU has not previously been exercised (including in respect of the right to purchase Shares not otherwise vested at such time) by the Participant (the "**Sale Acceleration Right**"). The Sale Acceleration Right shall commence at such time as determined by the Board (the "Asset Sale Accelerated Vesting Date"), provided that if the Board approves the Sale Acceleration Right but does not determine commencement and termination dates regarding same, the Asset Sale Accelerated Vesting Date shall 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 (30th) day following the closing of the Asset Sale. Notwithstanding the foregoing, the Sale Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.2(a), the Payout Multiplier in respect of such Performance RSUs shall be determined as of the Asset Sale Accelerated Vesting Date in accordance with Section 4.2; and

- (b) if approved by the Board, whenever the Corporation's shareholders receive a Take-over Proposal, RSUs may be exercised as to all or any of the Shares in respect of which such RSU has not previously been exercised (including in respect of 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 Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Shares, if any, remaining unexercised under the RSU (and shall thus be available for exercise of the RSU in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board (the "**Take-over Proposal Accelerated Vesting Date**"), provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-Over Proposal Accelerated Vesting Date shall 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 (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.2(b), the Payout Multiplier in respect of such unvested Performance RSUs shall be determined as of the Take-over Proposal Accelerated Vesting Date in accordance with Section 4.2.

5.3 Change of Control

Notwithstanding any other provision in this Plan or the terms of any RSU Agreement, in the event of a Change of Control occurring, if so approved by the Board or the Committee, all RSUs which have not otherwise vested in accordance with their terms shall immediately vest (the "**Change of Control Accelerated Vesting Date**") and be exercisable, notwithstanding the other terms of the RSUs for a period of time ending on the earlier of the expiry time of the RSU and the thirtieth (30th) day following the Change of Control. With respect to any unvested Performance RSUs which vest pursuant to this Section 5.3, the Payout Multiplier in respect of such Performance RSUs shall be determined as of the Change of Control Accelerated Vesting Date in accordance with Section 4.2. For greater certainty, if the event giving rise to the Change of Control is the approval by the shareholders of the Corporation of a matter contemplated in subparagraphs 1.1(e)(ii), (iv), (v) or, as applicable, (vi) herein, and the transaction so approved by the shareholders is not closed within 30 days from the date of such approval, then, at the discretion of the Board as indicated by notice delivered to the Participant, any such Shares so purchased by the Participant as a result of such early vesting shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Shares, if any, remaining unexercised under the RSU (and shall thus be available for exercise of the RSU in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof.

ARTICLE 6 GENERAL

6.1 Compliance with Laws

The Corporation, in its sole discretion, may postpone the issuance or delivery of any Shares that may be issued pursuant to any RSUs to such date as the Board may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Shares that it elects to issue pursuant to the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of RSUs hereunder in accordance with any such requirements.

6.2 General Restrictions and Assignment

Except as required by law and Section 4.5, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Corporation to a successor to the business of the Corporation.

6.3 Market Fluctuations

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

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

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

6.4 No Shareholder Rights

A Participant shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable pursuant to a RSU until such RSU has vested and been exercised in accordance with the Plan and a ~~certificate~~ certificates representing the ~~Share~~ Shares issuable pursuant to the RSU ~~has~~ have been issued and delivered.

6.5 No Guarantees Regarding Tax Treatment

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant of RSUs, the exercise of RSUs or the issuance of Shares on exercise of RSUs or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of RSUs or payments made under the Plan and none of the

Corporation, nor any of its employees or representatives shall have any liability to a Participant with respect thereto.

6.6 Governing Law

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

6.7 Currency

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

6.8 Severability

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

6.9 Effective Time

This Plan shall be effective as of October 16, 2012, as amended effective April 2, ~~2014 and~~ 2014, April 1, 2016 and May 11, 2016, and as further amended from time to time.

