March 31, 2021

2021 Notice of Annual General and Special Meeting and Management Proxy Circular

Annual General and Special Meeting

May 6, 2021

TSX: **PXT**

CHAIR OF THE BOARD'S MESSAGE

A year ago, I introduced my message to you by saying we would transition one of the bedrock traditions of corporate governance – the Annual General Meeting of shareholders – to a virtual format to comply with public health restrictions. I expressed my confidence that the traditional strengths of our Company – its balance sheet, resource base and workforce – would carry it through the challenges that 2020 was certain to present.

Our Performance in 2020

One year later, I'm writing to you to confirm this was the case; Parex has reported results for 2020 that showcased its resilience and fortitude as it navigated through unprecedented social and economic conditions brought on by the global pandemic. The Company was able to perform through the crisis while at the same time preparing to transform as the Company moves into its second decade.

To maintain performance, Management pivoted quickly to migrate office staff to work safely from home and set in place new procedures for field operations staff that protected our host communities. Importantly, Parex also maintained its social initiatives focused on safe water, education and housing. The Company leveraged its supply chain to facilitate the delivery of essential food and medical supplies to vulnerable communities and to healthcare professionals. In Bogota, Parex' 2019/2020 investment in refurbishing units in the Simon Bolivar Hospital provided immediate benefit when the hospital was designated as one of the major public hospitals to receive COVID-19 patients in the capital region.

At the same time, Parex continued its record of performing on traditional financial metrics, generating earnings at the bottom of the price cycle, fully executing on its allowable 10% buyback under the terms of the normal course issuer bid, and maintaining positive working capital in excess of US$300mm. This financial performance was achieved in a sustainable manner, achieving 98% proved plus probable oil and natural gas reserves replacement with no COVID-19 related layoffs or support from any government financial incentives in any jurisdiction.

Financial cost control was paramount and carefully balanced: while Parex maintained its social and environmental investments at a time when needs were greatest, Executives and Directors led by example, voluntarily cutting their salaries and fees at the outset of the crisis.

The Changing Landscape

The core of our strategy at Parex has always been to be the low-cost producer, and we've always understood that meant low social and environmental costs, not just cash costs. In the 2020's this focus on stakeholder impacts is being amplified. More than ever Parex is responding to the broad demand for transparency in corporate disclosure by defining and measuring Social and Environmental costs. In 2020 and again this year, the Board and Management have stepped up their commitments to best practice reporting of ESG considerations.

The capital market's evaluation for "investable" entities is steadily migrating from primarily "Growth" to a more balanced assessment, whether labelled "Carbon", "ESG", or "Sustainability", Our Board and Management will meet this expectation by restating our commitment to corporate responsibility and defining a clear purpose. I like to call this overall effort "sustainability", as it encompasses all aspects of running a successful enterprise over the long term: profitability, duration, talent management, relationships with communities and host governments and general impact on the planet. You can expect to see greater emphasis from Parex on quantitatively reporting on work initiatives ranging from "Aguas Para Todos" to the commissioning of the first geothermal energy units in co-generation applications in South America. One of the geothermal units is now operational at the Las Maracas field, with the potential to produce 100 KW of electricity that is equivalent to the monthly energy consumption of approximately 480 families. With this unit, the Company anticipates displacing approximately 550 ton of CO_2e per year and replacing around 5% of the field's energy from high-carbon sources..

The Path Ahead for Parex

One of the most visible changes for Parex in 2021 is CEO succession. Dave Taylor has led the growth program of the Company throughout since inception, and more specifically as CEO for the last four years. As he leaves the Company, I thank him for positioning Parex for a sustainable future.

Imad Mohsen joined us in February as our new CEO. Imad brings proven leadership in planning and executing resource development projects in a variety of settings, including some of the most challenging environmental and social environments in the world. People, planet and profits – the triple bottom line – concisely summarized the values and priorities Imad speaks about with conviction. In these, the Board, Imad and the Company are aligned with historical values and, as shared priorities, will serve as our compass for the path ahead.

Parex intends to remain a top tier energy company, recognized for excellence in delivering oil and gas in a sustainable manner, minimizing costs and maximizing benefits for our shareholders and stakeholders. On behalf of the Board, I commit to you as shareholders that we will continue to strive for improvement in all those dimensions, building upon the performance of our first eleven years.

Yours Truly,

"Wayne Foo"

Wayne Foo
Chair of the Board of Directors

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Date & Time:	May 6, 2021 at 9:30 a.m. (Calgary time)
Place:	**Virtual Only Meeting via Audiocast at https://web.lumiagm.com/286028367**
Record Date:	March 22, 2021

TO THE HOLDERS OF COMMON SHARES

Notice is hereby given that the Annual General and Special Meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Parex Resources Inc. ("**Parex**" or the "**Company**") will be held on May 6, 2021 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, 2020, and the auditors' report thereon;
2. to fix the number of directors to be elected at the Meeting at nine (9);
3. to elect nine (9) directors;
4. to appoint auditors and to authorize the directors to fix their remuneration as such;
5. to consider and, if deemed advisable, to pass, an ordinary resolution approving the Company's amended and restated shareholder protection rights plan agreement, as more particularly described in the management information circular of the Company dated March 31, 2021, (the **"Information Circular"**);
6. to consider an advisory, non-binding resolution (a "**Say on Pay**" vote) on the Company's approach to executive compensation described in the Information Circular; and
7. to transact such further and other business as may properly come before the Meeting or any adjournments or postponements thereof.

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

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 22, 2021 (the "**Record Date**"). Shareholders of the Company whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of such Shareholder's Common Shares after such date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

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

The Meeting can be accessed by logging in online at **https://web.lumiagm.com/286028367**. Registered Shareholders and duly appointed proxyholders will be able to attend the Meeting, ask questions and vote, all in real time, provided they are connected to the internet and comply with all of the requirements set out in the Information Circular. Non-registered (beneficial) Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, but guests will not be able to vote at the Meeting. Further details and instructions are provided in the Information Circular under the heading "*Proxies*".

As described in the enclosed Meeting materials, registered Shareholders are entitled to participate at the Meeting if they held their Common Shares as of the close of business on March 22, 2021, the Record Date.

The persons named in the enclosed form of proxy are directors and/or officers of the Company. Each Shareholder has the right to appoint a proxyholder other than such persons, who need not be a Shareholder, to act for such Shareholder and on such Shareholder's behalf at the Meeting. Registered Shareholders who wish to appoint a third party proxyholder other than the named Parex proxy nominees can do so by printing the proxyholder's name in the space provided in the enclosed form of proxy. Non-registered

(beneficial) Shareholders who wish to vote at the Meeting will be required to appoint themselves as proxyholder in advance of the Meeting by writing their own name in the space provided on the voting instruction form provided by their intermediary, generally being a bank, trust company, securities broker, trustee or other institution. In all cases, Shareholders must carefully follow the instructions set out in their applicable proxy or voting instruction forms AND those set out in the Information Circular under the heading "*Proxies – Solicitation and Appointment of Proxies – How to Vote*".

Registered Shareholders and duly appointed proxyholders (including beneficial Shareholders who have duly appointed themselves as proxyholders) who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided that they are connected to the internet. Guests, including non-registered Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out in the Information Circular, under the heading " *Proxies – Solicitation and Appointment of Proxies – Attending the Meeting as a Guest*". Guests can listen to the Meeting but will not able to participate or vote. Shareholders will not be able to attend the Meeting physically.

If you attend the Meeting online and you are a registered Shareholder or duly appointed proxyholder and wish to vote at the Meeting, it is important that you remain connected to the internet at all times during the Meeting in order to vote when balloting commences. **It is your responsibility to ensure connectivity for the duration of the Meeting.** You should allow ample time to check into the Meeting online and complete the related procedures. If you have questions regarding your ability to participate or vote at the Meeting, please contact our registrar and transfer agent Computershare Trust Company of Canada at **1-800-564-6253**.

If you do not wish to vote at the Meeting, please refer to the enclosed Meeting materials for information on how to vote by appointing a proxyholder, submitting a proxy in advance of the Meeting or, in the case of a non-registered Shareholder, through an intermediary. Voting by proxy is the easiest way to vote, as it enables someone else to vote at the Meeting on your behalf. Voting in advance of the Meeting is available via the means described in your proxy or voting instruction form and our Meeting materials, and include the following:

All instructions are listed in the enclosed form of proxy and see also "*Solicitation of Proxies - General*" in the Information Circular. In the event of a strike, lockout or other work stoppage involving postal employees, the enclosed proxy should be deposited with Computershare by hand delivery, by facsimile, by telephone or through the internet.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

DATED at Calgary, Alberta this 31st day of March, 2021
BY ORDER OF THE BOARD OF DIRECTORS

"Imad Mohsen"

Imad Mohsen
President and Chief Executive Officer and a Director

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INFORMATION CIRCULAR – MANAGEMENT PROXY STATEMENT

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 6, 2021

PROXIES

Solicitation and Appointment of Proxies

General

This information circular – management proxy statement (the "**Information Circular**") **is furnished in connection with the solicitation of proxies by or on behalf of the management of Parex Resources Inc.** ("**Parex**" or the "**Company**") for use at the annual general and special meeting of the Company's shareholders ("**Shareholders**") to be held virtually at **https://web.lumiagm.com/286028367** on May 6, 2021 at 9:30 a.m.. (Calgary time), and any adjournments or postponements thereof for the purposes set forth in the accompanying Notice of Annual General and Special Meeting (the "**Meeting**"). Only Shareholders of record on March 22, 2021 are entitled to notice of, and to attend and vote at, the Meeting, unless a Shareholder has transferred any common shares ("**Common Shares**") subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of shareholders eligible to vote at the Meeting.

Unless otherwise stated information contained in this Information Circular is given as at March 31, 2021. **All amounts set forth in this Information Circular are stated in Canadian dollars, unless otherwise noted.**

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

If you attend the Meeting online and you are a registered Shareholder or proxyholder and wish to vote at the Meeting, it is important that you remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures, as set forth below. If you have questions regarding your ability to participate or vote at the Meeting, please contact our registrar and transfer agent, Computershare Trust Company of Canada ("**Computershare**") at **1-800-564-6253**.

The persons named in the accompanying form of proxy are directors and/or officers of the Company. As a Shareholder submitting a proxy you have the right to appoint a person or company (who need not be a Shareholder) to represent you at the Meeting other than the persons designated in the form of proxy furnished by Parex. To exercise this right, you should insert the name of the desired representative in the blank space provided in the form of proxy or include the name of the desired representative in the appropriate field when voting through the internet. A proxy must be executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal by a duly authorized officer or attorney of the corporation. In order to be effective, the proxy must be deposited with the Company's registrar and transfer agent, Computershare: (a) by mail, using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (b) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (c) by telephone to 1-866-732-VOTE (8683) (toll free within North America) or to 1-312-588-4290 (outside North America); (d) by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America); or (e) through the internet by using the 15 digit control number located at the bottom of your proxy at www.investorvote.com (see below for further information), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournments or postponements thereof. All instructions are listed in the enclosed form of proxy.

Shareholders who wish to vote through the internet may use the internet site at **www.investorvote.com** to transmit their voting instructions. Shareholders should have their form of proxy in hand when they access the web site and will be prompted to enter their 15-digit Control Number, which is located at the bottom of the form of proxy. The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previously submitted proxies will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

Registered Shareholders and duly appointed proxyholders (including beneficial Shareholders who have duly appointed themselves as proxyholders as described below) who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided that they are connected to the internet. Guests, including beneficial Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below under "*Attending the Meeting as a Guest*". Guests can listen to the Meeting but will not able to participate or vote. Shareholders will not be able to attend the Meeting physically.

How to Vote

Registered Shareholders

Registered Shareholders may vote at the Meeting by: (A) completing and submitting their form of proxy in advance of the Meeting; or (B) attending the Meeting and completing a ballot at the Meeting that will be made available online during the Meeting.

(A) Voting by Proxy Before the Meeting

If you are a registered Shareholder, you may vote before the Meeting by completing your form of proxy in accordance with the instructions provided therein. Voting by proxy is the easiest way to vote, as it enables someone else to vote at the Meeting on your behalf. All forms of proxy must be received and all proxyholders must be registered before 9:30 a.m.. (Calgary time) on May 4, 2021 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting.

Proxyholders must vote your Common Shares according to the instructions provided in the completed proxy, including on any ballot that may be called. If there are changes to the items of business or new items properly come before the Meeting, a proxyholder can vote as he or she sees fit.

As a Shareholder submitting a form of proxy you have the right to appoint a person or company (who need not be a Shareholder) to represent you at the Meeting other than the persons designated in the form of proxy furnished by Parex (being directors and officers of Parex). If you wish to appoint a third party proxyholder to vote on your behalf at the Meeting, you must appoint such proxyholder by inserting their name in the blank space provided on the form of proxy sent to you or in the appropriate field if voting via the internet and follow all other instructions provided, prior to 9:30 a.m.. (Calgary time) on May 4, 2021 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting. **Shareholders appointing a third party proxyholder (other than the Parex proxy nominees) must ALSO register their proxyholder at www.computershare.com/Parex before 9:30 a.m. (Calgary time) on May 4, 2021 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for any adjourned or postponed Meeting in order to participate and vote at the Meeting.** You will need to provide Computershare the required proxyholder contact information so that Computershare can provide the proxyholder with a 15 digit Control Number via email. Without a 15 digit Control Number, proxyholders will not be able to participate or vote at the Meeting but will be able to listen as a guest (see instructions below under "*Attending the Meeting as a Guest*").

The duly appointed proxyholder can follow steps 1 through 5 set out below under the heading "*Proxies – Solicitation and Appointment of Proxies – How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting Online*" to attend and vote at the Meeting.

(B) Attending the Meeting and Voting Online

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

1. Log into https://web.lumiagm.com/286028367 at least one hour before the Meeting starts.
2. Click "Shareholder".
3. Enter your 15 digit Control Number (found on your form of proxy) as your username.
4. Enter the following password (which is case sensitive): **parex2021**
5. Follow the instructions to view the Meeting and vote when prompted.

Once you log into the Meeting, voting by online ballot on matters put forth at the Meeting will revoke any and all proxies you previously submitted for the Meeting.

Revoking a Proxy as a Registered Shareholder

A registered Shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy attends the Meeting at which the proxy is to be voted, such person may revoke the proxy and vote at the Meeting. In addition to revocation in any other manner permitted by law, a proxy may be revoked by a form in writing signed by the Shareholder or his or her attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and signed by a duly authorized officer or attorney for the corporation, and deposited at the registered office of Parex at any time up to and including the last day (other than Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the day of the Meeting at which the proxy is to be used, or any adjournments or postponements thereof. If a registered Shareholder uses a 15-digit Control Number to login to the Meeting online and accepts the terms and conditions, voting by online ballot on matters put forth at the Meeting will revoke any and all previously submitted proxies for the Meeting.

Non-Registered (Beneficial) Shareholders

The information set forth in this section is of significant importance to many Shareholders of Parex, as a substantial number of the Shareholders of Parex do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Parex as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of Parex. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services, Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The directors and officers of Parex do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Beneficial Shareholders may vote at the Meeting by: (A) completing and submitting their voting instruction form in advance of the Meeting; or (B) attending the Meeting as proxyholder for the registered Shareholder and completing a ballot at the Meeting that will be made available online during the Meeting.

(A) Voting by Proxy Before the Meeting

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the voting instruction forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instructions forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form with a Broadridge sticker on it cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

As a Beneficial Shareholder submitting a voting instruction form you have the right to appoint a person or company (who need not be a Shareholder) to represent you at the Meeting, and indirectly vote your Common Shares as proxyholder for the registered Shareholder, which person or company can be someone other than the persons designated in the voting instruction form furnished by your intermediary or Broadridge. If you wish to appoint a third party as your "proxyholder" to indirectly vote on your behalf at the Meeting, you must appoint such proxyholder by inserting their name in the blank space provided on the voting instruction form sent to you or in the appropriate field if voting via the internet and follow all other instructions provided. **Beneficial Shareholders appointing a third party proxyholder (other than the Parex proxy nominees) must ALSO register their proxyholder at www.computershare.com/Parex prior to 9:30 a.m. (Calgary time) on May 4, 2021 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for any adjourned or postponed Meeting in order to participate and vote at the Meeting.** You will need to provide Computershare the required proxyholder contact information so that Computershare can provide the proxyholder with a 15 digit Control Number via email. Without a 15 digit Control Number, proxyholders will not be able to participate or vote at the Meeting but will be able to listen as a guest (see instructions below under "*Attending the Meeting as a Guest*").

(B) Attending the Meeting as Proxyholder

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Beneficial Shareholders who have not duly appointed themselves as proxyholder will not be able to participate or vote at the Meeting but will be able to join the Meeting as a guest (see instructions below under "*Attending the Meeting as a Guest*").

Beneficial Shareholders appointing themselves as proxyholder must ALSO register with Computershare as proxyholder at http://www.computershare.com/Parex before 9:30 a.m. (Calgary time) on May 4, 2021 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting. You will need to provide Computershare with your required proxyholder contact information so that Computershare can provide you with a 15 digit Control Number via email. As duly appointed proxyholder, you can follow steps 1 through 5 set out above under the heading "*Proxies – Solicitation and Appointment of Proxies – How to Vote – Registered Shareholders – (B) Attending the Meeting and Voting Online*" to attend and vote at the Meeting. Without a 15 digit Control Number, proxyholders will not be able to participate or vote at the Meeting but will be able to listen as a guest (see instructions below under "*Attending the Meeting as a Guest*").

If you are a Beneficial Shareholder, please contact your stockbroker or other intermediary as soon as possible to determine what additional procedures must be followed to appoint yourself or a third party as your proxyholder (including whether to obtain a separate valid legal form of proxy from your intermediary if you are located outside of Canada).

Revoking Voting Instructions as a Beneficial Shareholder

A Beneficial Shareholder who has given a proxy, in the manner prescribed above, has the power to revoke it. If you have provided your voting instructions and change your mind about your vote, you can revoke your voting instructions by contacting your intermediary. If your intermediary provides the option of voting over the internet, you can change your instructions by updating your voting instructions on the website provided by your intermediary, so long as you submit your new instructions before the intermediary's deadline.

Attending the Meeting as a Guest

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

1. Log into https://web.lumiagm.com/2860283672 at least one hour before the Meeting starts.
2. Click "Guest" and then complete the online form.

Persons making the Solicitation

The solicitation is made on behalf of the management of Parex. The costs incurred in the preparation and mailing of the form of proxy, Notice of Annual General and Special Meeting and this Information Circular will be borne by Parex. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or by other means of communication and by directors and officers of Parex, who will not be specifically remunerated therefor. While no arrangements have been made to date by Parex, Parex may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Parex in soliciting proxies will be paid by Parex.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of Common Shares. If you are a non-registered (beneficial) owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

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

Asking Questions at the Meeting

Parex believes that the ability to participate in the Meeting in a meaningful way, including asking questions, remains important despite the decision to hold this year's Meeting virtually. Registered shareholders, Beneficial Shareholders who have appointed themselves as proxyholders and proxyholders accessing the Meeting will have an opportunity to ask questions at the Meeting in writing by sending a message to the chair of the Meeting online through the virtual Meeting platform. It is anticipated that Shareholders will have substantially the same opportunity to ask Questions on matters of business before the Meeting as in past years when the annual shareholders meeting was held in person.

Difficulties in Accessing the Meeting

Shareholders with questions regarding the virtual Meeting portal or requiring assistance accessing the Meeting website may contact Lumi support at support@lumiglobal.com, or visit the website https://www.lumiglobal.com/faq for additional information.

If you are accessing the Meeting you must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. As previously noted, it is your responsibility to ensure internet connectivity for the duration of the Meeting. If you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed. Therefore, even if your current plan is to access the Meeting and vote during the live webcast, you should consider voting your Common Shares in advance or by proxy so that your vote will be counted in the event you experience any technical difficulties or are otherwise unable to access the Meeting.

Exercise of Discretion by Proxy

The Common Shares represented by the form of proxy enclosed with the accompanying Notice of Annual General and Special Meeting and this Information Circular will be voted for or against or withheld from voting on any ballot that may be called for in accordance with the instructions of the Shareholder, but if no specification is made, they will be voted in favour of the matters set forth in the proxy. If any amendments or variations are proposed at the Meeting or any adjournments or postponements thereof to matters set forth in the proxy and described in the accompanying Notice of Annual General and Special Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournments or postponements thereof, the form of proxy confers upon the Shareholder's proxyholder discretionary authority to vote on such amendments or variations or such other matters according to the best judgement of the person voting the proxy at the Meeting. At the date of this Information Circular, management of Parex knows of no such amendments or variations or other matters to come before the Meeting.

ADVISORIES

This Information Circular contains certain oil and gas metrics, including finding, development and acquisition ("**FD&A**") costs, production per debt adjusted share and recycle ratio, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to describe and evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. FD&A is the sum of total capital expenditures incurred in the period and the change in future development capital ("**FDC**") required to develop reserves. FD&A cost per barrel of oil ("**bbl**") is determined by dividing current period net reserve additions into the corresponding period's FD&A cost. Total capital expenditures includes both capital expenditures incurred and changes in FDC required to bring proved undeveloped reserves and probable reserves to production during the applicable period. Reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding production. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated FD&A generally will not reflect total finding and development costs related to reserves additions for that year. Production per debt adjusted share is calculated by dividing annual production for the period over the weighted average Common Shares outstanding adjusted for the effect of working capital. Recycle ratio is calculated as fourth quarter funds flow from operations for the noted year per bbl divided by FD&A cost per bbl for that year.

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

Certain reserves information contained in this Information Circular is based upon an evaluation (the "**GLJ Report**") prepared by GLJ Ltd. ("**GLJ**") dated February 4, 2021 and effective December 31, 2020 and an evaluation prepared by GLJ dated February 5, 2020 and effective December 31, 2019. Each report was prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook and the reserves definitions contained in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. All December 31, 2020 reserves presented are based on GLJ's forecast pricing effective January 1, 2021 and all December 31, 2019 reserves presented are based on GLJ's forecast pricing effective January 1, 2020.

"Boes" may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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

This document contains forward-looking information ("**forward-looking information**" or "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intent", "objective", "scheduled", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future events, circumstances or outcomes. All such forward-looking statements are subject to important risks, uncertainties and assumptions, including, without restriction, risks and uncertainties related to the COVID-19 pandemic and the volatile market conditions related thereto. Unless otherwise indicated, forward-looking statements in this document describe the Company's expectations as at the date hereof and, accordingly are subject to change after such date. The Company's actual results and events could differ materially from those expressed or implied in the forward-looking statements in this Information Circular, if known or unknown risks affect the business of the Company, or if its estimates or assumption turn out to be inaccurate. As a result, the Company cannot guarantee that the results or events expressed or implied in any forward-looking statement will materialize, and accordingly, you are cautioned against relying on these forward-looking statements. The Company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable Canadian securities laws.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at March 22, 2021, the record date of the Meeting, there were 128,939,941 Common Shares issued and outstanding, stock options ("**Options**") to purchase 1,441,558 Common Shares issued under the Company's stock option plan ("**Option Plan**"), restricted share units ("**RSUs**") representing the right to receive 628,092 Common Shares issued under the Company's restricted share unit plan ("**RSU Plan**"), performance-based RSUs ("**PSUs**") representing the right to receive, subject to meeting certain conditions, 217,000 Common Shares issued under the RSU Plan, 217,145 deferred share units ("**DSUs**") representing the right to receive a cash payment issued under the Company's deferred share plan ("**DSU Plan**"), 1,241,257 restricted share units ("**Cash/Share Settled RSUs**" or "**CosRSUs**") representing the right to either receive a cash payment or Common Shares purchased on the open market issued under the Company's cash or share settled restricted share unit plan ("**Cash/Share Settled RSU Plan**") and 710,565 performance-based restricted share units ("**Cash/Share Settled PSUs**" or "**CosPSUs**") representing the right to either receive, subject to meeting certain conditions, a cash payment or Common Shares purchased on the open market issued under the Cash/Share Settled RSU Plan, which have been granted to certain directors, officers and employees of the Company or of its subsidiaries. The Cash/Share Settled RSU Plan was implemented on February 7, 2019. See "*Statement of Executive Compensation – Executive Compensation Components – Long-Term Incentives – Cash/Share Settled RSUs and Cash/Share Settled PSUs*" in this Information Circular for more information on the Cash/Share Settled RSU Plan.

As at March 30, 2021, there were 128,537,383 Common Shares issued and outstanding, Options to purchase 1,447,103 Common Shares issued under the Option Plan, RSUs representing the right to receive 620,530 Common Shares issued under the RSU Plan, PSUs representing the right to receive, subject to meeting certain conditions, 217,000 Common Shares issued under the RSU Plan, 217,145 DSUs representing the right to receive a cash payment issued under the DSU Plan, 1,258,510 Cash/Share Settled RSUs representing the right to either receive a cash payment or Common Shares purchased on the open market issued under the Cash/Share Settled RSU Plan and 710,565 Cash/Share Settled PSUs representing the right to either receive, subject to meeting certain conditions, a cash payment or Common Shares purchased on the open market issued under the Cash/Share Settled RSU Plan.

The holders of Common Shares are entitled to one vote per Common Share at meetings of Shareholders, to receive any dividend as and when declared by the Board of Directors of the Company (the "**Board**") and to receive *pro rata* upon liquidation, dissolution or winding-up of the Company, the remaining property of the Company.

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

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is March 22, 2021.

To the best of the knowledge of the directors and executive officers of the Company, no person or company, beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than ten percent (10%) of the votes attached to all of the issued and outstanding Common Shares.

OTHER MATTERS RELATED TO THE MEETING

Majority Voting for Directors

The Board has adopted a policy stipulating that if the "WITHHOLD" votes in respect of the election of a director nominee at the Meeting represent more than the "FOR" votes, the nominee will immediately submit his or her resignation for the Board's consideration. The Board will consider such resignation within 90 days and after reviewing the matter will determine, having regard to all matters it deems relevant, whether to accept such resignation or not. The Board will accept such resignation absent exceptional circumstances and the resignation will be effective upon acceptance by the Board. The Board's decision to accept or reject the resignation will be disclosed to the public through the issuance of a news release within 90 days of the Meeting, a copy of which will be provided by the Company to the Toronto Stock Exchange (the "**TSX**"). If the Board determines not to accept the nominee's resignation, such news release will disclose the reasons for the Board's decision. The nominee will not participate in any Board deliberations on the resignation. The policy does not apply in circumstances involving contested director elections.

Advance Notice By-law

Amended and Restated By-law No. 1 of the Company (the "**By-law**"), which was ratified by Shareholders at the Company's annual general and special meeting of Shareholders held in 2018, contains advance notice provisions, which provide Shareholders, the Board and management of the Company with a clear framework for nominating directors to help ensure orderly business at shareholder meetings by effectively preventing a Shareholder from putting forth director nominations from the floor of a shareholder meeting without prior notice. Among other things, the By-law fixes a deadline by which Shareholders must submit notice of director nominations to the Company prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Company regarding each director nominee and the nominating Shareholder for the notice to be in proper written form in order for any director nominee to be eligible for nomination and election at any annual or special meeting of Shareholders of the Company. These requirements are intended to provide all Shareholders with the opportunity to evaluate and review the proposed candidates and vote on an informed and timely manner regarding such nominees. The By-law does not affect nominations made pursuant to a "proposal" made in accordance with the ABCA or a requisition of a meeting of Shareholders made pursuant to the ABCA. As of the date of this Information Circular, the Company has not received any nominations pursuant to the advance notice provisions contained in the By-law.

MATTERS TO BE ACTED UPON AT THE MEETING

Receipt of the Financial Statements and Auditors' Report

At the Meeting, Shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2020 and the Auditors' Report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

Fixing the Number of Directors and Election of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting be fixed at nine (9) members and that nine (9) directors be elected to hold office until the next annual general meeting of the Company, or until their successors are elected or appointed. On February 4, 2021 Mr. Dave Taylor resigned from the Board and Mr. Imad Mohsen was appointed President, Chief Executive Officer and a Director of the Company. All of the current directors of the Company, including Mr. Mohsen, are standing for election at the Meeting.

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

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

2020 Voting Results

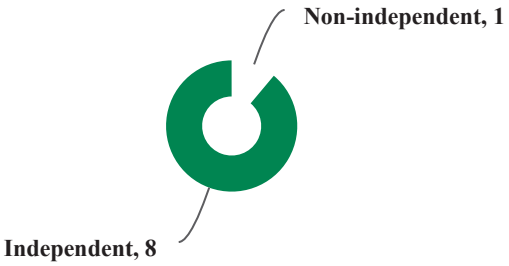
Motions	Outcome of Vote	Votes For		Against/Withheld	
		Number	Percentage	Number	Percentage
Fixing the number of directors at nine (9)	Approved*	—	—	—	—
Election of the following nominees as directors:	Approved	—	—	—	—
Lisa Colnett		106,903,328	98.26	1,888,053	1.74
Sigmund Cornelius		108,777,482	99.99	13,899	0.01
Robert Engbloom		101,479,761	93.28	7,311,620	6.72
Wayne Foo		108,428,909	99.67	362,472	0.33
G. R. (Bob) MacDougall		106,907,531	98.27	1,883,850	1.73
Glenn McNamara		108,020,392	99.29	770,969	0.71
Carmen Sylvain		108,305,393	99.55	485,968	0.45
David Taylor		108,567,356	99.79	224,025	0.21
Paul Wright		104,586,702	96.14	4,204,679	3.86
Appointment of Auditors	Approved*	105,810,636	96.03	4,369,514	3.97
Stock Option Plan	Approved	99,338,053	91.30	9,460,156	8.70
Advisory vote on executive compensation	Approved	103,915,936	95.51	4,882,273	4.49

* vote conducted by way of show of hands

BOARD OF DIRECTORS

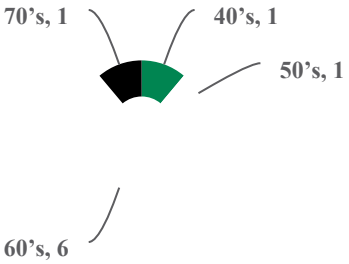
Our Board at a Glance

Independence

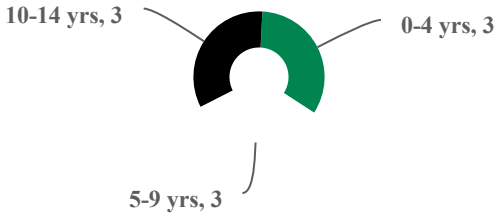


Gender

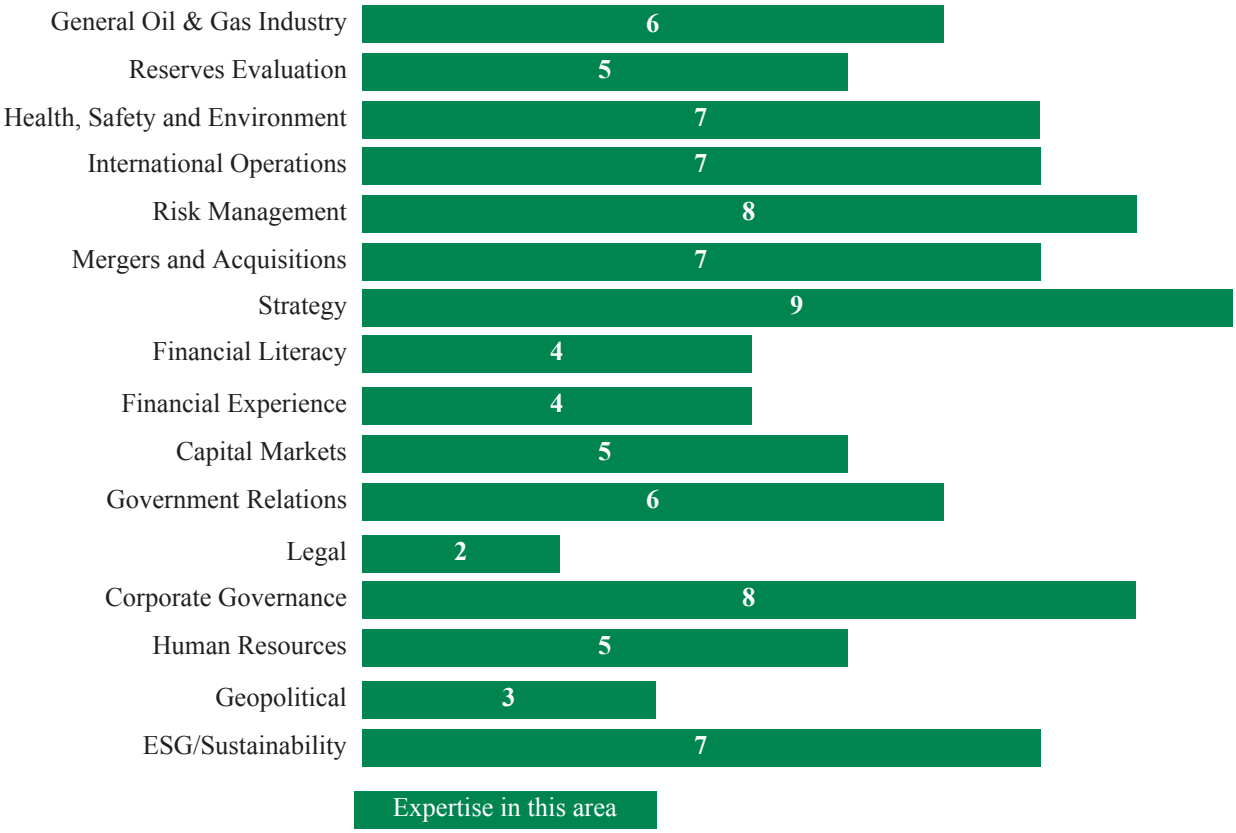
Age



Tenure



Summary of Director's Experience/Expertise



Director Profiles

The name, province and country of residence, and age of the persons nominated for election as directors, the number of voting securities of the Company beneficially owned or controlled or directed, directly or indirectly by each nominee, the period served as director and, the principal occupation of each and certain other information in respect of each of the nominees is set forth below:

Lisa Colnett

Age: 63

Residence: Ontario, Canada

Director since: May 12, 2015[1]
Independent

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

Other Public Boards:
Parkland Corporation
Northland Power

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

Principal Occupation for Last 5 Years
Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Corporation, an international supplier and marketer of fuel and petroleum products and a leading convenience store operator, and a Director of Northland Power, a global power producer. Ms. Colnett brings over 20 years of experience in human resources for a variety of industries ranging from mining to information technology. Since 1991, Ms. Colnett has held senior roles in human resources, information technology and strategy including Senior Vice President and Chief Information Officer of Celestica Inc., Senior Vice President, Human Resources, also of Celestica Inc. and Senior Vice President, Human Resources and Corporate Services, of Kinross Gold Corporation. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise
- Health, Safety and Environment
- Strategy
- International Operations
- Risk Management
- Corporate Governance
- Human Resources
- ESG/Sustainability

Annual General Meeting Voting Results

Year	*% of votes For*
2019	99.99
2020	98.26

Share Ownership Requirement

Target Level ($)	*Current holding as multiple of Target*	*Status*
$200,000	5 times	Comply
$200,000	4 times	Comply

Securities Held	*2020*			*2019*		
	Number		*Value*[2]	*Number*		*Value*[3]
Common Shares	4,450	$	77,964	4,000	$	96,600
Options	—	$	—	—	$	—
DSUs	41,095	$	719,984	36,980	$	893,067
RSUs	—	$	—	—	$	—
PSUs	—	$	—	—	$	—
CosRSUs	5,995	$	105,032	2,820	$	68,103
CosPSUs	—	$	—	—	$	—
Total:		**$**	**902,980**		**$**	**1,057,770**

Sigmund Cornelius

Age: 66

Residence: Houston, Texas

Director since: May 14, 2020[1]
Independent

Parex Board and Committees:
Board of Directors
Finance and Audit
Human Resources and Compensation

Other Public Boards:
None

Meeting Attendance[4]:
7/7 Board of Directors (100%)
2/2 Finance and Audit (100%)
2/2 Human Resources and Compensation (100%)

Principal Occupation for Last 5 Years
Currently President and Chief Operating Officer of Freeport LNG Development L.P., a company based in Houston, Texas. From 1980 to 2010, he held various management and senior positions at ConocoPhillips Company, retiring as Chief Financial Officer in 2010. He has served on the board of multiple public and private companies, including Western Refining Inc., NiSource Inc., Andeavor Logistics LP, DCP Midstream LP, Columbia Pipeline Group Inc., and Chevron Philips Chemical Co.

Key Experience and/or Expertise
- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Experience
- Capital Markets
- Geopolitical
- ESG/Sustainability

Annual General Meeting Voting Results

Year	*% of votes For*
2019	N/A
2020	99.99

Share Ownership Requirement

Target Level ($)	*Current holding as multiple of Target*	*Status*
N/A	N/A	N/A
$180,000	0 times	Comply

Securities Held	*2020*		*2019*	
	Number	*Value[2]*	*Number*	*Value[3]*
Common Shares	—	$ —	—	$ —
Options	—	$ —	—	$ —
DSUs	4,115	$ 72,095	—	$ —
RSUs	—	$ —	—	$ —
PSUs	—	$ —	—	$ —
CosRSUs	4,115	$ 72,095	—	$ —
CosPSUs	—	$ —	—	$ —
Total:		**$ 144,190**		**$ —**

Robert Engbloom

Age: 71

Residence: Alberta, Canada

Director since: September 29, 2009[1]
Independent

Parex Board and Committees:
Board of Directors (Lead Director)
Corporate Governance and Nominating (Chair)

Other Public Boards:
None

Meeting Attendance:
9/9 Board of Directors (100%)
11/11 Corporate Governance and Nominating (100%)

Principal Occupation for Last 5 Years
Counsel, Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group. Mr. Engbloom has more than 40 years of experience in the areas of mergers and acquisitions, governance, corporate and securities law. His broad experience spans a range of businesses both public and private, operating nationally and internationally, primarily in the energy industry.

Key Experience and/or Expertise
- Mergers and Acquisitions
- Strategy
- Financial Experience
- Capital Markets
- Corporate Governance
- Legal

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	*% of votes For*	*Target Level ($)*	*Current holding as multiple of Target*	*Status*
2019	96.33	$250,000	9 times	Comply
2020	93.28	$250,000	6 times	Comply

	2020			*2019*		
Securities Held	*Number*		*Value*[2]	*Number*		*Value*[3]
Common Shares	50,000	$	876,000	85,000	$	2,052,750
Options	—	$	—	—	$	—
DSUs	38,520	$	674,870	33,890	$	818,444
RSUs	—	$	—	—	$	—
PSUs	—	$	—	—	$	—
CosRSUs	6,744	$	118,155	3,170	$	76,556
CosPSUs	—	$	—	—	$	—
Total:		**$**	**1,669,025**		**$**	**2,947,750**

Wayne Foo

Age: 64

Residence: Alberta, Canada

Director since: August 28, 2009[1]
Independent

Parex Board and Committees:
Board of Directors (Chair)

Other Public Boards:
None

Meeting Attendance:
9/9 Board of Directors (100%)

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

Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Capital Markets
- Human Resources
- ESG/Sustainability

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	*% of votes For*	*Target Level ($)*	*Current holding as multiple of Target*	*Status*
2019	96.72	$380,000	72 times	Comply
2020	99.67	$380,000	71 times	Comply

	2020			*2019*		
Securities Held	*Number*		*Value*[2]	*Number*		*Value*[3]
Common Shares	1,521,979	$	26,665,072	1,558,740	$	37,643,571
Options	—	$	—	235,000	$	2,311,150
DSUs	24,935	$	436,861	18,935	$	457,280
RSUs	87,000	$	1,523,370	172,000	$	4,152,080
PSUs	—	$	—	11,000	$	265,540
CosRSUs	8,350	$	146,292	3,525	$	85,129
CosPSUs	—	$	—	—	$	—
Total:		**$**	**28,771,595**		**$**	**44,914,750**

G.R. (Bob) MacDougall

Age: 57

Residence: Alberta, Canada

Director since: October 4, 2016[1]
Independent

Parex Board and Committees:
Board of Directors
Finance and Audit
HSE and Reserves (Chair)

Other Public Boards:
None

Meeting Attendance[5]:
9/9 Board of Directors (100%)
2/2 Finance and Audit (100%)
4/4 HSE and Reserves (100%)
2/2 Human Resources and Compensation (100%)

Principal Occupation for Last 5 Years
Mr. MacDougall is a professional engineer with close to 30 years of domestic and international oil and gas operations and senior executive management experience. Mr. MacDougall was Executive Vice President and Chief Operating Officer of Vermilion Energy Corporation from 2004 to 2012. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise
- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Literacy
- Capital Markets
- Human Resources
- ESG/Sustainability

Annual General Meeting Voting Results

Year	*% of votes For*
2019	100.00
2020	98.27

Share Ownership Requirement

Target Level ($)	*Current holding as multiple of Target*	*Status*
$200,000	6 times	Comply
$210,000	4 times	Comply

Securities Held

	2020			*2019*		
	Number		*Value[2]*	*Number*		*Value[3]*
Common Shares	23,039	$	403,643	23,039	$	556,392
Options	—	$	—	—	$	—
DSUs	26,995	$	472,952	22,880	$	552,552
RSUs	—	$	—	—	$	—
PSUs	—	$	—	—	$	—
CosRSUs	5,995	$	105,032	2,820	$	68,103
CosPSUs	—	$	—	—	$	—
Total:		**$**	**981,627**		**$**	**1,177,047**

Glenn McNamara

Age: 68

Residence: Alberta, Canada

Director since: October 4, 2016[1]
Independent

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

Other Public Boards:
Whitecap Resources Inc.

Meeting Attendance[6]:
9/9 Board of Directors (100%)
2/2 Human Resources and Compensation (100%)
4/4 HSE and Reserves (100%)
2/2 Finance and Audit (100%)

Principal Occupation for Last 5 Years
Currently the President and Chief Executive Officer of Heritage Resources LP, a private fee title acreage owner business. Prior thereto, Mr. McNamara was the Chief Executive Officer and a director of PMI Resources Ltd. (formerly, Petromanas Energy Inc.), a public oil and gas company from September 2010 to May 2016. From August 2005 to August 2010, Mr. McNamara was the President of BG Canada (part of the BG Group PLC, a public gas company with its head office in the United Kingdom, trading on the London Stock Exchange). Mr. McNamara also currently serves on the board of Whitecap Resources Inc. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise
- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Financial Experience
- Capital Markets
- Corporate Governance
- Human Resources
- Geopolitical
- ESG/Sustainability

Annual General Meeting Voting Results

Year	*% of votes For*
2019	99.18
2020	99.29

Share Ownership Requirement

Target Level ($)	*Current holding as multiple of Target*	*Status*
$180,000	4 times	Comply
$180,000	3 times	Comply

Securities Held	*2020*			*2019*		
	Number		*Value[2]*	*Number*		*Value[3]*
Common Shares	5,720	$	100,214	4,780	$	115,437
Options	—	$	—	—	$	—
DSUs	26,995	$	472,952	22,880	$	552,552
RSUs	—	$	—	—	$	—
PSUs	—	$	—	—	$	—
CosRSUs	5,995	$	105,032	2,820	$	68,103
CosPSUs	—	$	—	—	$	—
Total:		**$**	**678,198**		**$**	**736,092**

Imad Mohsen

Age: 47

Residence: Alberta, Canada

Director since: February 4, 2021[1]
President and CEO since: February 4, 2021
Non-Independent

Parex Board and Committees:
Board of Directors

Other Public Boards:
None

Meeting Attendance:
N/A

Principal Occupation for Last 5 Years
President and Chief Executive Officer of Parex since February 4, 2021. He joined Royal Dutch Shell in 1997. Following assignments as Sustainable Development Advisor and Private Advisor to the CEO, in 2007 he moved to New Orleans, Louisiana as Development Manager, Subsea GOM from 2007 to 2011 and then to Cairo, Egypt as General Manager, Operations for Shell Egypt JV (Bapetco) from 2011 to 2013.

In 2013, Mr. Mohsen joined Tulip Oil Holding B.V., a private equity backed upstream company founded in 2010 to explore for and develop oil and gas opportunities in Western Europe. After initially serving as COO, he was appointed CEO in 2015.

Key Experience and/or Expertise

- General Oil and Gas Industry
- Reserves Evaluation
- Health, Safety and Environment
- International Operations
- Risk Management
- Government Relations
- Mergers and Acquisitions
- Strategy
- Financial Literacy
- Geopolitical
- ESG/Sustainability

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	*% of votes For*	*Target Level ($)*	*Current holding as multiple of Target*	*Status*
2019	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A

Securities Held	*2020*		*2019*	
	Number	Value[2]	*Number*	Value[3]
Common Shares	—	$ —	—	$ —
Options	—	$ —	—	$ —
DSUs	—	$ —	—	$ —
RSUs	—	$ —	—	$ —
PSUs	—	$ —	—	$ —
CosRSUs	—	$ —	—	$ —
CosPSUs	—	$ —	—	$ —
Total:		**$ —**		**$ —**

Carmen Sylvain

Age: 60

Residence: Quebec, Canada

Director since: July 7, 2017[1]
Independent

Parex Board and Committees:
Board of Directors
Corporate Governance and Nominating
Human Resources and Compensation

Other Public Boards:
None

Meeting Attendance[7]:
9/9 Board of Directors (100%)
11/11 Corporate Governance and Nominating (100%)
2/2 Human Resources and Compensation (100%)

Principal Occupation for Last 5 Years
Ms. Sylvain is a former diplomat with 30 years of combined experience in foreign affairs, international trade and investment. She was Ambassador to Colombia, Morocco and Mauritania and served as Assistant Deputy Minister for Europe, Africa and the Middle East as well was Assistant Deputy Minister for Strategic Planning within Global Affairs. In the private sector, she was strategic advisor to Borealis Infrastructure and the OMERS pension fund. She currently serves on the Boards of LCI Education Network, Orient Investment Properties and the Egyptian Refining Company. Ms Sylvain is a member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise
- Health, Safety and Environment
- Risk Management
- Strategy
- Government Relations
- Corporate Governance
- Geopolitical
- ESG/Sustainability

Annual General Meeting Voting Results

Year	*% of votes For*
2019	99.55
2020	99.55

Share Ownership Requirement

Target Level ($)	*Current holding as multiple of Target*	*Status*
$160,000	3 times	Comply
$180,000	2 times	Comply

Securities Held	*2020*			*2019*		
	Number		*Value[2]*	*Number*		*Value[3]*
Common Shares	2,344	$	41,067	2,344	$	56,608
Options	—	$	—	—	$	—
DSUs	18,395	$	322,280	14,280	$	344,862
RSUs	—	$	—	—	$	—
PSUs	—	$	—	—	$	—
CosRSUs	5,995	$	105,032	2,820	$	68,103
CosPSUs	—	$	—	—	$	—
Total:		**$**	**468,379**		**$**	**469,573**

Paul Wright

Age: 61

Residence: Alberta, Canada

Director since: September 29, 2009[1]
Independent

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

Other Public Boards:
None

Meeting Attendance:
9/9 Board of Directors (100%)
4/4 Finance and Audit (100%)
11/11 Governance and Nominating (100%)

Principal Occupation for Last 5 Years
Currently works as a financial consultant. Mr. Wright is a Chartered Professional Accountant, CA with over 35 years of industry experience. He has worked in senior financial roles in both domestic and international oil and natural gas companies. Member of the Institute of Corporate Directors having completed the Directors Education Program.

Key Experience and/or Expertise
- General Oil and Gas Industry
- International Operations
- Risk Management
- Mergers and Acquisitions
- Strategy
- Government Relations
- Corporate Governance
- Financial Experience
- Financial Literacy
- Capital Markets

Annual General Meeting Voting Results		Share Ownership Requirement		
Year	*% of votes For*	*Target Level ($)*	*Current holding as multiple of Target*	*Status*
2019	98.56	$210,000	8 times	Comply
2020	96.14	$210,000	6 times	Comply

	2020		*2019*	
Securities Held	*Number*	*Value*[2]	*Number*	*Value*[3]
Common Shares	36,000	$ 630,720	36,000	$ 869,400
Options	—	$ —	—	$ —
DSUs	36,095	$ 632,384	31,980	$ 772,317
RSUs	—	$ —	—	$ —
PSUs	—	$ —	—	$ —
CosRSUs	5,995	$ 105,032	2,820	$ 68,103
CosPSUs	—	$ —	—	$ —
Total:		**$ 1,368,136**		**$ 1,709,820**

Notes:
(1) Parex' directors will hold office until the next annual general meeting of the Company's Shareholders or until each director's successor is appointed or elected pursuant to the ABCA.
(2) The market value of Common Shares for 2020 is the number of Common Shares held by each nominee as of December 31, 2020 multiplied by the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52. The value of DSUs for 2020 is the number of DSUs held by each nominee as of December 31, 2020 multiplied by the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52. The value of RSUs and PSUs for 2020 is the number of PSUs and RSUs held by each nominee as of December 31, 2020 multiplied by the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 less the $0.01 exercise price. The value of PSUs assumes a payout multiplier of 1x. The value of CosRSUs for 2020 is the number of CosRSUs held by each nominee as of December 31, 2020 multiplied by the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52.
(3) The total market value of Common Shares for 2019 is the number of Common Shares held by each nominee as of December 31, 2019 multiplied by the closing price of the Common Shares on the TSX on December 31, 2019 of $24.15. The value of Options of each nominee is based on the difference between the market price of the Common Shares on the TSX at December 31, 2019 of $24.15 and the exercise price of the Options multiplied by the number of Common Shares issuable on exercise of such Options as

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

(4) Mr. Cornelius was appointed a director on May 14, 2020 and attended 100% of the Board and committee meetings of which he is a member from May 14, 2020 to December 31, 2020.

(5) Mr. MacDougall was a member of the Human Resources and Compensation Committee from January 1, 2020 to May 14, 2020 and attended 100% of the meetings held during such period, and was a member of the Finance and Audit Committee from May 14, 2020 to January 1, 2021 and attended 100% of the meetings held during such period.

(6) Mr. McNamara was a member of the Finance and Audit Committee from January 1, 2020 to May 14, 2020 and attended 100% of the meetings held during such period, and was a member of each of the HSE and Reserves Committee and the Human Resources and Compensation Committee from May 14, 2020 to January 1, 2021 and attended 100% of the meetings held during such period.

(7) Ms. Sylvain has been a member of the Human Resources and Compensation Committee since May 14, 2020 and attended 100% of the meetings held during such period.

The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Company by the respective nominees.

As at March 30, 2021, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 2,354,091 Common Shares constituting approximately 1.8% of the issued and outstanding Common Shares. The number of Common Shares beneficially owned or controlled or directed, directly or indirectly, by each director and executive officer of the Company significantly exceeds the share ownership requirements under the share ownership policy for executive directors and officers that was implemented by the Company. See "*Corporate Governance – Share Ownership Policy*" in this Information Circular.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as noted below, to the knowledge of the directors, no proposed director of the Company (nor any personal holding company of any such persons):

(a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Parex), that:

(i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

(b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company (including Parex) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Mr. Cornelius was a director of Parallel Energy Trust (a TSX listed company) from March 2011 to February 2016. Parallel Energy Trust filed an application in the Court of Queen's Bench of Alberta for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) and voluntary petitions for relief under Chapter 11 of the *United States Bankruptcy Code*. In the Chapter 11 proceedings, the Bankruptcy Court approved the sale of the assets of Parallel Energy Trust and the sale closed on January 28, 2016. On March 3, 2016, the Canadian entities of Parallel Energy Trust filed for bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) and a notice to creditors was sent by the trustee on March 4, 2016.

Mr. Cornelius was a director of United States Enrichment Corporation ("**USEC**") from March 2011 to 2014. In December 2013, USEC reached an agreement with its debt holders to file a prearranged and voluntary Chapter 11 bankruptcy restructuring in the first quarter of 2014. In March 2014, USEC filed the prearranged and voluntary Chapter 11 bankruptcy restructuring under Chapter 11 of the *United States Bankruptcy Code*. In September 2014, USEC emerged from bankruptcy proceedings with a new name, Centrus Energy Corp.

Mr. Cornelius was a director of CARBO Ceramics Inc. ("CARBO") from November 2009 to July 2020. In March 2020, CARBO and its direct wholly-owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. As part of the process, CARBO entered into an agreement with Wilks Brothers, LLC. Pursuant to such agreement, CARBO emerged from Chapter 11 bankruptcy protection under new ownership of the Wilks Brothers, LLC.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta, to serve as auditors of the Company until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration as such. PricewaterhouseCoopers LLP have been the auditors of the Company since September 29, 2009.

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, 2020, an electronic copy of which is available on the Company's SEDAR profile at www.sedar.com.

Approval of Shareholder Rights Plan

General

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to re-approve the amended and restated shareholder protection rights plan of Parex (the "**Rights Plan**"), which was approved by the Shareholders on May 9, 2018. If the Rights Plan is approved at the Meeting, such Rights Plan will be effective until the close of business of the annual general meeting of shareholders of Parex held in 2024, unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms. If the Rights Plan is not approved at the Meeting, the Rights Plan will expire at the close of business on the date of the Meeting (unless it is earlier terminated in accordance with its terms).

Summary of Rights Plan

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

Objectives of the Rights Plan

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

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

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

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

Issue of Rights

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

Acquiring Person

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

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

Lock-Up Agreements

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

Rights Exercise Privilege

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

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

Impact Once Rights Plan is Triggered

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

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

Certificates and Transferability

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

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

Permitted Bids

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

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

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

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

Waiver and Redemption

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

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

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

Supplement and Amendments

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

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

Shareholder Approval

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

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

1. the Rights Plan, on the terms described in the accompanying Information Circular, be and the same is hereby confirmed and approved until the termination of the annual general meeting of the shareholders of the Company held in 2024, unless at such meeting shareholders have reconfirmed the Rights Plan for an additional period of time, and the Company is authorized to continue to issue Rights pursuant thereto;

2. any one director or officer of the Company be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and

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

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

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

Shareholder Advisory Vote on Executive Compensation

The Board believes that Shareholders should have the opportunity to receive information to assist them in understanding the objectives, philosophy and principles used in its approach to executive compensation and to provide feedback to the Board on such matters. As such, the Board determined to include a Shareholder advisory vote (the "**Say on Pay Vote**") on executive compensation at the Company's annual general meetings of Shareholders, beginning with the Company's annual and special meeting of Shareholders held on May 11, 2016. The Say on Pay Vote is a non-binding advisory vote on the Board's approach to executive compensation. The purpose of the Say on Pay Vote is to provide Board accountability to the Shareholders for the Board's compensation decisions by giving Shareholders a formal opportunity to provide their views on the disclosed objectives of the Company's executive compensation plans, and on the plans themselves. At the Company's annual general meeting of Shareholders held in 2020, Shareholders voted 95.51% in favour of the Company's approach to executive compensation described in the Company's management information circular dated April 10, 2020.

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 the Company's compensation programs are centered on a pay-for-performance culture and are aligned with the long-term development strategy of our business and taking into account the interests of our Shareholders.

As this is an advisory vote, the results will not be binding upon the Board, however, the Board places a great deal of importance on the views of Shareholders and will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions. The Board believes that it is essential for Shareholders to be well informed of Parex' 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 2022. In addition, Shareholders may

contact the Corporate Secretary of the Company by mail at the Company's head office at 2700 Eighth Avenue Place, West Tower, 585-8 Avenue S.W., Calgary, Alberta T2P 1G1, if they wish to share their view on executive compensation with the Board.

At the Meeting, Shareholders will be asked to approve the following resolution (the "**Say on Pay Resolution**"):

> "BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Parex Resources Inc. (the "**Company**"), that the shareholders accept the approach to executive compensation as disclosed in the "*Statement of Executive Compensation*" section in the management information circular of the Company dated March 31, 2021."

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

Other Matters

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgement of the person or persons voting the proxy.

DIRECTOR COMPENSATION

General

The DSU Plan was approved by the Board on April 1, 2015 and by Shareholders on May 12, 2015. DSU grants were made to independent directors on May 14, 2020. The Cash/Share Settled RSU Plan was approved by the Board on February 7, 2019, which does not, pursuant to TSX policies, require Shareholder approval. Cash/Share Settled RSUs were granted to independent directors on May 14, 2020.

The Human Resources and Compensation Committee ("HR&C Committee") retained Lane Caputo Compensation Inc. ("Lane Caputo") for advice in the first quarter of 2020, and subsequently retained Willis Towers Watson & Co ("Willis Towers Watson") for the remainder of the year. Advice included a review of Parex' remuneration philosophy for its executives and directors with an emphasis on alignment to corporate culture and business strategy. The study found that the existing portfolio approach to long-term incentives is in line with market practice, balancing between medium-term and long-term performance measurement and retention, with no changes recommended. See "Statement of Executive Compensation – Comparator Group" in this Information Circular.

Based on Willis Towers Watson's review of Parex independent director compensation against the peer group, modifications were made to compensation and compensation structure to better align to peers while providing for a simplified approach to Director compensation. These changes were made effective January, 1, 2021.

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

Components of Director Compensation for 2020	
Cash Retainer	
Annual Retainer Fees	
Member of the Board	$35,000
Chairman of the Board	$60,000
Lead Director of the Board	$20,000
Committee Annual Retainer Fees	
Standing Committee Member	$5,000
Chair of Finance and Audit Committee	$7,500
Chair of HR&C Committee	$5,000
Chair of HSE and Reserves Committee	$5,000
Chair of a standing committee of the Board other than the Finance and Audit, HR&C and HSE and Reserves	$2,500
Meeting Fees	
Board Meeting Attendance	$1,500
Committee Meeting Attendance	$1,500
Equity Compensation	
Cash/Share Settled RSUs	50%
DSUs	50%

Directors elect each year to receive their annual retainers paid quarterly in cash and/or be awarded in Cash/Share Settled RSUs and DSUs. Each director makes the election late in the year, subject to blackout periods being in effect, for effect the following year. The default, if no election is made by an individual director each year, will be 100% cash for the annual retainer for the following year.

Directors are entitled to a payment of $1,500 for attendance in person or by telephone at each Board meeting or committee meeting of which they are a member. Where a director is not a committee member, the director will receive a payment of $1,500 for attending a meeting of such committee, when requested to do so by the committee's Chair.

Non-management directors are also eligible to receive long-term incentive compensation in the form of participation in the Cash/Share Settled RSU Plan and the DSU Plan. The number of long-term incentives granted, if any, is to be reviewed each year by the HR&C Committee for grants to be approved by the Board and awarded following any blackout period subsequent to the annual meeting of Shareholders. The annual long term incentive grants for directors is comprised of 50% Cash/Share Settled RSUs and 50% DSUs.

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

DSU Plan

The DSU Plan allows the Board or the HR&C Committee to grant DSUs, each of which is a unit that is equivalent in value to a Common Share. DSUs will be fully vested upon grant and a DSU Participant (as defined below) will have the right to receive a cash payment on the Separation Date (as defined below) or such later date as the DSU Participant may elect by written notice delivered to the Chief Financial Officer of the Company prior to the Separation Date. The purpose of the DSU Plan is to provide non-employee directors of the Company with the opportunity to acquire DSUs in order to allow them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of Shareholders. Any individual who is a member of the Board (an "Eligible Director") but who is not also an employee of the Company or any entity that is a subsidiary of the Company from time to time, any entity that is related to the Company for purposes of the Income Tax Act (Canada), and any other entity designated by the Board from time to time as a member of the "Parex Group" for the purposes of the DSU Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities) (the "Parex Group") is eligible to participate in the DSU Plan.

The DSU Plan is administered by the HR&C Committee, which, from time to time in its sole discretion, will grant DSUs to Eligible Directors ("DSU Participants"). In respect of each grant of DSUs, the HR&C Committee will determine, among other things, the number of DSUs allocated to the DSU Participant and such other terms and conditions of the DSUs applicable to each grant.

DSUs will be fully vested upon being granted and credited to an account maintained by the Company for each DSU Participant by means of a book-keeping entry ("Account"). The term during which a DSU may be outstanding will, subject to the provisions of the DSU Plan which require or permit the acceleration or the extension of the term, be such period as may be determined from time to time by the Board or the HR&C Committee.

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

Notwithstanding any other provision of the DSU Plan, the aggregate value of all DSUs (calculated as of the date of grant) granted pursuant to the DSU Plan in any calendar year (from January 1 to December 31 of such year) to any non-management director cannot exceed $150,000 (excluding any DSU's granted in a one-time initial grant to a non-management director upon appointment to the Board provided the value of the DSU's granted in any such initial grant is not in excess of $150,000).

A DSU Participant will receive a Cash Payment (as defined below) in respect of DSUs recorded in the Participant's Account, on one of the following dates (the "Distribution Date"): (a) the date on which the DSU Participant ceases to be a director of any member of, and is not at that time an employee or officer of any member of, the Parex Group (the "Separation Date"); or (b) such later date as the DSU Participant may elect by written notice delivered to the CFO of the Company prior to the Separation Date, provided that in no event will a DSU Participant be permitted to elect a date which is later than December 1 of the calendar year following the calendar year in which the Separation Date occurs.

A DSU Participant (or in the event of the DSU Participant's death, his beneficiary or legal representative) will receive a payment (the "Cash Payment") equal in value to the number of DSUs recorded in the Participant's Account on the Distribution Date multiplied by the Fair Market Value (as defined below) per Common Share (the "Distribution Value") on the Distribution Date, less any applicable withholding taxes, within ten (10) business days after the Distribution Date. Upon payment in full of the Cash Payment less any withholding taxes, the DSUs will be cancelled and no further payments will be made to the DSU Participant under the DSU Plan.

For the purposes of the DSU Plan, "Fair Market Value" with respect to a Common Share, as at any date, means the weighted average of the prices at which the Common Shares traded on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Common Shares occurs) for the five (5) trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith.

Upon the death of a DSU Participant prior to the distribution of the DSUs credited to the Account of such DSU Participant under the DSU Plan, a Cash Payment shall be made to the estate of such DSU Participant on or about the thirtieth (30th) day after the Company is notified of the death of the DSU Participant or on a later date elected by the DSU Participant's estate in the form prescribed for such purposes by the Company and delivered to the CFO of the Company not later than twenty (20) days after the Company is notified of the death of the DSU Participant, provided that such elected date is no later than the last business day of the calendar year following the calendar year in which the DSU Participant dies so that payment can be made on or before such last business day. Such Cash Payment shall be equivalent to the amount which would have been paid to the DSU Participant pursuant to and subject to applicable withholding taxes, calculated on the basis that the day on which the DSU Participant dies, or the date elected by the estate, as applicable, is the Distribution Date.

The Board may amend, suspend or terminate the DSU Plan or any portion thereof and any DSU granted under it (together with any related agreement in respect of a DSU) at any time without prior notice. However, no such amendment, suspension or termination may materially adversely affect any DSU, or any rights pursuant thereto, granted previously to any Participant without the consent of that Participant.

Cash/Share Settled RSU Plan

The Cash/Share Settled RSU Plan allows the Board to grant Cash/Share Settled RSUs, each of which is a right to receive a cash payment or Common Shares purchased on the open market by the Plan Agent (as defined in the Cash/Share Settled RSU Plan). The purpose of the Cash/Share Settled RSU Plan is to: (a) aid in attracting, retaining and motivating directors, officers and employees (collectively, the "Service Providers") of the Parex Group by providing them Cash/Share Settled RSUs; (b) more closely align Service Providers interests with those of Parex' Shareholders; (c) focus such Service Providers on operational and financial performance and long-term Shareholder value; and (d) motive and reward Service Providers for their performance and contributions to the Company's long-term success.

The Board administers the Cash/Share Settled RSU Plan and has the authority to: (a) determine the Service Providers to whom Cash/Share Settled RSUs may be granted; and (b) grant Cash/Share Settled RSUs on such terms and conditions as it determines. The Board may delegate to a committee (the "Committee") of the Board or any director or officer of the Company all or any of the powers conferred on the Board under the Cash/Share Settled RSU Plan.

The Board or the Committee may, in its sole discretion, determine: (a) the time during which Cash/Share Settled RSUs shall vest and whether there shall be any other conditions or performance criteria to vesting; (b) the method of vesting; or (c) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary, Cash/Share Settled RSUs will vest and be exercisable as to one-third of the total number of Cash/Share Settled RSUs granted on each of the first, second and third anniversaries of the Grant Date, and all Cash/Share Settled PSUs will vest on the third anniversary of the Grant Date thereof. Notwithstanding the foregoing, the Board or the Committee may, at its sole discretion at any time or in the agreement in respect of any Cash/Share Settled RSUs granted, accelerate or provide for the acceleration of vesting of Cash/Share Settled RSUs previously granted.

Prior to a vesting date in respect of any Cash/Share Settled PSU, the Board will assess the performance of Parex for the applicable period based upon the performance measures, as determined by the Board. The corporate performance measures considered by the Board may include, but are not limited to: (a) total shareholder return, absolute or relative; (b) the market price of the Common Shares from time to time; (c) the financial performance or results of Parex; (d) other operational or performance criteria relating to Parex; (e) activities related to the growth of Parex; (f) health and safety performance of Parex; (g) the execution of Parex' strategic plan as determined by the Board; and (h) such additional or other measures as the Board will consider appropriate in the circumstances. The weighting of individual measures comprising the performance measures will be determined by the Board in its sole discretion having regard to the principal purposes of the Cash/Share Settled RSU Plan and upon such assessment, the Board will determine the applicable payout multiplier, which will not be less than 0 and not more than 2 (the "Payout Multiplier"). Any determination of a Payout Multiplier shall occur at a time when a Black Out Period (as defined in the Cash/Share Settled RSU Plan) is not in effect. The actual performance measures that determined the payout multiplier for the 2018 Cash/Share Settled PSU awards that vested in March 2021 are detailed in this Information Circular under "*Executive Compensation*".

Except as required by law and the terms of the Cash/Share Settled RSU Plan, the rights of a Participant (as defined in the Cash/Share Settled RSU Plan) under the Cash/Share Settled RSU Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The term during which a Cash/Share Settled RSU may be outstanding is, such period, not in excess of three years plus the time period required to settle the vested Cash/Share Settled RSUs.

If a Participant ceases to be in the employ of any of the entities comprising the Parex Group (as defined in the Cash/Share Settled RSU Plan) for any reason whatsoever, including, without limitation, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting Cash/Share Settled RSUs credited to the Participant's Account (as defined in the Cash/Share Settled RSU Plan) have vested or are forfeited pursuant to any other provision of the Cash/Share Settled RSU Plan, the former Participant shall forfeit all unvested grants respecting Cash/Share Settled RSUs in the Participant's Account effective as at the Forfeiture Date (as defined in the Cash/Share Settled RSU Plan). Notwithstanding the foregoing, if a Participant ceases to be in the employ of any of the entities of the Parex Group as a result of the termination of employment by the applicable Parex Group entity, other than termination for cause, then a *pro rata* portion of the unvested Cash/Share Settled RSUs credited to the Participant's Account will be deemed to have vested immediately prior to the Forfeiture Date. The *pro rata* portion of unvested Cash/Share Settled RSUs shall be calculated for each applicable separate grant of Cash/Share Settled RSUs, by multiplying the total number of CosRSUs in such grant (vested and unvested) by the quotient obtained from dividing the number of days from the date of grant of such CosRSUs to the Forfeiture Date by 1,095 and then subtracting the number of CosRSUs in such

grant that have vested prior to the Forfeiture Date. The *pro rata* portion of unvested Cash/Share Settled PSUs shall be calculated for each applicable separate grant of Cash/Share Settled PSUs, by multiplying the total number of Cash/Share Settled PSUs in such grant by the quotient obtained from dividing the number of days from the Grant Date of such Performance RSUs to the Forfeiture Date by 1,095. Any unvested CosRSUs (including CosPSUs) in the Participant's Account that are not vested as aforesaid shall not vest and shall be forfeited by the Participant effective as of the Forfeiture Date. In respect of CosPSUs that vest as aforesaid, the Payout Multiplier in respect of such CosPSUs shall be determined, in good faith, as of the Forfeiture Date, utilizing, for this purpose, the data and information, including any peer group information, as at the end of the most recently ended fiscal quarter (or as at the end of the most recently completed fiscal year to the extent such quarterly information is not available) provided that if no such determination is made by the Board, the Payout Multiplier in respect of such CosPSUs shall be deemed to be one (1).

Notwithstanding the preceding paragraph, if a Participant ceases to be a director or officer of or be in the employ of, or other Service Provider to, any of the entities comprising the Parex Group due to the death of the Participant, any unvested grants respecting Cash/Share Settled RSUs in the deceased Participant's Account effective as at the time of the Participant's death are deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested grants respecting Cash/Share Settled RSUs.

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

Notwithstanding any other provision in the Cash/Share Settled RSU Plan or the terms of any CosRSU agreement: (a) if on or immediately following the effective date of a Change of Control (as defined in the Cash/Share Settled RSU Plan), a Participant shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination of employment for cause, all CosRSUs held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest, such Participant shall not be entitled to make an election (as described below) for such vested CosRSUs and the cash payment for such CosRSUs shall be made or delivered, and no later than immediately following the effective date of the Change of Control. With respect to any unvested CosPSUs which vest, the Payout Multiplier in respect of such CosPSUs shall be determined immediately prior to the effective date of the Change of Control, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such CosPSUs shall be deemed to be one (1); or (b) if following the Change of Control a Participant continues to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity and in the period ending twelve (12) months from the effective date of the Change of Control, such Participant either: (i) shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination for cause; or (ii) voluntarily ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity, with good reason, all CosRSUs (and/or similar securities of the continuing successor corporation or entity issued in replacement of CosRSUs) held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest, such Participant shall not be entitled to make an election (as described below) for such vested CosRSUs and the cash payment, for such CosRSU shall be made or delivered. With respect to any unvested CosPSUs which vest, the Payout Multiplier in respect of such CosPSUs shall be determined, in good faith, as of the date the Participant ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as aforesaid, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1).

A "**Change of Control**" is defined in the Cash/Share Settled RSU Plan as: (i) the purchase or acquisition of any Common Shares or Convertible Securities (as defined in the Cash/Share Settled RSU Plan) by a Holder (as defined in the Cash/Share Settled RSU Plan) which results in the Holder beneficially owning, or exercising control or direction over, Common Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Common Shares carrying the right to cast more than 50% of the votes attaching to all Common Shares, but excluding any issue or sale of Common Shares of the Company to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or (ii) the Company completes an amalgamation, arrangement, merger or other consolidation or combination of the Company with another corporation which requires approval of the Shareholders of the Company pursuant to its statute of incorporation and pursuant to which the Shareholders of the Company immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or (iii) the election at a meeting of the

Company's Shareholders of that number of persons which would represent a majority of the Board, as directors of the Company who are not included in the slate for election as directors proposed to the Company's Shareholders by the Company; or (iv) the liquidation, dissolution or winding-up of the Company; or (v) the sale, lease or other disposition of all or substantially all of the assets of the Company; or (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares of the Company, in the ownership of the Company's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company.

Prior to each vesting date, Participants will be required to make an election for all vested Cash/Share Settled RSUs recorded in the Participant's Account to receive one (but not a combination) of a cash payment or Common Shares purchased on the open market by the Plan Agent. If a Participant would be making an election during a Black Out Period, the making of such election will be delayed to a date which is two business days following the end of the Black Out Period (or such longer period as approved by the Board or the Committee). In the event a Participant fails to submit an election notice in accordance with the Cash/Share Settled RSU Plan, such Participant will be entitled to receive a cash payment for all vested Cash/Share Settled RSUs recorded in the Participant's Account on such vesting date and shall not be entitled to receive Common Shares purchased on the open market.

If a cash payment would otherwise occur in respect of vested Cash/Share Settled RSUs during a Black Out Period, the making of such payment shall be delayed to a date which is seven business days following the end of the Black Out Period (or such longer period as approved by the Board or the Committee). If Common Shares would otherwise be purchased by the Plan Agent, on behalf of a Participant, pursuant to any vested Cash/Share Settled RSUs during a Black Out Period, such Common Share purchases will be delayed to a date which is seven business days following the end of the Black Out Period (or such longer period as approved by the Board or the Committee) and the Company will advise the Plan Agent in a timely fashion of any such delay.

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

Summary of Director Compensation[1]

		Share-based awards				
Name	Fees earned[2] ($)	(DSUs)[3] ($)	(CosRSUs)[4] ($)	Option-based awards[5] ($)	All other compensation ($)	Total ($)
Curtis Bartlett[6]	34,000	—	—	—	—	34,000
Lisa Colnett	111,250	59,179	59,179	—	—	229,608
Sigmund Cornelius[6]	44,625	59,179	59,179	—	—	162,983
Robert Engbloom	109,000	66,585	66,585	—	—	242,170
Wayne Foo	140,875	86,287	86,287	—	—	313,449
G. R. (Bob) MacDougall	110,125	59,179	59,179	—	—	228,483
Glenn McNamara	109,188	59,179	59,179	—	—	227,546
Ron Miller[6]	33,000	—	—	—	—	33,000
Carmen Sylvain	83,125	59,179	59,179	—	—	201,483
Paul Wright	99,875	59,179	59,179	—	—	218,233

Notes:

(1) The Company does not provide non equity incentive plan or pension plan compensation to directors.

(2) See " Director Compensation – General".

(3) The grant date fair value of share-based awards (DSUs) is $14.38, being the weighted average of the prices at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of May 19, 2020, as per the terms of the DSU Plan and a commonly accepted methodology for valuing compensation among the Company's peer comparator group. It is the same methodology used by the Company to determine the accounting fair value of the DSUs in accordance with International Financial Reporting Standard 2 – Share Based Payments.

(4) The grant date fair value of share-based awards (CosRSUs) is $14.38, being the weighted average of the prices at which the Common Shares traded on the TSX for the five trading days immediately preceding the grant date of May 19, 2020. This methodology for accounting fair value of Cash/Share Settled RSUs is in accordance with International Financial Reporting Standards 2 – Cash-Based Payments.
(5) Directors were not granted option-based awards (Options) in 2020.
(6) Mr. Bartlett and Mr. Miller retired from the Board on May 14, 2020. The compensation that each of Mr. Bartlett and Mr. Miller received in 2020 is for the period from January 1, 2020 to May 14, 2020. Mr. Cornelius was appointed a director on May 14, 2020. The compensation that Mr. Cornelius received in 2020 is for the period from May 14, 2020 to December 31, 2020.

Director Fees

Fees were paid to directors in 2020 in accordance with the schedule of annual retainers and meeting fees outlined under "Director Compensation – General" above. The number of meetings attended by each director is outlined under the "Board of Directors – Director Profiles" section of this Information Circular.

Incentive Plan Awards – Directors

In accordance with the directors' compensation program, incentive plan awards in the form of cash-settled DSUs and Cash/Share Settled RSUs were provided to directors in 2020. No non-equity incentive compensation was provided to directors in 2020.

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

Outstanding Option-based and Share-based Awards – Independent Directors (as at December 31, 2020)

	Option-Based Awards[1]				
Name	Grant Date	Number of securities underlying unexercised Options	Option exercise price ($/common Share)	Option expiration date	Value of unexercised in-the-money Options[2] ($)
Lisa Colnett	—	—	—	—	—
Sigmund Cornelius	—	—	—	—	—
Robert Engbloom	—	—	—	—	—
Wayne Foo[3]	14-Nov- 2016	125,000	15.66	14-Nov-2021	232,500
	09-Mar-2017	40,000	16.02	09-Mar-2022	60,000
G. R. (Bob) MacDougall	—	—	—	—	—
Glenn McNamara	—	—	—	—	—
Carmen Sylvain	—	—	—	—	—
Paul Wright	—	—	—	—	—

Notes:
(1) Options were not granted to non-management directors after 2013.
(2) Based on the difference between the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 and the exercise price of the Options.
(3) These options were granted to Mr. Foo while he was CEO of Parex and prior to his appointment as Chair of the Board.
(4) Mr. Bartlett and Mr. Miller retired from the Board on May 14, 2020 and as at December 31, 2020 did not hold any Options.

		Share-Based Awards					
		Number of common shares or units of common shares that have not vested		Market or payout value of share- based awards that have not vested[2] ($)		Market or payout value of vested share-based awards not paid out or distributed[3] ($)	
Name	Grant date	DSUs	CosRSUs	DSUs	CosRSUs	DSUs	CosRSUs
Lisa Colnett	14-Nov-2016	—	—	—	—	122,640	—
	15-May-2017	—	—	—	—	122,640	—
	11-May-2018	—	—	—	—	90,403	—
	10-May-2019	—	1,880	—	32,938	49,406	—
	19-May-2020	—	4,115	—	72,095	72,095	—
Sigmund Cornelius	19-May-2020	—	4,115	—	72,095	72,095	—
Robert Engbloom	09-Nov-2015	—	—	—	—	175,200	—
	14-Nov- 2016	—	—	—	—	122,640	—
	15-May-2017	—	—	—	—	138,408	—
	11-May- 2018	—	—	—	—	101,966	—
	10-May-2019	—	2,114	—	37,037	55,538	—
	19-May-2020	—	4,630	—	81,118	81,118	—
Wayne Foo	15-May-2017	—	—	—	—	155,490	—
	11-May-2018	—	—	—	—	114,493	—
	10-May-2019	—	2,350	—	41,172	61,758	—
	19-May-2020	—	6,000	—	105,120	105,120	—
G. R. (Bob) MacDougall	6-Oct-2016	—	—	—	—	15,768	—
	14-Nov- 2016	—	—	—	—	122,640	—
	15-May-2017	—	—	—	—	122,640	—
	11-May- 2018	—	—	—	—	90,403	—
	10-May-2019	—	1,880	—	32,938	49,406	—
	19-May-2020	—	4,115	—	72,095	72,095	—
Glenn McNamara	06-Oct-2016	—	—	—	—	15,768	—
	14-Nov- 2016	—	—	—	—	122,640	—
	15-May-2017	—	—	—	—	122,640	—
	11-May- 2018	—	—	—	—	90,403	—
	10-May-2019	—	1,880	—	32,938	49,406	—
	19-May-2020	—	4,115	—	72,095	72,095	—
Carmen Sylvain	11-Jul- 2017	—	—	—	—	110,376	—
	11-May-2018	—	—	—	—	90,403	—
	10-May-2019	—	1,880	—	32,938	49,406	—
	19-May-2020	—	4,115	—	72,095	72,095	—
Paul Wright	09-Nov-2015	—	—	—	—	175,200	—
	14-Nov- 2016	—	—	—	—	122,640	—
	15-May-2017	—	—	—	—	122,640	—
	11-May- 2018	—	—	—	—	90,403	—
	10-May-2019	—	1,880	—	32,938	49,406	—
	19-May-2020	—	4,115	—	72,095	72,095	—

Notes:
(1) On March 7, 2017, the Board approved certain amendments to the DSU Plan to provide for the cash settlement of all DSUs (including the DSUs noted in the above table) rather than the settlement through the issuance of Common Shares.
(2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 by the number of Common Shares issuable pursuant to DSUs and CosRSUs, as applicable, that were not vested as at December 31, 2020.
(3) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 by the number of Common Shares issuable pursuant to DSUs and CosRSUs, as applicable, that were vested but not paid out or distributed as at December 31, 2020.
(4) Mr. Bartlett and Mr. Miller retired from the Board on May 14, 2020 and as at December 31, 2020 did not hold any DSUs, CosRSUs or any other share-based awards of the Company.

Name	Option-based awards – value vested during the year ($)	Share-based Awards value vested during the year[2]		Non-equity incentive plan compensation – value earned during the year[3] ($)
		DSUs ($)	CosRSUs ($)	
Curtis Bartlett	N/A	Nil	$14,514	N/A
Lisa Colnett	N/A	$63,412	$14,514	N/A
Sigmund Cornelius	N/A	$63,412	Nil	N/A
Robert Engbloom	N/A	$71,348	$16,305	N/A
Wayne Foo [1]	—	$92,460	$18,142	N/A
G.R. (Bob) MacDougall	N/A	$63,412	$14,514	N/A
Glenn McNamara	N/A	$63,412	$14,514	N/A
Ron Miller	N/A	Nil	$14,514	N/A
Carmen Sylvain	N/A	$63,412	$14,514	N/A
Paul Wright	N/A	$63,412	$14,514	N/A

Notes:
(1) Option-based awards were granted to Mr. Foo while he was CEO of Parex and prior to his appointment as Chair of the Board.
(2) Based on multiplying the closing price of the Common Shares on the TSX on the vesting date by the number of DSUs and CosRSUs, as applicable, that vest on such date.
(3) The Company did not provide non-equity incentive plan compensation to independent directors during the year ended December 31, 2020.

CORPORATE GOVERNANCE

National Instrument 58-101 Disclosure of Corporate Governance Practices (**"NI 58-101"**) requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance (the **"Corporate Governance Guidelines"**) set forth in National Policy 58-201 Corporate Governance Guidelines. Set out below is a description of the corporate governance practices of the Company, in accordance with the Corporate Governance Guidelines.

Board Assessments

The Corporate Governance and Nominating Committee, in conjunction with the Chairman of the Board, has responsibility for assessing the performance of the Board as a whole, the committees of the Board and the individual directors. The size of the Board allows for significant and consistent communication amongst the directors and management with respect to matters of effectiveness. In 2020, the Company engaged the Anderson Governance Group to create and implement a new, fulsome board evaluation process designed to enhance board and organizational performance. The Anderson Governance Group reviewed the anonymously submitted responses to a detailed questionnaire they had prepared, and followed up with one-on-one discussions with each director. The questionnaire and discussions focused on value-adding thoughts and behaviours of directors, the culture they create, and their relationships with each other, their CEO and management, and other key stakeholders. The process evaluates the purpose, performance and priorities of the Board and the organization. This process provided the opportunity for the Board and management team to gain important performance feedback to strengthen relationships and focus on matters of relevance ultimately creating value.

The outcome of this evaluation process was an integrated set of actionable priorities for the coming year for the Board as a whole, its Chair and committees, the CEO and individual directors. Priorities set this year provide a basis for performance reviews to be completed next year.

The Board reviewed and re-wrote the skills matrix pursuant to current best practices and revised priorities for current and future directors' skills; see "Board Accountability" below. The skills and/or experience (denoted by "●") of current Board members are reflected within the table. Directors are identified by their last names.

Experienced and/or Expertise	Colnett	Cornelius	Engbloom	Foo	MacDougall	McNamara	Mohsen	Sylvain	Wright
General Oil and Gas Industry: experience with various aspects of oil and gas business and operations, including exploration, development, production, marketing, technology and innovation,	●	●	●	●	●	●	●	●	●
Reserves Evaluation: experience with oil and gas reserves evaluation and reporting	○	●	○	●	●	●	●	○	
Health, Safety and Environment: direct experience with industry regulations and best practices related to workplace health, safety, and environmental issues in Canada and internationally	●	●	●	●	●	●	●	●	●
International Operations: international oil and gas, or comparable extractive industry, experience and perspective	●	●		●	●	●	●		●
Risk Management: experience in evaluating and managing a large range of business risks facing a business, including ESG issues and IT cyber security.	●	●	●	●	●	●	●	●	●
Mergers and Acquisitions: experience in identifying, evaluating and executing on strategic, value adding assets/opportunities and leading an organization through mergers, acquisition and developmental opportunities		●	●	●	●	●	●		●
Strategy: experience in development and implementation of strategic planning	●	●	●	●	●	●	●	●	●
Financial Literacy: ability to critically read and analyze financial statements		●		●	●				●
Financial Experience: financial management experience or financial accounting, reporting, internal controls, corporate finance and/or investment management	●	●	●	●	●	●	●	●	●
Capital Markets: ability to assess capital market opportunities and regulations in connection with same	○	●	●	●		●			●
Government Relations: experience in government relations, broad regulatory, political and public policy processes in Canada and international jurisdictions at local, national and international levels	○	●	●	●	●	●	●	●	●
Legal: experience with laws governing extractive industries, capital markets, M&A, disclosure, and reporting requirements	○	●	●						
Corporate Governance: experience with or understanding of the requirements of good corporate governance	●	●	●	●	●	●	●	●	●
Human Resources: experience with responsibility for human resources, including knowledge of creating effective compensation, benefits and long and short-term incentives plans and succession planning	●	●		●	●	●			
Geopolitical: experience with analysis of how a country's or region's geography, history, culture and economy influences its politics and regional dynamics and the resulting impact on business.	○	●	●	●	●	●	●	●	●
ESG/Sustainability: experience with or knowledge of evaluating and managing risks and opportunities related to a broad range of evolving environmental, climate related, and social criteria, including but not limited to emissions, water, land and energy use, and overall stakeholder engagement	●	●		●	●	●	●	●	

● Expertise in this area ○ No experience or expertise

Board Accountability

On an annual basis the directors perform an individual assessment and receive an anonymous and confidential peer assessment, from their Board peers, of their work on the Board and its committees. This year, the results were compiled by and reviewed with the Chair of the Board and Lead Director by the Anderson Governance Group. Mr. Anderson met with each director one-on-one to engage in an open two-way discussion on any issues that either wanted to raise, with an emphasis placed on maximizing the contribution of each director to the Board and continually improving the effectiveness of the Board. The Board as a whole discussed the results of the findings and go-foward suggestions during an in-camera session. The final piece of the individual assessment process is the review of the skills matrix noted above, outlining the experience and background of the directors in a variety of key subject areas. This updated matrix is maintained so that the members of the Board can identify areas for strengthening the Board as a whole and address them through the board renewal process.

Compensation

The HR&C Committee of the Board is comprised entirely of independent directors and is responsible for the functions of a compensation committee. See "Statement of Executive Compensation – Compensation Governance" in this Information Circular.

The HR&C Committee of the Board reviews competitive market data from third-party sources for compensation for directors and officers of the Company and makes recommendations regarding the format and quantum of such compensation to the Board for approval. As part of this process, external consultants may be engaged by the HR&C Committee from time to time to conduct a competitive review of, and to make specific recommendations on, compensation for directors and officers of the Company. See "Statement of Executive Compensation – Compensation Governance" in this Information Circular.

Conflicts of Interest

To address conflicts of interest, the members of the Board and executive officers are required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested party.

The majority of the Board is comprised of independent directors. In any situation where a potential conflict may arise, a director must disclose such conflict and abstain from consideration of the particular transaction or agreement and voting as a result. As members of the Institute of Corporate Directors, the directors of the Company also subscribe to the statement of ethics of that organization.

Board and Committee Meetings without Management

The Board and each Committee of the Board has a written mandate. In accordance with the mandates, time is set aside at every meeting to meet in camera (without management present) to facilitate open and candid discussion. In 2020 there were nine Board meetings; four HSE and Reserves Committee meetings; four Finance & Audit Committee meetings; eleven Corporate Governance and Nominating Committee meetings; and four HR&C Committee meetings. An in camera session was held at the beginning and/or end of each of those meetings. The independent directors also routinely hold meetings at which non-independent directors and members of management are not in attendance.

Director Independence

The Company currently has nine directors, most of which are independent directors within the meaning of NI 58-101. Lisa Colnett, Sigmund Cornelius, Robert Engbloom, Wayne Foo, G.R. (Bob) MacDougall, Glenn McNamara, Carmen Sylvain, and Paul Wright are all independent directors of the Company within the meaning of NI 58-101. Wayne Foo, who was the Company's CEO until May 11, 2017 became independent under the definition of independence in NI 58-101 on May 11, 2020 since it will have been three years since his retirement as an employee or executive officer of Parex. In the view of the Board, Mr. Foo has no direct or indirect relationship with Parex that could reasonably interfere in Mr. Foo's independent judgment, however, the Board has decided to continue the appointment of Robert Engbloom, who is independent, as Lead Director until May 2022, in observance of governance best practices, at which point the need for the position will be re-evaluated. Imad Mohsen who is the current President and CEO of the Company is not independent. On at least an annual basis, the Board conducts an analysis and makes a determination as to the "independence" of each member of the Board. The Finance and Audit Committee, HR&C Committee, Corporate Governance and Nominating Committee and HSE and Reserves Committee of the Board are all comprised entirely of independent directors.

The Company has adopted a written description for the Chair of the Board detailing the roles and responsibilities of the position which include the following:

- determining the schedules and agendas of the meetings of the Board and the Shareholders;
- enabling the design and implementation of effective committees of the Board including the selection of members;
- enhancing the Board effectiveness through guiding the Board composition and its succession planning, orientation of new directors and annual assessments of the Board and Committee effectiveness;
- working with management to provide counsel and guidance regarding the strategic management process and definition of significant business challenges;
- monitoring and evaluating the performance of the CEO and senior officers of the Company; and
- facilitating communication between the Board, management and Shareholders.

The mandate of the Board is attached as Appendix "A" hereto.

Director Participation with Other Reporting Issuers

Certain of our directors are presently directors of other issuers that are reporting issuers (or the equivalent). Ms. Colnett is a director of Parkland Corporation and Northland Power Inc. Mr. McNamara is a director of Whitecap Resources Inc.

Director Retirement Policy

The Company's director retirement policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Company to the Chair of the Board on an annual basis, which resignation will be effective immediately prior to the next annual meeting of Shareholders. The Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant. The Company's director retirement policy was implemented in 2014 and is reviewed periodically for relevance and was last updated in 2018.

Director Term Limits and Board Renewal

As disclosed above, to ensure adequate board renewal, the Corporate Governance and Nominating Committee is responsible for conducting annual assessments of the Board as a whole, the committees of the Board and the individual directors. These assessments evaluate the tenure and performance of individual directors and review the composition and effectiveness of the Board and its committees. See "Corporate Governance – Board Assessments".

Parex does not currently have a policy regarding term limits for directors. Board composition is assessed by the Corporate Governance and Nominating Committee as required to ensure that the Board has the right mix of skills and experience that will enable the Board to provide strong stewardship for the Company. Board renewal is facilitated by the Director Retirement Policy. See "Corporate Governance – Director Retirement Policy" in this Information Circular.

Diversity

Parex recognizes the benefits of diversity within its Board, at the executive level and all levels of the organization. The Board had previously adopted a Board and Management Diversity Policy in August 2016, however, the Board and management undertook to re-examine and refresh its approach to diversity, creating a new Diversity Policy which was approved February 4, 2021 for immediate implementation. The new Diversity Policy embraces the benefits of having an inclusive culture and a diverse Board. For the purposes of Board composition, diversity includes but is not limited to, business and industry skills and experience, gender, ethnicity, nationality, age, geographic background, and other personal characteristics. Consideration for nominations to the Board will be made based on capability, diversity and the needs of the Board at the applicable time. As a result, the Board is, and will be, comprised of highly qualified directors from diverse backgrounds. The goal of increasing diversity at the Board is to maximize its effectiveness, while providing for better corporate governance and decision making for the Company

The Company also recognizes that gender diversity is an important aspect of diversity on the Board, and is committed to act diligently. As a result, the Board has established an objective to achieve and maintain a Board in which each gender represents at least 30% of such individuals. Significant efforts will be made to achieve this target by May 2022, with a commitment to achieve it no later than May 2023. Currently, of the nine directors, two are women (22%).

In recommending nominations, the Corporate Governance and Nominating Committee applies the established Board skills matrix, aligned with the requirements of the Company, while aiming to achieve a Board composition that is in the best interests of the Company and its stakeholders. All members of the Board are encouraged to identify skill sets that are important in filling any director vacancies and to become actively involved in identifying suitable candidates to fill such vacancies. The Corporate Governance and Nominating Committee shall maintain a list of potential candidates and such list shall include candidates across genders, with the eventual goal of having a gender balanced list of potential candidates.

The Corporate Governance and Nominating Committee is authorized under its mandate and terms of reference to retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities to identify qualified candidates for Board. When engaging external advisors, they will be advised of the Diversity Policy, the Corporation's goal of promoting diversity, and such external advisors shall identify both female and male candidates for Board positions.

The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character for promotion or hiring into a management position within the Company. The Board and the Corporate Governance and Nominating Committee are further committed to ensuring a diverse and inclusive culture across our organization by promoting equality of opportunity, in terms of employment, development, promotion and reward opportunities.

The Board supports the Company's efforts to promote, attract and retain highly skilled individuals that can add value to the Company's business while always having due regard to the benefits of diversity in our workplace. Currently, there are no women on Parex' executive management team. However, across the leadership population of 55 employees, 9 are women or 16% and 38 are employees from South America.

Education of Directors

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

Most of the Company's directors have significant experience in the oil and natural gas industry and the majority are members of professional organizations such as the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Institute of Chartered Professional Accountants, the Institute of Chartered Professional Accountants of Alberta, the Law Society of Alberta and the Canadian Bar Association. Each of those organizations have continuing education standards that apply to their members. In 2021, Parex implemented a Directors Education Policy to further encourage directors to attend such director education programs as they deem appropriate (given their individual backgrounds) to stay abreast of developments in corporate governance, the industry in which the Company participates and "best practices" relevant to their contribution to the Board generally as well as to their responsibilities in their specific committee assignments and other roles.

In 2020, Board members attended the following courses:

Month	Event	Organizer	Director Attendees
May	National Director Webinar on the Global Economic Outlook	International Finance Corporation	Carmen Sylvain
June	Covid-19 Implications for Audit Committees	ICD.D	Paul Wright
June	Measuring Stakeholder Capitalism	Diligent Board Books	Lisa Colnett
June	ESG and Equator Principles 4	Norton Rose	Paul Wright
September	Managing Directors Risk in COVID-19 World	ICD.D	Lisa Colnett
September	Peters & Co Capital Markets Presentation	Parex Resources	Board of Directors
October	Board Governance : Transitioning to a low carbon economy, A Global Conversation	Women Corporate Directors	Carmen Sylvain
November	Scotia Bank ESG Presentation	Parex Resources	Board of Directors
December	Covid 19 and Executive Compensation: what will (and will not) change?	Institut d'administrateurs de sociétés (IAS)	Carmen Sylvain
December	Board Oversight of Strategic Issues: Organizational responses emerging from Covid 19	ICD.D (GTA Chapter)	Carmen Sylvain
December	2020 Year End Executive Compensation Webcast Organizer	Willis Towers Watson	Lisa Colnett
December	Effective Communication in a Virtual Board Setting	International Finance Corporation, World Bank	Carmen Sylvain
December	What Directors Should Know About the Social Purpose Beyond	ICD.D	Carmen Sylvain

Nomination of Directors

The Corporate Governance and Nominating Committee of the Board is comprised entirely of independent directors and is responsible for oversight of the Company's corporate governance, board development, executive appointments, human resources, disclosures and performance assessment functions.

While the Corporate Governance and Nominating Committee is ultimately responsible for recommending nominations for directors, all members of the Board are encouraged to:

- identify skill sets that they deem most important in filling any director vacancies; and
- become actively involved in identifying suitable candidates to fill such vacancies.

When deemed appropriate to ensure that a reasonable number of suitably qualified candidates are identified and considered for any director vacancies, the Board will retain an experienced third party search firm for this purpose.

The Board recruited Mr. Sigmund Cornelius in 2020 due to his significant international oil and gas, financial and corporate governance experience.

Orientation of Directors

The Chair of the Board, in conjunction with the Corporate Governance and Nominating Committee, is mandated to facilitate the recruitment of new directors and ensure adequate orientation in order for new directors to fully understand the role the Board and its committees play in the organization. All new directors are provided with comprehensive background information about the Company and its operations to allow for informed decision making. The Company has an online secure site that provides the directors with regular information about the Company. The Company coordinates an annual offsite strategic planning session for all directors and management to review the strategic planning, operations, and organizational development of the Company.

Other Board Committees and Position Descriptions

The Company has established the Finance and Audit Committee, the HR&C Committee, the Corporate Governance and Nominating Committee and the HSE and Reserves Committee of the Board, each comprised entirely of independent directors, in accordance with NI 58-101 and in respect of the HSE and Reserves Committee, National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") guidelines. The Board has also developed mandates for each of the committees of the Board which detail the composition, duties and responsibilities of the committees. Certain information regarding the Finance and Audit Committee, including the mandate of the Finance and Audit Committee is contained in the Company's annual information form for the year ended December 31, 2020, an electronic copy of which is available on the internet on the Company's SEDAR profile at www.sedar.com and

see "Statement of Executive Compensation – Compensation Governance – Mandate of the HR&C Committee" in this Information Circular for a description of the mandate of the HR&C Committee.

The HSE and Reserves Committee is responsible for:

- assisting management in fulfilling its responsibilities under NI 51-101 with respect to the oil and natural gas reserves evaluation process;
- reviewing any public disclosure and regulatory filings with respect to any reserves evaluation and related oil and natural gas activities;
- acting as the steward of the Company's operational performance;
- reviewing the Company's operating, development and portfolio management strategies, capital allocation, budgeting and forecasting and ensuring that the Company has in place an adequate process to review all material capital investments; and
- reviewing and monitoring the adequacy of the Company's Health, Safety and Environmental emergency response policies, plans, reporting and resources.

See above under "Orientation of Directors" and "Board Assessments" for a description of the responsibilities of the Corporate Governance and Nominating Committee.

The Board has developed a written position description for the Chair of the Board and the Chair of each Board committee. See "Director Independence" above for a summary of the written position description for the Chair of the Board. Each of the Company's written committee mandates provide that the committee shall appoint one member as committee Chair who will lead the committee meetings including determining agendas and schedules of the meetings, meeting with independent external consultants, and reporting committee activity and recommendations to the Board as a whole.

The Board has also developed a mandate for the CEO which details the duties and responsibilities of the CEO such as the following:

- leading and managing the Company within the parameters established by the Board;
- directing and monitoring the activities of the Company in a manner that safeguards and optimizes the assets of the Company in the best interest of the Shareholders;
- developing and recommending to the Board the overall corporate organizational structure;
- establishing and maintaining an annual plan approved by the Board for the appointment, development and succession of senior management;
- meeting all reporting requirements to the relevant authorities and to the Company's Shareholders; and
- fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

Share Ownership Policy

The Board has adopted a mandatory equity ownership policy for directors and executive officers on November 7, 2017 that was amended and approved on February 4, 2021. Independent directors are required to acquire and hold Common Shares with a minimum aggregate market value of four and a half times their annual cash retainers (including committee and committee chair additional retainers) and the CEO is required to acquire and hold Common Shares with a minimum aggregate market value of four times his base annual salary. The CFO is required to acquire and hold Common Shares with a minimum aggregate market value of three times his base annual salary. The executive officers of the Company other than the CEO and CFO are required to acquire and hold Common Shares with a minimum aggregate market value of two times their base annual salary. Determinations of the value of Common Shares owned by any director or executive officer will be based on the trading price of the Common Shares on the TSX. In the event that the market value of Common Shares owned by a director or executive officer falls below the original purchase price actually paid by the director or executive officer for such Common Shares, the original purchase price may be used when calculating the director or executive officer's Common Share ownership. The independent directors and executive officers have a period of five years from the date of the implementation of the initial policy on November 7, 2017, or from the date of their appointment as an independent director or executive officer of the Company, as applicable, whichever is later, to acquire the value of Common Shares required. As of December 31, 2020, all of the independent directors and executive officers of the Company were in compliance with the policy.

NEO Share Ownership Requirement - as at December 31, 2020

Name and Principal position	Salary ($)[1]	Target ownership guideline level ($)[2]	Current Holdings		Comply with ownership policy
			Shares (#)[3]	Value ($)[4]	
David Taylor Former President and CEO	$467,250	$1,869,000	554,420	$9,713,438	Yes
Kenneth Pinsky Chief Financial Officer and Corporate Secretary	$358,750	$1,076,250	353,332	$6,190,377	Yes
Eric Furlan Chief Operating Officer	$353,100	$706,200	161,078	$2,822,087	Yes
Michael Kruchten SVP Capital Markets & Corp	$310,650	$621,300	62,729	$1,099,012	Yes
Lee DiStefano Former President Parex Colombia	$424,000	$848,000	190,370	$3,335,282	Yes

Notes:
(1) Salary at December 31, 2020.
(2) Target ownership guideline level is four times base annual salary for the CEO, three times base annual salary for the CFO, and two times base annual salary for all other executive officers.
(3) Represents Common Shares held at December 31, 2020.
(4) Value is calculated using the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 per Common Share multiplied by the number of Common Shares held at December 31, 2020.

Ethical Business Conduct

The Company has had a code of conduct since the inception of the Company in 2009. The code of conduct was most recently reviewed and amended in August 2019. A copy of the code of conduct can be obtained on the Company's SEDAR profile at www.sedar.com or upon written request to the Company.

As discussed above, the Board conducts an annual assessment process, a part of which focuses on the ethical business conduct of the Board and the organization as a whole. In addition, the Company has implemented a Whistleblower program throughout the organization.

The Company has not filed any material change reports since its inception that pertains to any conduct of a director or executive officer that constitutes a departure from the code of conduct.

Enterprise Risk Management

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

Finance and Audit Committee - Oversight of financial risks including balance sheet risk, climate-related risk, and review of appropriate risk management policies and strategies. Engaging directly with our external auditors and internal control auditors in respect of financial controls and financial disclosure.

HSE and Reserves Committee - Oversight of the disclosure of Parex' oil and gas reserves and reporting requirements, including the appointment of a qualified external reserves evaluator. Oversight of Parex' environmental, health and safety practices and programs; environmental and safety protection; monitoring of surface access, including security risk; and investments in reducing energy consumption and GHG emissions..

HR&C Committee - Oversight of compensation risk, including ensuring compensation practices do not motivate undue risk taking and short-term decision making at the expense of long-term goals. Oversight of employee relations, development, and diversity.

Corporate Governance & Nominating - Oversight of corporate governance practices including Board composition, education, diversity, Committee compensation and effectiveness.

The Board as a whole has retained oversight on CEO succession, Parex' business strategy, ethics-related practices and policies, impact of climate-related issues on strategy and ESG risks management, and Parex' overall approach to corporate sustainability and community relations efforts.

Parex' ERM process, approved by the Board of Directors, outlines the Company's risk management principles and expectations, as well as the roles and responsibilities of all staff. The ERM process includes a Risk Management Framework and Risk Assessment Tools, including a Risk Matrix. Parex' Risk Management Framework contains the key attributes recommended by the International Standards Organization ("ISO") in its ISO 31000 – Risk Management Guidelines (2017). The results of the Company's ERM program are documented in a semi-annual summary presented to the Board of Directors as well as through regular updates.

Environment, Social and Governance ("ESG")

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

Since its inception, Parex' social initiatives have focused on community strengthening; institutional strengthening; economic development; culture, recreation and sports; local development plan support and cross-cutting projects. The Company relies on key local partnerships and aligns its social programs with local development priorities and mechanisms. Over the last seven years, Parex has strategically invested in the communities surrounding its operations, funding projects in Colombia totaling approximately US$23 million and benefiting individuals and communities – for example over 29,000 people have gained access to clean water through the "Water for All" program in the last four years. Parex sponsored the upgrades of the new Intermediate Care Unit at the Simón Bolívar Hospital in Bogota, a project marking Parex' 10-year anniversary in Colombia with an additional US$890 thousand invested to modernize and increase the capacity of the burn unit in 2020 (since 2019, the Company has spent approximately US$1.2 million in total upgrading the emergency unit and the burn unit). In addition, the Company carried out approximately US$4.5 million in social investments to improve access to education, clean water, better housing, health and wellness, and recreational and community infrastructure.

Parex recognizes the increasing importance of ESG to stakeholders, in particular Shareholders, as well as to its operations; hence the Company has undertaken key initiatives that reflect its commitment to responsibly manage environmental, social and governance priorities and risks while delivering strong operational and financial results. Initiatives carried out over the past year include:

- Updating the Board's and Committees' mandates with specific ESG responsibilities;
- Creating an ESG Steering Committee, led by the President & CEO, at the Management level;
- Integrating additional ESG risks into the existing enterprise risk management (ERM) program;
- Setting a firm commitment to achieve at least 30% representation of women at the Board level no later than May 2023; and
- Updating the annual corporate scorecard to reflect a commitment to real, actionable and meaningful enhancements to ESG program, along with the level of accountability that stakeholders expect. 30% of the 2021 annual incentive compensation plan includes ESG objectives covering GHG intensity reductions, safety, and improvement to climate-related disclosures.

These initiatives are being implemented to establish Board oversight of ESG matters and prepare Parex to face the challenges ahead by establishing an adequate structure for managing ESG risks and opportunities that are relevant to stakeholders and could impact long-term business sustainability. The new ESG governance structure, highlighted below, requires the collaboration of various groups with specific mandates and roles to play in advancing corporate ESG performance and disclosure transparency.

Board of Directors

Oversight of ESG
Impact of climate-related issues on strategy and ESG risks management
Communication of ESG strategy, policy, progress and performance

Corporate Governance & Nominating Committee	Finance & Audit Committee	HR & Compensation Committee	HSE and Reserves Committee
Oversight of governance framework, gender diversity, stakeholder engagement/social investment, and policy & practices	Oversight of risk management, including climate-related energy transition risks and physical risks	Oversight of compensation, succession planning, human rights, culture & employee relations, employee development, diversity & diversity metrics, and leadership pipeline	Oversight of stakeholder health, safety & environmental protection, investments in reducing energy consumption & GHG emissions, and performance benchmarking

ESG Steering Committee

Chaired by the President & CEO of Parex Resources Inc.
Focuses on integrating and aligning ESG within the Company
Responsible for communicating and managing ESG activities across the organization
Responsible for external communication regarding regulatory agencies and consultants; HSE impact; and sustainability reporting

Sustainability Work Group

Chaired by the Country Manager & President of Parex Resources Colombia
The sustainability work group is a cross functional group that (i) contributes to the corporation sustainability reporting and its alignment with relevant disclosure standards, frameworks, and best practices (ii) proposes initiatives to be carried out in order to meet corporate objectives/ targets; (iii) monitors sustainability KPIs; and (iv) advances solutions/strategies for the integration of sustainability considerations into internal processes, procedures, or policies.

As Parex continues on its ESG journey, the Company will provide stakeholders with updates and highlights of important initiatives that drive corporate ESG disclosure and performance. In 2021, the priorities are to fully align with the Sustainability Accounting Standards Board's Standards for the Oil & Gas - Exploration & Production Sub-industry; and to begin reporting pursuant to the Task Force on Climate-related Financial Disclosures Recommendations. Parex expects to publish its 2020 Sustainability Report in Q3 2021. Current disclosures related to the Company's ESG objectives, practices and performance are available on the corporate sustainability web-page on its website at www.parexresources.com.

Stakeholder Engagement

Parex is focused on engaging multiple stakeholders, including Shareholders. Through regular dialogue with its Shareholders, Parex believes that direct and constructive interaction creates a strong alignment of the interests of Shareholders with the interests of the Board and management. Parex' Shareholder base is primarily comprised of institutional investors. The Company conducts regular engagement with investors through non-deal roadshows, face to face meetings and broker sponsored conferences. Additionally, our executive leadership team hosts teleconferences to discuss our quarterly financial and operating results. The teleconferences are audio cast and available to analysts and Shareholders and the public. In total, during 2020 we conducted 152 meetings with investors, including 123 meetings led by David Taylor, former President and CEO. The Company's annual Shareholders meeting is also typically a forum where multiple stakeholders have an opportunity to directly engage with the Board, executives and staff. The Board of Directors can be directly contacted, via email, at Boardofdirectors@parexresources.com.

Strategic Planning

The Board oversees the development and execution of a long-range strategic plan and a short-range business plan for Parex which are designed to achieve Parex' principal objectives and identify the principal strategic and operational opportunities and risks of our business. To assist the Board in meeting this responsibility, the agenda for every regularly scheduled Board meeting includes a discussion of the progress of the short-term business plan and quarterly financial results as well as Management's views in respect of some if not all of the following; a review of business development, exploration, financial forecasts, human resources and emerging opportunities and threats designed to provide the Board the information required for them to discuss and analyse the main risks associated with our business plan and make recommendations to adjust the plan if necessary.

In addition, the Board sets aside at least two days every year for a strategic planning session where they meet with Management and discuss the long-term plan for the organization in detail. From time to time, external advisors are invited to present at these meetings. A fulsome in-camera session concludes each of these sessions.

Succession Planning

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

The Board also has a governance responsibility for senior officer succession planning and includes specific, accountability for the succession planning for the President and CEO. In 2020, succession planning for senior officers was regularly discussed at HR&C Committee meetings and Board meetings, in camera, with the President and CEO summarizing details of Executive development, leadership and performance in line with the strategic needs of the Company, while providing insights on the internal succession pipeline for future Executive roles. The Board, as a whole, participates in the annual year-end performance assessment for the President and CEO, while providing input on the remainder of the Executive team's leadership and delivery against their agreed goals.

Parex executives are regularly invited to participate in Board meetings, and to the annual strategic planning session, which provides additional opportunities for the Board to interact with Management. Additionally, senior managers have been invited to certain meetings throughout the year to provide visibility to Board members of internal succession candidates.

CEO Succession

In 2020 the Board formed a special committee consisting of Glenn McNamara as Chair, Lisa Colnett, G.R. (Bob) MacDougall and Wayne Foo, and engaged Korn Ferry to assist in the search for a President and CEO to replace David Taylor, who advised the Board of his intent to retire at the 2021 AGM, as he approached age 65, if a suitable candidate could be found and hired in that timeframe. The Board, through its special committee, carried out a thorough executive search process that considered the nature of the assets, operations and financial strength of the Company, the challenges and opportunities facing the oil and gas industry in the coming decade, and the significant strengths of the existing leadership team. In December 2020, Mr. David Taylor formally announced his retirement as President and CEO and based on the above noted considerations and after a lengthy search process, Parex was pleased to announce the appointment of Mr. Imad Mohsen as President and CEO effective February 4, 2021. Mr. Mohsen is an engineering graduate of the Paris School of Mines (ENSMP). He joined Royal Dutch Shell in 1997 and rose through technical assignments of increasing responsibility and an assignment as Sustainable Development Advisor before being appointed Private Advisor to the CEO in 2005. Following that assignment, in 2007 he moved to New Orleans, Louisiana as Development Manager, Subsea Gulf of Mexico from 2007 to 2011 and then to Cairo, Egypt as General Manager, Operations for Shell Egypt JV (Bapetco) from 2011 to 2013.

In 2013, Mr. Mohsen joined Tulip Oil Holding B.V., a private equity backed upstream company founded in 2010 to explore for and develop oil and gas opportunities in Western Europe. After initially serving as COO, he was appointed CEO in 2015. Under his leadership Tulip had success with near field, short cycle time exploration and development of gas in the challenging environment of the Dutch North Sea. This included a significant exploratory discovery developed by installation of an innovative, low cost, remotely operated, unmanned production platform powered solely by renewable energy. Tulip is now the 4th largest producer in the Netherlands offshore. In Germany, Imad oversaw a successful exploration program in the Rhine Graben area in a challenging regulatory regime with complex environmental and social issues.

COMPENSATION LETTER TO SHAREHOLDERS

Dear Fellow Parex Shareholders:

At the last annual general meeting, the Company held its third Say on Pay vote, providing Shareholders with an opportunity to express their views on Parex' executive compensation program. On behalf of the Board and in particular, the members of the Human Resources and Compensation Committee (the "HR&C Committee"), we appreciate the endorsement of our approach. Thank you for your support with 96% of Shareholders voting "For" the Company's approach to executive compensation.

Stewardship and oversight of executive compensation is an important Board responsibility. We want to ensure that total compensation elements are incenting and rewarding the appropriate Executive behaviors and business outcomes that support our long-term strategy and Shareholder interests without inviting undue risks. As Chair of the HR&C Committee, I would like to share with you our approach to executive compensation, including the framework we used to make compensation decisions for 2020.

As our Chair of the Board, Wayne Foo, discussed in his letter to shareholders, 2020 was a challenging year with the COVID-19 pandemic coupled with the collapse in the price of crude oil. Parex entered this period of instability with low cost base oil production, no debt and cash on the balance sheet. To ensure we exited the year as strong as we entered 2020 the Board of Directors made the following decisions:

- The executives and the Board voluntarily reduced salaries and fees, respectively for half of 2020;
- Parex retained all our staff in both Canada and Colombia despite the pandemic impact, and in fact maintained our student hiring plan while hiring additional employees;
- Our community investment programs in Colombia were maintained at the levels envisioned when we set our 2020 operating budget and crude oil was $65/bbl; and
- Field COVID-19 protocols were immediately introduced, including food deliveries for communities cut off by the pandemic.

Parex did not adjust its annual incentive program during 2020, maintaining our original 2020 goals. We focused on preserving our business performance for all stakeholders though this challenging period. Our efforts and results are described in more detail in this Information Circular.

Compensation Discussion: Our Philosophy and Key Objectives

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

- Rewarding performance according to the achievement of business objectives;
- Competitiveness with an external comparator group representative of the market against which the Company is measured and with which the Company competes for talent; and
- Attraction, engagement and retention of leadership focused prudently on managing the Company's operations, finances and assets.

2020 Business Results: How Did We Perform?

As I noted above, the global oil and gas industry continues to be complex and volatile. The global oil price exited 2019 at US$68 per bbl and during 2020 hit a low of US$10 per bbl, closing out the year at US$50 per bbl. At the time of writing this letter Brent oil has rebounded to in excess of US$60 per bbl. It was a difficult year for TSX listed energy companies, but we still maintained a top quartile Common Share price performance against our peers in 2020. Parex stock total return in 2020 was a loss of 27% and the TSX energy index was a negative 35%. However, we also maintained a robust return of capital to shareholders in 2020 by buying back 13.9 million Common Shares, or 10% of our outstanding Common Shares.

Our 2020 performance represented the 8th consecutive year of surpassing the TSX Energy index. In fact, successful execution of our long-term strategy over a five-year period has generated a positive total shareholder return of 72% versus a negative return of 34% for the TSX Energy.

We believe that our better than peer average Common Share price performance in 2020 reflected the following:

- Production Stability: In 2020 production per debt adjusted share decreased by 3% as we shut-in production at higher cost fields and voluntarily reduced oil production during the period when global oil prices were at their lows to preserve shareholder value;
- Reserves Stability: Our externally audited proved plus probable reserves increased on a per share basis by 14% while actual volumes decreased by 2% from 198 million barrels of oil equivalent ("**mmboe**") as at December 31, 2019 to 194 mmboe (94% crude oil) as at December 31, 2020 due to a lower capital expenditure program;
- Self-Funded Business: Notwithstanding the depressed global oil prices we largely funded from funds flow from operations our capital expenditure and share buy-back programs. Parex 2020 funds flow from operations was US$297 million, capital expenditures were US$141 million and share buyback amounted to US$172 million;
- Adding Value in a Volatile Oil Price Environment: FD&A for the year based upon the GLJ Report was US$7.33/barrel of oil equivalent ("**boe**") for proved developed producing reserves and US$8.45/boe for proved plus probable reserves including FDC; which combined with the full year 2020 funds flow from operations on a per boe basis of US$17.52/boe, generated a recycle ratio of 2.3 times on a proved plus probable basis;
- Balance Sheet: The Company exited 2020 with no bank debt and working capital of US$320 million. We continued to maintain significant working capital in 2020 with robust capital expenditure and share buyback programs; and
- Corporate Sustainability: We maintained a meaningful and impactful community program within the areas we operate and where our employees live. In 2020, we donated an additional US$890 thousand for a total donation of US$1.2 million in upgrades to the emergency and burn care units at the Simón Bolívar Hospital in Bogota and invested approximately US$4.5 million in Colombia (as compared to US$3.7 million in 2019) in several social initiatives targeting projects in infrastructure and community development, water sanitation, housing improvement, education and health.

Please see our December 31, 2020 Management's Discussion and Analysis and the audited consolidated financial statements for the years ended December 31, 2020 and 2019 for a further discussion of the operational and financial results of the Company and the definitions of any abbreviated terms used in this letter, which documents are available on our SEDAR profile at www.sedar.com. See also "*Advisories*" in this Information Circular, particularly as it discusses the use of non-GAAP measures that are relied upon.

2020 Compensation Decisions

The design of our executive compensation program remains unchanged from 2019. For 2020, at-risk compensation (annual bonus and long-term incentives) for executives represented 63% to 82% of total compensation, consistent with the significant pay for performance weighting of the compensation program.

Annual Incentive Plan

For short term incentive compensation for 2020, we determined annual performance goals at the start of the year through a Board approved corporate scorecard that set operational targets and strategic milestones. In February 2021, the HR&C Committee reviewed the 2020 corporate scorecard results against the pre-determined components as summarized below:

Objectives/Targets	Weight	Highlights	Performance Results	Payout
Cost & Margin Optimization	10%	Achieved reduction in field operating & transport costs and G&A. Operated drilling costs were under budget on average.	Controllable cost reduction notwithstanding unbudgeted incremental costs due to COVID-19 pandemic.	13%
Asset Growth & Optimization	20%	Achieved proved plus probable reserves additions cost target while net reserves additions were below threshold volumes.	Proved plus probable reserves additions of 13.1 mmbls were below threshold target, while costs of finding and development were better than target.	13%
Base Operations & Safety	30%	Production was curtailed and capital program reduced due to lower oil prices and impact of covid-19 pandemic on field operations and logistics. Safety and emissions intensity targets were surpassed.	Safety incidents were reduced by 21%. Operated GHG emissions intensity was reduced by 23% due to gas conservation projects at Capachos and Aguas Blancas fields. Production was lower than budget.	21%
Project Milestones	40%	Achievement of specific and measurable project deliverables that have a positive impact on the business.	ESG Projects include the reduction of emissions intensity, expand drinking water program and improve payables process. Growth projects were largely not achieved, with the notable exception of obtaining the VIM-1 block land extension.	30%
	100%			77%
Board discretion				13%
Payout				**90%**

During 2020 the COVID -19 pandemic became the matter of first importance to manage versus some of the original annual incentive plan targets. The Parex team was fully engaged in managing the COVID-19 pandemic to maintain base operations as safely as possible for our staff, contractors and in the communities in which we live and work. As a result, certain growth target incentive goals were not accomplished as is reflected in the base payout score of 77%. However the Board were of the view that the Company's handling of the COVID-19 pandemic and the depressed global oil prices was exceptional as evidenced by continued safe operations and evacuation of our crude oil production, maintained a reduced but reasonable capital program that advanced appraisal projects on our VIM-1 and Fortuna blocks. Therefore, the Board exercised its discretion and an overall bonus plan payout score of 90% of target was determined to be fair and reasonable. The 90% payout is below the target payout of 100%, and historically the Board has not applied discretion to the annual incentive payout.

The individual component of the 2020 bonus program for each executive, as well as for all employees, was directly based on performance and results relative to their individual goals that supported the achievement of corporate objectives and initiatives.

Long-term Incentives

Long term incentives make up the majority of our executives' total direct compensation value in order to align with our shareholders. However, we did refresh our RSU Plan and Cash/Share Settled RSU Plan in early 2021 by eliminating automatic award vesting in the event of a "Change of Control" of Parex (as defined in each of the RSU Plan and Cash/Share Settled RSU Plan), such that vesting will occur if employment is terminated on the Change of Control or, for 12 months following a Change of Control, employment is

terminated or the employee resigns with "Good Reason" (as defined in the respective plans) and to provide for *pro rata* accelerated vesting of the applicable awards upon termination of a Participant's employment (other than termination for cause).
We believe that the majority of our Long Term incentives should be valued based on performance measures that are aligned to generating long-term Shareholder Value. As a result, PSUs were first introduced and granted in 2017 to our executives and we have consistently maintained the same measures since that time in determining the award multiplier, as follows:

- Total shareholder return
- Production per share on a debt adjusted basis
- Proved developed producing reserves finding and development costs

Our 2020 long-term incentive grant value for executives was again comprised of 25% Options, 25% Restricted Share Units and 50% Performance Share Units. Details on these plans, including vesting schedule, are found in the Compensation discussion and analysis.

Total Cash Compensation for 2021

Salaries and annual incentive payout targets are reviewed regularly to ensure continued alignment with our comparators and with the executive's scope of responsibilities. For 2021 salaries and annual incentive targets were not increased given the current market conditions.

We anticipate that our approach to executive compensation will continue to evolve over time as we continually strive to match best practices for incentivizing management with good governance, our stakeholders' best interests and the growth of our business. In 2020 the HR&C Committee worked with an independent adviser, Willis Towers Watson to support the compensation mandate of the HR&C Committee.

Chief Executive Officer Retirement and Transition

In December 2020 our President and CEO Mr. David Taylor announced his retirement after being with Parex since its inception in 2009. In connection with Dave's retirement, the Board carried out a thorough executive search process that considered the nature of our assets, operations and financial strength of the Company, the challenges and opportunities facing the oil and gas industry in the coming decade, and the significant strengths of the existing leadership team. Based on the considerations and after a lengthy search process, Parex was pleased to announce the appointment of Mr. Imad Mohsen as President and CEO effective February 4, 2021. Mr. Mohsen's experience and qualifications are described in the information circular.

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

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

(signed)
"Lisa Colnett"
Chair, Human Resources and Compensation Committee

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company was incorporated in August 2009 and since inception the HR&C Committee has reviewed all aspects of compensation to be provided to the Company's executive officers, including the President and Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers of the Company (including the Company's subsidiaries), other than the CEO and CFO, earning over $150,000 (collectively, the "NEOs" and in this Information Circular collectively referred to as the "Executives"). The compensation for the CEO for the year ended December 31, 2020 includes information for David Taylor. On December 31, 2020, Mr.Lee DiStefano retired as President of Parex Colombia.

At the recommendation of the HR&C Committee, the Board approved an Executive compensation program, based on the following guiding principles and key objectives:

Guiding Principles

- Executive compensation must be directly linked to the Company's business model, strategy and goals;
- Executive compensation promotes long-term thinking and strategy;
- Executive compensation aligns the CEO and Executive incentives with the interests of Shareholders; and
- the Executive compensation program is founded on sound governance practices for the development and administration of executive compensation.

Key Objectives

- rewarding of performance according to the achievement of business and personal objectives and overall job performance;
- competitiveness with an external comparator group representative of the market, against which the Company is measured and with which the Company competes for talent; and
- attraction, engagement and retention of leadership focused on managing the Company's operations, finances and assets.

The Executive compensation program is designed to focus Executives' efforts and to reward the attainment of individual and Company performance goals and sustained performance, as measured by overall job performance and long-term growth and profitability.

Key Components

The key components of the Executive compensation program are base salary, short-term incentive (bonus) and long-term incentives (made up of Cash/Share Settled RSUs, Cash/Share Settled PSUs and Options). Cash/Share Settled RSUs and Cash/Share Settled PSUs are granted under the Cash/Share Settled RSU Plan. Fixed annual base salary compensates Executives for the roles they perform and provides a competitive foundation for each Executive's total compensation. Annual variable compensation in the form of a cash incentive bonus is intended to motivate and reward the accomplishment of specific business and operating objectives within a one-year time period. Long-term at-risk compensation, which is provided in the form of Cash/Share Settled RSUs, Cash/Share Settled PSUs and Options, focuses Executives' performance on long-term strategic priorities, the creation of Shareholder value and acts to link Executive and Shareholder interests. In addition to these key components, the Company provides group benefits on a competitive level with peer comparator companies. Perquisites are also provided to Executives in the form of taxable paid monthly parking.

The value of Executive compensation is assessed as a total compensation package, based on the competitiveness of each key component, individually and in the aggregate. Total compensation levels are targeted at the median of the Company's peer comparator group when actual overall Executive and corporate performance is satisfactory. Total compensation is targeted to be comparable to above-median compensation when actual overall Executive and corporate performance is exceptional and/or exceeds objectives. When overall Executive and corporate performance is below satisfactory or falls short of threshold objectives, total compensation is targeted to be below the median of the peer comparator group.

Comparator Group

The HR&C Committee retained Willis Towers Watson in 2020 to conduct a review of the Company's compensation peer group used for benchmarking Executive and Director compensation. For 2020, Transglobe Energy Corporation was removed from the comparator group and MEG Energy Corporation, Seven Generations Energy Ltd. and Tourmaline Oil Corp. were added. The updated comparator group is listed below.

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

Company	Enterprise Value[1] ($ Millions)	Oil & Liquids Production (Boe/d) (%)[2]
ARC Resources Ltd	2,871	24
Baytex Energy Corp.	2,180	82
Birchcliff Energy Ltd.	1,261	23
Canacol Energy Ltd.	1,084	1
Crescent Point Energy Corp.	3,982	91
Enerplus Corporation	1,300	56
Frontera Energy Corp.	786	97
Geopark Ltd.	1,574	87
Gran Tierra Energy Inc.	1,081	99
International Petroleum Corp.	820	59
MEG Energy Corp.	4,145	100
NuVista Energy Ltd.	914	39
Paramount Resources Ltd.	1,492	39
Peyto Exploration & Development Corp.	1,650	14
Seven Generations Energy Ltd.	4,171	57
Tourmaline Oil Corp.	7,291	21
Vermilion Energy Inc.	2,928	55
Whitecap Resources Inc.	3,162	84
Peer Comparator Group Average	**2,372**	**57**
Parex Resources Inc.	**1,873**	**97**

Notes:

(1) Information was obtained from Bloomberg on March 22, 2021 and the information is as at December 31, 2020.

(2) Information is at December 31, 2020 and was obtained from documents filed publicly by the 2020 comparator group on their issuer profiles on SEDAR at www.sedar.com.

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

Compensation data from the comparator group was used as the main factor in the review and consideration of competitive levels and composition of compensation for the Company's Executives, supplemented by data from the 2020 Mercer Total Compensation Survey for the Canadian energy industry for companies that met parameters typical of a mid-size exploration and production company with international operations similar to Parex.

Compensation Risk

The HR&C Committee reviews the Executive compensation program to be satisfied that it is structured to encourage decision making and outcomes that are in the best interests of Parex and its Shareholders while accepting an appropriate level of risk consistent with the Company's business plan as determined by the Board. The compensation structure rewards actions that result in a balance of the achievement of short-term goals and long-term strategies and does not encourage sub-optimization or reward actions that could produce short term success at the cost of long term Shareholder results. As well, annual budgets and quarterly and annual financial results are reviewed and approved by the Board. The compensation framework is structured to align with Parex' short and long-term strategic plans, such that corporate objectives are a key factor in assessing executive and employee performance. The HR&C Committee's risk oversight of the Company's Executive compensation program is accomplished in the following ways:

- a significant portion of Executive compensation is at risk (it is not guaranteed) and is variable year over year. For example, annual bonuses and annual Cash/Share Settled RSU, Cash/Share Settled PSU and Option grants are at the discretion of the Board from year to year and the Board has the discretion to amend total direct compensation in the event of extraordinary circumstances. As well, Cash/Share Settled PSUs have become a more significant component of Executive compensation, do not vest until after

three years from grant date and will have a nil payout if certain minimum corporate performance metrics are not reached (see "Statement of Executive Compensation – Executive Compensation Components");

- bonus plan payouts are capped based on a percentage of salary and subject to overall maximum thresholds;
- the Option Plan and the Cash/Share Settled RSU Plan are designed to motivate long term performance, as Options have terms of three to five-years and vest over a three-year period and Cash/Share Settled RSUs have a term of three years and vest over a three-year period and Cash/Share Settled PSUs have a three-year cliff vesting period. These factors encourage long term sustainable Common Share price appreciation;
- recommendations for annual Cash/Share Settled RSU, Cash/Share Settled PSU and Option grants are reviewed by the HR&C Committee for recommendation to the Board for approval, with such recommendations being developed and reviewed relative to, amongst other things, executive retention needs, and appropriate total compensation positioning compared to similar positions in the market;
- a balanced set of corporate performance goals is used to assess overall corporate results and to determine the corporate portion of the annual bonus program. These are also a major driver in determining the individual portions of the annual bonuses for Executives and employees;
- third party verifications, such as independent engineering evaluations, of appropriate elements of the corporate performance goals are incorporated before the results are finalized;
- threshold corporate performance goals must be met for each element of the analysis. If a minimum threshold for performance is not met, there will be a zero bonus payout for that element;
- recommendations for annual bonus payments are reviewed by the HR&C Committee for recommendation to the Board for approval, with such recommendations being developed and reviewed relative to, amongst other things, corporate performance goal results and performance assessments completed with Executives;
- special awards may be paid to employees with outstanding performance and high potential and where significant contributions are made to the organization. Projects, key contributors and awards are recommended and ranked by the HR&C Committee and approved by the Board;
- compensation policies and practices in Parex' subsidiaries are substantially similar to those in Parex;
- compensation policies and practices are substantially similar for all Executives and employees; and
- the compensation expense for NEO's is not a significant percentage of Parex' revenue as outlined below:

	2018	2019	2020
NEO Compensation (CAD thousands)[1]	$ 8,828	$ 8,904	$ 9,885
Oil & Gas Revenue (CAD thousands)[2]	$ 1,251,287	$ 1,477,665	$ 788,158
NEO compensation/revenue (%)	**0.71**	**0.60**	**1.25**

Notes:

(1) See "Statement of Executive Compensation – NEO Summary Compensation Table". NEO compensation is comprised of salary, short-term incentive (bonus) and long term incentives.

(2) Converted to CAD from USD using the Bank of Canada closing average rate for the period (December 31, 2020: $1.3415; December 31, 2019: $1.3269; and December 31, 2018: $1.2957).

The HR&C Committee did not identify any risks associated with Parex' compensation policies and practices for the year ended December 31, 2020 that were reasonably likely to have a material adverse effect on Parex. The HR&C Committee intends to monitor compensation governance and risk assessment practices, as these continue to evolve.

Executive Compensation Components

Target Compensation Mix

The target mix of key compensation elements is designed to place a significant portion of the Executive's annual compensation at-risk, where the value received is contingent on meeting defined performance requirements. At-risk compensation consists of the annual incentive bonus and long-term incentives (Options, Cash/Share Settled RSUs and Cash/Share Settled PSUs).

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

Base Salary

The base salary amounts for each Executive are targeted at the median of the Company's peer comparator group, with the potential for base salary amounts to be above the median when actual overall Executive and corporate performance is exceptional and/or exceeds expectations and are reviewed annually. The results of compensation studies carried out for the Company by Lane Caputo in early 2020 indicated that based on competitive market data, a salary increase for all of the Executives was warranted for 2020 such salary increases were recommended by the HR&C Committee and approved by the Board and were effective January 1, 2020. Going forward, variance from the median could occur on the basis of an Executive's current and sustained performance, skills or potential, or based on material differences in the executive's responsibilities as compared to the peer comparator group. The base salary for the President and CEO is approved by the Board, upon the recommendation of the HR&C Committee. The base salary level for all other Executives is recommended by the President and CEO for consideration and approval by the HR&C Committee. Decisions for all positions are based upon comprehensive analyses of market data for similar positions, including the peer comparator group and the noted industry compensation survey.

Incentive Bonus

The target annual incentive bonus varies by executive position level and was set as 90% of base salary for the President and CEO (for future years the target annual incentive bonus will increase to 100% for the CEO) and 60% of base salary for the Company's other Executives, including for the President of Parex Colombia.

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

Position	Performance Weighting Corporate/ Individual	Target Incentive Bonus (% Base Salary)[1]	Incentive Bonus Range Payment as % of Target Incentive	
			Threshold	Exceptional
President and CEO	75% / 25%	90%	50%	150%
Chief Financial Officer	75% / 25%	60%	50%	150%
Chief Operating Officer	75% / 25%	60%	50%	150%
SVP Capital Markets & Corp Planning	75% / 25%	60%	50%	150%
President Parex Colombia	75% / 25%	60%	50%	150%

Note:
(1) As at December 31, 2020.

The Board approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2020 were approved in early 2020 for each of the performance areas. These goals are determined by the Board to be key annual performance requirements for the Company, and included cost management and margin optimization, growth of reserves, ESG and safety initiatives and other milestones for 2020. In 2020, the achievement level of 90% was based on corporate performance, with board discretion, as described in the Annual Incentive Plan table under "Executive Compensation Letter to Shareholders".

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

The incentive bonus is paid during the first quarter of the year following the performance year, so that performance goal achievements relating to full year performance results can be verified.

Long-Term Incentives

Long-term incentives recommended by the HR&C Committee are granted by the Board in order to attract and retain high performing Executives in a competitive market environment, using criteria of retention requirements, past performance, individual potential, annual strategic planning by the Company and total Executive compensation. In 2020, these incentives were provided in the form of Options, Cash/Share Settled RSUs and Cash/Share Settled PSUs. The value of each individual's long term incentive is determined

taking into account individual and Company performance, position with the Company as well as the value of total direct compensation versus compensation comparators. In 2020, the unit allocation of the long term incentives were awarded with a mix of 25% Options, 25% Cash/Share Settled RSUs and 50% Cash/Share Settled PSUs.

The number of Options, Cash/Share Settled RSUs and Cash/Share Settled PSUs are determined based on grant date fair value (see "Summary of Executive Compensation – NEO Summary Compensation Table" in this Information Circular) as well as on the dilutive impact on Shareholders and the number of Common Shares available for issuance. The Option Plan provides for the issuance of Options to a maximum of 5.0% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding Options and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 5.0% of the Common Shares outstanding from time to time.

Options

The Option Plan is administered by the Board or a committee thereof. For a summary of the Option Plan see Appendix "B" attached to this Information Circular. Under the Option Plan, grants to Executives other than the President and CEO are recommended by the President and CEO, reviewed by the HR&C Committee and approved by the Board. The Board approves Option grants for the President and CEO, upon the recommendation of the HR&C Committee. As of the date hereof, Options to purchase an aggregate of 1,447,103 Common Shares are issued and outstanding.

Under the Option Plan, the exercise price of each Option is to be determined at the discretion of the Board at the time of the granting of the Option, as are the term and vesting provisions, provided that the exercise price shall not be less than the closing trading price per Common Share on the TSX (or if the Common Shares are not listed on the TSX, on such stock exchange as the Common Shares are then traded) on the last trading day preceding: (i) the issuance of news release in respect of the Option grant; or (ii) if a news release is not issued announcing the Option grant, the date of grant, or, if the Common Shares are not listed on any stock exchange, a price determined by the Board, and provided that no Option shall have a term exceeding five years.

Options are normally granted to each Executive at the time of hire and are also granted annually. Replacement grants are not awarded. Any grant of Options is subject to the restrictions of the Option Plan.

RSUs and PSUs

The RSU Plan is administered by the Board or a committee thereof. For a summary of the RSU Plan see Appendix "C" attached to this Information Circular. At Parex' annual general and special Shareholders meeting held in 2020, Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan and as a result no further grants can be made under the RSU Plan. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms which is expected to occur in 2023. As of the date hereof, 620,530 RSUs and 217,000 PSUs are issued and outstanding, being exercisable for an aggregate of 837,530 Common Shares.

PSUs provide a performance multiplier on the base grant of 0 to 2 times, depending upon Company performance versus a defined peer group over a three-year cliff vesting period. The three corporate performance measures for the 2020 PSU vestings each with a one-third weighting, are as follows:

- Total Shareholder Return ("TSR"). The payout multiplier will be based on Parex' relative performance within the TSX Capped Energy index, excluding oil sands, royalty, service companies and any issuers that have less than a three-year return history. TSR will be calculated using the volume weighted daily average over the three year period.

- Production per Common Share Growth (debt or cash adjusted). The payout multiplier will be based on Parex' relative performance against a select oil weighted peer group within the TSX Capped Energy index, excluding oil sands, royalty, service companies and any issuers that have less than a three-year return history. Due to the small size of the peer group, the score will be calculated using a straight line with lowest performance being awarded a 0 and best performance a 2.

- Recycle Ratio. Based upon total proved reserves FD&A costs, calculated on an annual calendar basis. The payout multiplier will be the average of each calendar year score over the three-year term, based on Parex' relative performance against the same peer group as for the production per share growth performance. Due to the small size of the peer group the score will be calculated using a straight line, with lowest performance being awarded a 0 and best performance a 2.

The above corporate performance measures for the 2018, 2019 and 2020 PSU vestings include no discretionary elements. As well, for each of the measures, there will be a multiplier of 0 where performance is below the 25th percentile.

Calculation of Performance of the Long Term Incentive Plan

In February 2018 the HR&C Committee established the performance measures detailed in the table below in order to calculate the 2020 performance payout multiplier, which is used to determine the number of Common Shares to be issued pursuant to PSUs granted in 2018. The HR&C Committee, along with the Board, assessed performance against these measures.

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

Performance Measures	Results/Quartile Ranking	Multiplier	Weighting	Weighted Multiplier Score
TSR vs. the peer group calculated on the basis of a rolling 3 year weighted average(1)	Parex' TSR of 12.2% ranked 1 out of 23 member companies of the S&P/TSX Oil & Gas Index resulting in 1st quartile score.	2.0	0.34	0.68
Production growth calculated on a debt adjusted per share basis using a 3 year average of each years rank(2)	Parex' finished in the 1st quartile of the S&P/TSX oil weighted capped energy index excluding integrated and oil sands companies ranking 1 out of 12 companies in 2 years and 2 out of 12 companies in one year.	1.92	0.33	0.63
Recycle ratio calculated using proved developed producing reserve additions using a 3 year average of each years rank (3)	Parex' ranked 1 out of 12 member companies of the S&P/TSX oil weighted capped energy index excluding integrated and oil sands companies for each year of the three year period.	2.0	0.33	0.66
Total Score				1.97
Payout Multiplier				**1.97x**

Notes:

(1) Calculated using the weekly weighted average share price performance with the December 2017 weighted average share price being the starting point and December 31, 2020 the end point. TSR includes the payment of any dividends declared during the period.

(2) Calculated by taking production growth expressed as a percentage each year in the 3 year performance period and dividing by the weighted average shares outstanding adjusted by the amount change in net working capital (including bank debt if any) to on a notational basis buy back shares and so reduce the weighted average share count used in the calculation, or in the case of a reduction in net working capital or an increase in net bank debt sell shares on a notional basis to fund the reduced working capital or increase in bank debt.

(3) The recycle ratio is calculated by dividing the weighted average fund flows from operations netback on a per boe basis for the period October 1 to December 31 of each year for each year of the three year period by the weighted average cost to find or acquire and develop reserves on a per boe basis (including change in future development capital) for the same period. Parex is ranked with the peer group results to determine each year's rank for Parex. The ranking result for the three year period is the simple average of each year's ranking.

Cash/Share Settled RSUs and Cash/Share Settled PSUs

The Cash/Share Settled RSU Plan is administered by the Board or a committee thereof. For a summary of the Cash/Share Settled RSU Plan see "Director Compensation – Cash/Share Settled RSU Plan" attached to this Information Circular. Under the Cash/Share Settled RSU Plan, grants of Cash/Share Settled RSUs and Cash/Share Settled PSUs to Executives other than the President and CEO are recommended by the President and CEO, reviewed by the HR&C Committee and approved by the Board. The Board approves Cash/Share Settled RSU and Cash/Share Settled PSU grants for the President and CEO, upon recommendation of the HR&C Committee. As of the date hereof, 1,258,510 Cash/Share Settled RSUs and 710,565 Cash/Share Settled PSUs are issued and

outstanding. Any grant of Cash/Share Settled RSUs and Cash/Share Settled PSUs is subject to the restrictions of the Cash/Share Settled RSU Plan.

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

Compensation Governance

Human Resources and Compensation Committee

The HR&C Committee is responsible for reviewing all aspects of compensation to be provided to the Company's executive officers and make recommendations to the Board consistent with this mandate. The members of the HR&C Committee are Lisa Colnett (Chair), Sigmund Cornelius, Glenn McNamara and Carmen Sylvain. The skills and experience that enabled the current members of the HR&C Committee to make decisions on the suitability of the Company's compensation policies and practices and the independence of each member is summarized in the table below.

HR & C Committee Member	Independent	Skills & Experience Relevant to HR&C Committee
Lisa Colnett Chairperson ICD.D	Yes	Currently a Director and Chair of the Human Resources and Governance Committee of Parkland Corporation, an international supplier and marketer of fuel and petroleum products and a leading convenience store operator, and a Director of Northland Power, a global power producer. Ms. Colnett brings over 20 years of experience in human resources for a variety of industries ranging from mining to information technology. Since 1991, Ms. Colnett has held senior roles in human resources, information technology and strategy including Senior Vice President Human Resources and Chief Information Officer of Celestica Inc., Senior Vice President, Human Resources and Corporate Services, also of Celestica Inc. and Senior Vice President, Human Resources, of Kinross Gold Corporation. Member of the Institute of Corporate Directors having completed the Directors Education Program.
Sigmund Cornelius	Yes	Currently President and Chief Operating Officer of Freeport LNG Development L.P., a company based in Houston, Texas. From 1980 to 2010, he held various management and senior positions at ConocoPhillips Company, retiring as Chief Financial Officer in 2010. He has served on the board of multiple public and private companies, including Western Refining Inc., NiSource Inc., Andeavor Logistics LP, DCP Midstream LP, Columbia Pipeline Group Inc., and Chevron Philips Chemical Co.
Glenn McNamara ICD.D	Yes	Currently the President and Chief Executive Officer of Heritage Resources LP, a private fee title acreage owner business. Prior thereto, Mr. McNamara was the Chief Executive Officer and a director of PMI Resources Ltd. (formerly, Petromanas Energy Inc.), a public oil and gas company from September 2010 to May 2016. From August 2005 to August 2010, Mr. McNamara was the President of BG Canada (part of the BG Group PLC, a public gas company with its head office in the United Kingdom, trading on the London Stock Exchange). Mr. McNamara also currently serves on the board of Whitecap Resources Inc. Member of the Institute of Corporate Directors having completed the Directors Education Program.
Carmen Sylvain ICD.D	Yes	Ms. Sylvain is a former diplomat with 30 years of combined experience in foreign affairs, international trade and investment. She was Ambassador to Colombia, Morocco and Mauritania and served as Assistant Deputy Minister for Europe, Africa and the Middle East as well was Assistant Deputy Minister for Strategic Planning within Global Affairs. In the private sector, she was strategic advisor to Borealis Infrastructure and the OMERS pension fund. She currently serves on the Boards of LCI Education Network, Orient Investment Properties and the Egyptian Refining Company. Ms Sylvain is a member of the Institute of Corporate Directors having completed the Directors Education Program.

Mandate of the HR&C Committee

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

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

1. establishing a process for identifying, recruiting and appointing officers of the Company;
2. monitoring, assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention programs, to ensure that the Company's compensation programs are competitive and that the Company is in a position to attract, motivate and retain the quality of personnel required to meet its business objectives;
3. encouraging alignment between the tactical performance of the officers and the Company and the strategic objectives and goals of the Company;
4. reviewing and recommending to the Board:
   (a) appointments of the officers of the Company;
   (b) the approval of terminations, and severance arrangements for officers;
   (c) approval of officers' annual compensation and benefits package and related terms of employment based on the officers' annual performance evaluations and any changes thereto, as well as competitive market data from third party sources for compensation of officers;
   (d) approval of annual compensation and benefits packages for the employees of the Company, employment contracts and other related terms of employment, including the forms of incentive compensation payable; and
   (e) overall budget salary increases for the Company's employees (including officers) including cash compensation consisting of salary and bonuses, and the number of new Options, RSUs and Cash/Share Settled RSUs;
5. reviewing annually the adequacy of directors' compensation to ensure it reflects the responsibilities and risks of membership on the Board and its committees and make recommendations relating to the directors' compensation;
6. reviewing overall human resource policies and procedures including recruitment, performance management, compensation, benefit programs, resignations/terminations, training and development, succession planning and organizational planning and design;
7. recommending to the Board approval of the terms of the Option Plan, RSU Plan, DSU Plan and Cash/Share Settled RSU Plan of the Company and any other security based compensation plans and any amendments thereto and approval of corporate performance measures and targets used to calculate Option Plan, RSU Plan, DSU Plan and Cash/Share Settled RSU Plan annual grants and other compensation plans; and
8. determine the payout multiplier to be applied at the time of vesting of PSUs under the RSU Plan and the Cash/Share Settled PSUs under the Cash/Share Settled RSU Plan.

The HR&C Committee's responsibilities include the Company having in place a process to provide for the orderly succession of management. The Board reviews the succession plan for the President and CEO as well as for other management positions at least once per year, including at the annual Board strategic planning meeting. In 2020, a special committee of the Board was established to identify an executive search partner that would lead a search for a successor for this role. The global search process identified Mr. Mohsen as the top candidate and named him to the position in December 2020. A transition between Mr. Taylor and Mr. Mohsen began in February 2021.

Compensation Consultants

In early 2020, the HR&C Committee selected Willis Towers Watson as its independent compensation advisors through a rigorous evaluation process. Through 2020, Willis Towers Watson was retained to benchmark, review and make recommendations for Executive and Directors' compensation against the Company's peer group of companies, as well as to review the Company's long-term incentive plans. A summary of 2019 and 2020 Executive and Director compensation reviews is listed below.

Consultant	Date Retained	Mandate	Executive Compensation-Related Fees (includes GST)
Willis Towers Watson	December 14, 2020	CEO pay package report and correspondence. LTI plan design discussions. Share ownership guidelines research and updated director comp recommendations.	$15,445.35
Willis Towers Watson	November 12, 2020	CEO pay package report and correspondence. LTI plan design discussions. Review employee agreement. Correspondence regarding Country Manager offer structure. 2021 pay decision worksheets.	$9,334.88
Willis Towers Watson	October 14, 2020	LTI plan design discussions. Pay for performance analysis. Colombia market pricing.	$24,760.27
Willis Towers Watson	September 14, 2020	New CEO compensation analysis and discussion. Pay for performance Analysis. Colombia market pricing.	$20,724.37
Willis Towers Watson	August 28, 2020	Support in advance of August Comp & HR Committee meeting. Peer group analysis.	$34,685.26
Willis Towers Watson	June 17, 2020	Market insights on board of director compensation	$7,523.24
Lane Caputo	January 31, 2020	Analysis of compensation proposals, preparation of year-over-year comparisons, provision of historical peer group data. Creation of LTIP award table for staff, provision of market data for non-exec roles.	$3,854.38
Lane Caputo	December 31, 2019	Analysis of compensation proposals, preparation of year-over-year comparisons, provision of historical peer group data.	$7,711.70
Lane Caputo	November 30, 2019	Review & preparation of realizable LTI illustrations.	$6,197.57
Lane Caputo	October 31, 2019	Review of executive compensation & risk assessment.	$5,250.00
Lane Caputo	September 30, 2019	Review of and recommendations for executive and independent director compensation for Parex against the Company's peer group of companies and risk assessment.	$35,700.00
Lane Caputo	July 31, 2019	Preparation and presentation of update on the 2019 proxy season, potential changes to stock option income tax treatment and salary budget forecasts.	$5,732.65
Lane Caputo	June 30, 2019	Development & review of Parex compensation philosophy and incentive plan.	$16,800.00
Lane Caputo	January 4, 2019	Review of and recommendations for executive and independent director compensation for Parex against the Company's peer group of companies.	$18, 921.72

Other Information Concerning Executive Compensation

Clawback Policy

The Board has made it a priority to ensure that appropriate checks and balances are in place to govern responsible and ethical behaviours amongst the Company's executive officers. All executive officers are required to annually confirm compliance with the Company's Code of Business Conduct.

At the recommendation of the HR&C Committee, the Board adopted an Executive Compensation Clawback Policy (the "Clawback Policy") on April 1, 2016 as amended on February 4, 2021, applicable to executive officers of the Company (the " Clawback Executives"), which Clawback Policy has been agreed to by each of the current Clawback Executives. If, in the opinion of the independent directors of the Board, a Clawback Executive engaged in willful misconduct, fraud, theft or embezzlement which had a detrimental effect on the Company and/or its subsidiaries, regardless of whether there was a restatement of all or part of the Company's financial statements or Parex' financial results are materially restated because of material non-compliance with any financial reporting requirements under laws, rules and regulations applicable to the Company and the Clawback Executives engaged in fraud or willful misconduct that caused or substantially caused the need for the restatement, the independent directors have the discretion to use such efforts as they deem necessary to remedy the willful misconduct, fraud, theft or embezzlement, as applicable,

and prevent its recurrence. In the absence of admission by a Clawback Executive, the determination of whether a Clawback Executive engaged in willful misconduct, fraud, theft or embezzlement, as applicable, shall be made by the independent directors, acting reasonably and in good faith upon completion of an internal investigation.

When a Clawback Executive admits or the independent directors determine that a Clawback Executive engaged in willful misconduct, fraud, theft or
embezzlement, as applicable. Parex' independent directors may direct that Parex recover all or a portion of any bonus or incentive compensation paid, or cancel all, or part of, the equity-based awards granted, to a Clawback Executive (such bonus, incentive, compensation and/or equity based awards being "Incentive Compensation"). In addition, the independent directors may also seek to recover any gains realized with respect to equity-based awards comprising the Incentive Compensation, including Stock Options, RSUs, PSUs, Cash/Share Settled RSUs, Cash/Share Settled PSUs or other incentive payments made or required to be made by Parex under any discretionary, non-discretionary, targeted or other compensation plan of Parex, regardless of when issued or required to be issued at a future date.

The remedies that may be sought by the independent directors are subject to a number of conditions, including, that: (a) the Incentive Compensation to be recovered was based on the achievement of objective financial or other similar criteria or factors and was calculated based upon the financial results that were restated; (b) the Incentive Compensation calculated or to be calculated under the restated financial results is less than the amount actually paid or awarded or to be paid or awarded; and (c) no remedy, action or proceeding for the recovery of any Incentive Compensation from a Clawback Executive that is provided for in the policy may be commenced after a period of three years from the date such Clawback Executive ceases to be employed by the Company, for any reason.

Hedging Policies

Pursuant to the Company's Disclosure, Confidentiality, Insider Trading, Blackout Period and Anti-Hedging Policy and Procedures, directors, officers and employees of the Company shall not, knowingly sell, directly or indirectly, a security of the Company if such person selling such security does not own or have a right to own such security (i.e. a "short sale"). Additionally, under such policy, directors, officers and employees of the Company shall not, directly or indirectly, sell a "call option" or buy a "put option" in respect of a security of the Company or purchase or write any financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, or enter into any other derivative instruments or arrangements, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such director or officer, or employee that would have the effect of altering, directly or indirectly, the person's economic interest in the Company's equity securities.

Changes to Executive Compensation

The HR&C Committee retained Willis Towers Watson in August 2020 to conduct a review of and provide recommendations for executive compensation against the peer group of companies.

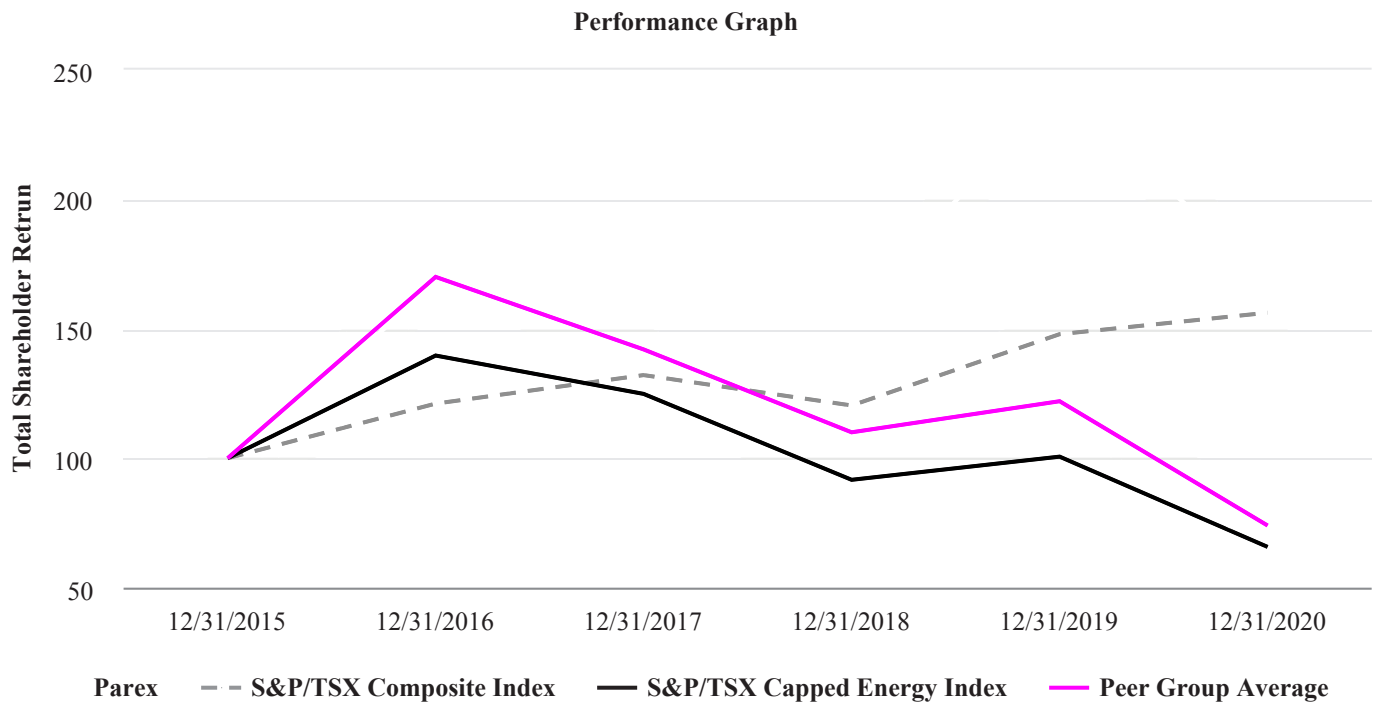
In February 2021, using the results of the Willis Towers Watson report, and in consideration of the prevailing market conditions, the HR&C Committee recommended, and the Board approved no base salary increase for the President and CEO, effective January 1, 2021. The President and CEO maintained prior market positioning between the 25th and 50th salary percentile for this position in the peer group. The same recommendation was also approved for the remainder of the executives.

In light of the challenging market conditions in 2020 and in order to reduce cash costs the Board approved a temporary 10 percent salary reduction for executives, effective April 1, 2020. Salaries for executives were reinstated in Q4 2020 as commodity prices and market conditions improved. Cash retainer fees for Directors were also reduced by 10 percent during this period, based on the same rationale.

The HR&C Committee recommended and the Board approved 2021 annual long term incentive awards to executives and employees with a grant date of February 8, 2021. The grants to executives included Cash/Share Settled PSUs as well as Options and Cash/Share Settled RSUs. The 2020 annual Cash/Share Settled RSU and Cash/Share Settled PSU grants to executives and employees were awarded under the Cash/Share Settled RSU Plan. Cash/Share Settled PSUs represented 50% of the 2020 grant of long term incentives, continuing to reflect the intent to have a considerable portion of executive compensation consist of corporate performance based equity grants.

Performance Graph

The following graph shows the total cumulative shareholder return for $100 invested in the Common Shares of the Company, from the closing price on December 31, 2015 to December 31, 2020. The Company's total shareholder return is compared with the cumulative total return of the S&P/TSX Capped Energy Index and of the S&P/TSX Composite Index.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Parex	100	166	179	161	238	172
S&P/TSX Composite Index	100	121	132	120	148	156
S&P/TSX Capped Energy Index	100	140	125	92	101	66
Peer Group Average	100	170	142	110	122	74

If $100 was invested in the Common Shares on December 31, 2015, it would have resulted in a cumulative shareholder return of 72% on December 31, 2020. 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 56%, and the same amount invested in the S&P/TSX Capped Energy Index would have resulted in a cumulative shareholder return of negative 34%.

From December 31, 2015 to December 31, 2020, the total compensation awarded to the three Parex NEO's who were NEOs for this full time period, as reported in the "*NEO Summary Compensation Table*" in this Information Circular, increased by 72%.

The increase in NEO total compensation has been largely due to the significant increase from 2015 to 2020 of the price of the Common Shares of the Company on the TSX, which reflected the Company's excellent performance and production per Common Share growth in such period. Thus, the increase in NEO total compensation is aligned with the increase in Shareholder value.

NEO total compensation is consistent with the benchmark set by the Board for compensation to target the 50th percentile of compensation for similar positions in the Company's peer comparator group of companies for satisfactory performance and results, and the 75th percentile for excellent performance and results.

NEO Summary Compensation Table

Name and Principal position	Year	Salary ($)[3]	Share- based awards($)[2][4][5][6]	Option- based awards ($)[7]	Non-equity incentive plan compensation ($)[1] Annual incentive plans[8]	All other compensation[9] ($)	Total compensation[10] ($)
David Taylor[13]	2018	420,000	1,458,450	175,613	473,043	57,245	2,584,351
Former President	2019	445,000	1,620,000	181,152	415,519	56,900	2,718,571
and CEO	2020	443,888	1,896,390	201,875	414,217	80,608	3,036,978
Kenneth Pinsky	2018	340,000	958,410	115,403	267,515	57,245	1,738,573
Chief Financial Officer	2019	350,000	970,313	108,503	217,875	56,900	1,703,591
and Corporate Secretary	2020	340,812	1,018,062	108,125	199,106	74,838	1,740,943
Eric Furlan[11]	2018	315,000	833,400	100,350	246,796	54,437	1,549,983
Chief Operating Officer	2019	330,000	843,750	94,350	205,425	56,400	1,529,925
	2020	335,445	949,304	101,250	195,971	74,555	1,656,525
Michael Kruchten	2018	270,000	694,875	83,625	222,733	54,437	1,325,670
SVP Capital Markets	2019	285,000	703,125	78,625	187,673	49,650	1,304,073
& Corp. Planning	2020	295,118	794,044	84,375	196,641	69,030	1,439,208
Lee DiStefano[12]	2018	388,710	694,500	83,625	268,113	194,355	1,629,303
Former President Parex	2019	408,022	703,125	78,625	253,994	204,011	1,647,777
Colombia	2020	516,126	794,044	84,375	235,320	381,808	2,011,673

Notes:

(1) The Company did not provide long term non-equity incentive plan or pension plan compensation in 2018, 2019 and 2020.

(2) As per the prescribed requirements for the NEO Summary Compensation Table, PSUs have been combined with RSUs as share-based awards for 2018. Although the grant date fair values are the same for PSUs and RSUs, the grant date fair value calculations are shown separately in Note (5) below for RSUs and PSUs. RSUs and PSUs are shown separately in tables that follow the NEO Summary Compensation Table in this Information Circular.

(3) Mr. Taylor's salary for the year-ended December 31, 2020 was $467,250. Mr. Pinsky's salary for the year-ended December 31, 2020 was $358,750. Mr. Furlan's salary for the year-ended December 31, 2020 was $353,100. Mr. Kruchten's salary for the year-ended December 31, 2020 was $310,650. Mr. DiStefano's salary for the year-ended December 31, 2020 was $535,000. The amounts in the above table reflect a voluntary 10% reduction to each of the NEO's salaries for the period from April 1, 2020 to September 30, 2020 in connection with the COVID-19 pandemic.

(4) As per the prescribed requirements for the NEO Summary Compensation Table, Cash/Share Settled PSUs (CosPSUs) have been combined with Cash/Share Settled RSUs (CosRSUs) as share-based awards for 2019 and 2020. Although the grant date fair values are the same for Cash/Share Settled PSUs and Cash/Share Settled RSUs, the grant date fair value calculations are shown separately in Note (6) below for Cash/Share Settled RSUs and Cash/Share Settled PSUs. Cash/Share Settled RSUs and Cash/Share Settled PSUs are shown separately in tables that follow the NEO Summary Compensation Table in this Information Circular.

(5) The fair value of each RSU and PSU granted is based on the market price of the Common Shares on the date of issuance. It is the same methodology used by the Company to determine the accounting fair value of the RSUs and PSUs, in accordance with International Financial Reporting Standard 2 – Share Based Payments.

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

(6) The fair value of each Cash/Share Settled RSU and Cash/Share Settled PSU granted is based on the market price of the Common Shares on the date of issuance. It is the same methodology used by the Company to determine the accounting fair value of the Cash/Share Settled RSUs and Cash/Share Settled PSUs, in accordance with International Financial Reporting Standard 2 – Share Based Payments.

Grant Date	Grant date fair value per CosRSU	Grant date fair value per CosPSU
February 11, 2019	18.75	18.75
February 10, 2020	22.18	22.18

(7) 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:

	Option Grant Date		
Assumptions	**February 7, 2018**	**February 11, 2019**	**February 10, 2020**
Expected life of Options	4.0 years	4.0 years	4.0 years
Risk-free interest rate	1.93%	1.80%	1.70%
Expected volatility	43.29%	39.97%	32.77%
Expected dividend yield	0%	0%	0%
Grant date fair value per Option	$6.69	$6.29	$6.25

(8) Incentive plan bonuses for 2018 were paid in February 2019, for 2019 were paid in February 2020, and for 2020 were paid in February 2021.

(9) All other compensation for Messrs. Taylor, Pinsky, Furlan and Kruchten includes the value of paid parking and benefits payments equal to 15% of the officer's base salary, capped at $50,000 per year and the Employee Share Purchase Program equal to 5% of the officer's base salary. All other cash compensation and perquisites for Mr. 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.

(10) Total compensation equals salary plus all other cash compensation and perquisites and the grant date fair value of option-based awards and share-based awards.

(11) Mr. Furlan was promoted to Chief Operating Officer in February 2018. Prior to this, Mr. Furlan was Senior Vice-President Engineering.

(12) Mr. DiStefano's salary, annual incentive plan and all other cash compensation and perquisites are paid in US$ but for purposes of this table, they have been converted to CAN$ using average foreign exchange rates for each year of employment of 1.2957 for 2018, 1.3269 for 2019, and 1.3415 for 2020. Mr. DiStefano retired on December 31, 2020. Mr. Ferreiro was appointed President Parex Colombia effective December 1, 2020 in execution of the Company's succession plan.

(13) Mr. Mohsen was appointed President & CEO effective February 4, 2021.

NEO Incentive Plan Awards

Outstanding Option-based and Share-based Awards (as at December 31, 2020)

Name and Principal position	Option-Based Awards				
	Grant Date	Number of securities underlying unexercised Options	Options exercise price ($/common Share)	Option expiration date	Value of unexercised in-the-money Options ($)[1]
David Taylor	14-Nov-2016	90,000	15.66	14-Nov-2021	167,400
Former President	09-Mar-2017	75,000	16.02	09-Mar-2022	112,500
and CEO	07-Feb-2018	26,250	18.53	07-Feb-2023	—
	11-Feb-2019	28,800	18.75	11-Feb-2024	—
	10-Feb-2020	32,300	22.18	10-Feb-2025	—
Kenneth Pinsky	14-Nov-2016	80,000	15.66	14-Nov-2021	148,800
Chief Financial Officer and	09-Mar-2017	55,000	16.02	09-Mar-2022	82,500
Corporate Secretary	07-Feb-2018	17,250	18.53	07-Feb-2023	—
	11-Feb-2019	17,250	18.75	11-Feb-2024	—
	10-Feb-2020	17,300	22.18	10-Feb-2025	—
Eric Furlan	14-Nov-2016	50,000	15.66	14-Nov-2021	93,000
Chief Operating Officer	09-Mar-2017	34,000	16.02	09-Mar-2022	51,000
	07-Feb-2018	15,000	18.53	07-Feb-2023	—
	11-Feb-2019	15,000	18.75	11-Feb-2024	—
	10-Feb-2020	16,200	22.18	10-Feb-2025	—
Michael Kruchten	14-Nov-2016	16,668	15.66	14-Nov-2021	31,002
SVP Capital Markets	09-Mar-2017	11,417	16.02	09-Mar-2022	17,126
& Corp. Planning	07-Feb-2018	12,500	18.53	07-Feb-2023	—
	11-Feb-2019	12,500	18.75	11-Feb-2024	—
	10-Feb-2020	13,500	22.18	10-Feb-2025	—
Lee DiStefano	14-Nov-2016	45,000	15.66	14-Nov-2021	83,700
Former President Parex Colombia	09-Mar-2017	34,000	16.02	09-Mar-2022	51,000
	07-Feb-2018	12,500	18.53	07-Feb-2023	—
	11-Feb-2019	12,500	18.75	11-Feb-2024	—
	10-Feb-2020	13,500	22.18	10-Feb-2025	—

Note:

(1) Based on the difference between the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 and the exercise price of the Options.

		Share-Based Awards					
		Number of Common Shares or units of Common Shares that have not vested (#)		Market or payout value of share-based awards that have not vested ($)[1]		Market or payout value of vested share-based awards not paid out or distributed ($)[2]	
Name	Grant Date	RSUs	PSUs	RSUs	PSUs	RSUs	PSUs
David Taylor	14-Nov-2016	—	—	—	—	875,500	—
	09-Mar-2017	—	—	—	—	752,930	—
	7-Feb-2018	8,750	52,500	153,213	919,275	306,425	—
Kenneth Pinsky	14-Nov-2016	—	—	—	—	700,400	—
	09-Mar-2017	—	—	—	—	560,320	—
	07-Feb-2018	5,750	34,500	100,683	604,095	201,365	—
Eric Furlan	14-Nov-2016	—	—	—	—	437,750	—
	09-Mar-2017	—	—	—	—	350,200	—
	7-Feb-2018	5,000	30,000	87,550	525,300	175,100	—
Michael Kruchten	14-Nov-2016	—	—	—	—	145,928	—
	09-Mar-2017	—	—	—	—	116,757	—
	7-Feb-2018	4,166	25,000	72,947	437,750	145,928	—
Lee DiStefano	14-Nov-2016	—	—	—	—	262,650	—
	09-Mar-2017	—	—	—	—	350,200	—
	07-Feb-2018	4,166	25,000	72,947	437,750	145,928	—

Notes:

(1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52, less $0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs and PSUs that were not vested as at December 31, 2020.

(2) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52, less $0.01 exercise price, by the number of Common Shares issuable pursuant to RSUs and PSUs that were vested but not exercised as at December 31, 2020.

		Share-Based Awards			
		Number of Common Shares or units of Common Shares that have not vested (#)		Market or payout value of share-based awards that have not vested ($)[1]	
Name	Grant Date	CosRSUs	CosPSUs	CosRSUs	CosPSUs
David Taylor	11-Feb-2019	19,200	57,600	336,384	1,009,152
	10-Feb-2020	28,600	56,900	501,072	996,888
Kenneth Pinsky	11-Feb-2019	11,500	34,500	201,480	604,440
	10-Feb-2020	15,300	30,600	268,056	536,112
Eric Furlan	11-Feb-2019	10,000	30,000	175,200	525,600
	10-Feb-2020	14,300	28,500	250,536	499,320
Michael Kruchten	11-Feb-2019	8,334	25,000	146,012	438,000
	10-Feb-2020	11,900	23,900	208,488	418,728
Lee DiStefano	11-Feb-2019	8,334	25,000	146,012	438,000
	10-Feb-2020	11,900	23,900	208,488	418,728

Note:

(1) Based on multiplying the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52 by the number of Common Shares issuable pursuant to Cash/Share Settled RSUs and Cash/Share Settled PSUs that were not vested as at December 31, 2020.

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, 2020 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2020.

Name	Option-based awards – Value vested during the year[1] ($)	Share-based awards Value vested during the year ($)				Non-equity incentive plan compensation – Value earned during the year[4][5] ($)
		RSUs[2]	PSUs[2]	CosRSUs[3]	CosPSUs[3]	
David Taylor	60,354	386,923	572,992	208,416	0	414,217
Kenneth Pinsky	38,008	271,069	426,413	124,833	0	199,106
Eric Furlan	33,050	200,601	266,508	108,550	0	195,971
Michael Kruchten	27,537	182,112	266,508	90,444	0	196,641
Lee DiStefano	27,537	182,112	266,508	90,444	0	235,320

Notes:

(1) Based on multiplying the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the Options on the vesting date by the number of Options that vest on such date.

(2) Based on multiplying the closing price of the Common Shares on the TSX on, less the $0.01 exercise price, of the Common Shares on the vesting date by the number of RSUs and PSUs that vest on such date.

(3) Based on multiplying the closing price of the Common Shares on the TSX on the vesting date by the number of Cash/Share Settled RSUs and Cash/Share Settled PSUs that vest on such date.

(4) Incentive plan bonuses for 2020 were paid in February 2021.

(5) Mr. DiStefano's non-equity incentive plan compensation (incentive plan bonus) is paid in US$, but for purposes of this table has been converted to CAN$ using the average foreign exchange rate for 2020 of 1.3415.

Securities Authorized for Issuance Under Equity Compensation Plans

The Option Plan is the Company's only compensation plan under which equity securities have been authorized for issuance going forward. The following sets forth information in respect of securities authorized for issuance under the Company's Option Plan as at December 31, 2020. Parex did not seek the requisite three-year approval under TSX policies of unallocated RSUs and PSUs under the RSU Plan. While no new awards will be made under the RSU Plan, it will remain in place until such time as all outstanding RSUs and PSUs issued under it have been exercised, are cancelled or expired by their terms which is expected to occur in 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, RSUs, PSUs, warrants and rights[4] (a)	Weighted average exercise price of outstanding Options, RSUs, PSUs, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[1][3]
Equity compensation plans approved by security holders			
Option Plan[2]	2,062,461	17.17	See Note 3
RSU/PSU Plan	1,242,359	0.01	See Note 3
Equity compensation plans not approved by security holders	—	—	-
Total	**3,304,820**	**—**	**3,238,814**

Notes:

(1) As at December 31, 2020, the Option Plan provided for the issuance of Options to a maximum of 5% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common Shares issuable pursuant to outstanding Options and all other security based compensation arrangements (as defined in the TSX Company Manual) shall not exceed 5% of the Common Shares outstanding from time to time.

(2) Of the 2,062,461 outstanding Options as of December 31, 2020, 1,384,139 were in-the-money as of that date, based on the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52.

(3) The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2020 was equal to 5% of the number of Common Shares outstanding as at December 31, 2020 less the number of Options outstanding under the Option Plan as at December 31, 2020 and less the number of RSUs and PSUs outstanding under the RSU Plan as at December 31, 2020. As at December 31, 2020, there were 2,062,461 Options outstanding, and 1,242,359 RSUs and PSUs outstanding, leaving 3,238,814 Common Shares available for issuance under the Option Plan. The total number of securities remaining available for future issuance under equity compensation plans as at March 22, 2021 was equal to 5% of the number of Common Shares outstanding as at March 22, 2021 less the number of Options outstanding under the Option Plan as at March 22,

2021 and less the number of RSUs and PSUs outstanding under the RSU Plan as at March 22, 2021. As at March 22, 2021, there were 1,441,558 Options outstanding, and 845,092 RSUs and PSUs outstanding, leaving 4,160,347 Common Shares available for issuance under the Option Plan.

(4) During the year ended December 31, 2020, 624,270 Common Shares were issued on exercise of Options, 600,416 Common Shares were issued on exercise of RSUs and 204,930 Common Shares were issued on exercise of PSUs.

Burn Rate

The following table sets forth the annual burn rate for each of the three most recently completed fiscal years for each of the Company's incentive plans requiring settlement by treasury issuances of Common Shares. The burn rate has been calculated by dividing the number of awards granted under the arrangement during the applicable fiscal year, by the weighted average number of Common Shares outstanding for the applicable fiscal year:

Plans	2018[2]		2019[3]		2020[4]	
	Number Granted	*Burn Rate*	*Number Granted*	*Burn Rate*	*Number Granted*	*Burn Rate*
Options	193,650	0.12%	228,300	0.16%	265,788	0.19%
RSUs	537,025	0.35%	—	N/A	—	N/A
PSUs[5]	217,000	0.14%	—	N/A	—	N/A
Total	**947,675**	**0.61%**	**228,300**	**0.16%**	**265,788**	**0.19%**

Notes:

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

(2) The weighted average number of Common Shares outstanding for December 31, 2018 is 155,417,000 Common Shares.

(3) The weighted average number of Common Shares outstanding for December 31, 2019 is 146,380,050 Common Shares.

(4) The weighted average number of Common Shares outstanding for December 31, 2020 is 138,356,322 Common Shares.

(5) Assuming a payout multiplier of one.

Value Realized From Equity Exercises During the Year

	Dave Taylor	Kenneth Pinsky	Eric Furlan	Michael Kruchten	Lee DiStefano
Options					
Securities acquired on exercise	—	35,000	—	—	44,000
Aggregated value realized ($)	—	290,850	—	—	151,589
Number of resulting shares held	—	—	—	—	3,986
Number of resulting shares sold	—	35,000	—	—	40,014
PSUs					
Securities acquired on exercise	42,570	31,680	19,800	19,800	19,800
Aggregated value realized ($)	555,539	409,939	272,042	263,837	275,220
Number of resulting shares held	42,570	31,680	10,000	4,874	19,800
Number of resulting shares sold	—	—	9,800	14,926	—
RSUs					
Securities acquired on exercise	60,000	40,000	—	—	11,000
Aggregated value realized ($)	1,025,592	584,132	—	—	158,292
Number of resulting shares held	14,632	19,511	—	—	6,415
Number of resulting shares sold	45,368	20,489	—	—	4,585

Notes:

(1) There were no Cash/Share Settled PSUs or Cash/Share Settled RSUs settled in Shares purchased on the TSX during the year-ended December 31, 2020. All of the Cash/Share Settled PSUs or Cash/Share Settled RSUs held by NEOs which vested during the year-ended December 31, 2020 were settled in cash.

Five Year NEO Compensation Versus Financial Measures

	2016[1]	2017[1]	2018	2019	2020
Total NEO Compensation ($ millions)	9.56	9.35	8.83	8.90	9.89
Funds Flow From Operations ($ millions)[2]	200.86	363.21	546.54	741.45	378.19
NEO Compensation as % of Funds Flow From Operations	5%	3%	2%	1%	3%
Enterprise Value ($ millions)[2]	2,385	2,515	1,903	2,945	1,872
NEO Compensation as % of Enterprise Value	0.4%	0.4%	0.5%	0.3%	0.5%
Annual Shareholder Return	66%	7%	(10)%	48%	(27)%
FX Rate USD-CAD at December 31	1.3427	1.2573	1.3642	1.2997	1.2732

Notes:
(1) Includes the former CEO and President's, Mr. Wayne Foo's, compensation
(2) Components in the calculation of Enterprise Value were converted from USD to CAD using the closing foreign exchange rate of 1.3427 for December 31, 2016, 1.2573 for December 31, 2017, 1.3642 for December 31, 2018, 1.2997 for December 31, 2019 and 1.2732 for December 31, 2020.

Termination and Change of Control Benefits and Payments

The Company recognizes that its Executives are critical to Parex' ongoing business. It is therefore vital for the Company to retain the services of each Executive, support them in the event of employment interruption caused by a change in control of the Company, and to treat them in a fair and equitable manner. The Company has an employment agreement (the "**Employment Agreements**") with each of Mr. Mohsen, Mr. Pinsky, Mr. Furlan, Mr. Kruchten and Mr. Ferreiro. In addition, the Company had entered into an employment agreement with Mr. Taylor. Such agreement terminated on February 4, 2021 when he retired from his role of President and Chief Executive Officer.

The Employment Agreements provide for payment of compensation in the event of termination of the Executive's employment by the Company without cause, upon resignation of employment by the Executive for reason of constructive dismissal, upon resignation of employment by the Executive for good reason in the event of a change of control of the Company, or for Messrs. Pinsky, Furlan, and Kruchten upon resignation of employment by the Executive in the event of a triggering change of control of the Company, as shown in the chart below.

Termination without cause refers to termination of the Executive's employment by the Company for reasons other than for just cause, mutual agreement or the death of the Executive.

For Messrs. Mohsen, Pinsky, Furlan, Krutchen and Ferreiro a change of control includes, but is not limited to, any acquisition of Common Shares or other securities of the Company that carry the right to cast more than 50% of the votes attaching to all Common Shares in the capital of the Company, the sale, lease or other disposition of all or substantially all of the assets of the Company to a third party, the liquidation or dissolution of the Company and the Company ceasing to be publicly traded on a recognized exchange. For Mr. Pinsky, Mr. Furlan, and Mr. Krutchen, a triggering change of control is a change of control that results from an unsolicited offer in response to which the Board publishes a circular recommending rejection of the offer and continues to recommend rejection of the offer up to the closing date of such transaction.

Resignation for reason of constructive dismissal refers to the resignation of employment by the Executive due to circumstances constituting constructive dismissal at common law, including any material reduction in benefits or remuneration paid by the Company to the Executive, or an adverse change in the Executive's position, duties, responsibilities, title or office.

Termination Event	Name	Incremental Compensation
Termination Without Cause	David Taylor Imad Mohsen Kenneth Pinsky Eric Furlan Michael Kruchten Daniel Ferreiro	Retiring allowance equal to two (2) times (for Mr. Mohsen 1.5 times should employment terminate within 18 months from February 4, 2021 and thereafter two (2) times) the sum of: (i) the Executive's annual base salary; plus (ii) the average of any cash bonuses paid in the two years preceding the termination date; plus (iii) an amount equal to the lesser of fifteen percent of the Executive's annual base salary or $50,000 to compensate for loss of benefits.
Change of Control and Good Reason	David Taylor Imad Mohsen Kenneth Pinsky Eric Furlan Michael Kruchten Daniel Ferreiro	All applicable incremental payments for Messrs. Taylor, Mohsen, Pinsky, Furlan, Kruchten and Ferreiro are calculated as specified above for termination without cause.
Triggering Change of Control	David Taylor Kenneth Pinsky Eric Furlan Michael Kruchten	All applicable incremental payments for Messrs. Taylor, Pinsky, Furlan, and Kruchten are calculated as specified above for termination without cause.
Resignation For Reason of Constructive Dismissal	David Taylor Imad Mohsen Kenneth Pinsky Eric Furlan Michael Kruchten Daniel Ferreiro	All applicable incremental payments for Messrs. Taylor, Mohsen, Pinsky, Furlan, Kruchten and Ferreiro are calculated as specified above for termination without cause.

Under the Employment Agreements in the event of a change of control or for Messrs. Pinsky, Furlan and Kruchten a triggering change of control, the Executive, at the Company's request, agrees to remain employed by the Company for up to two months following the change of control to assist with the orderly transition of management.

The Company has attempted to remain abreast of trends in employment law, such that changes in the Employment Agreements and employment contracts, which are made from time to time, reflect what the Company believes to be competitive terms, as at the time of each Executive's hiring.

In exchange for payments received upon termination of employment, the Executive agrees to sign and provide to the Company a full and final release (releasing the Company and its affiliates) in a form that is satisfactory to the Company.

The table below discloses the estimated incremental payments, payables and benefits to our Executives that are triggered by or result from termination without cause, resignation for good reason, change of control or triggering change of control effective December 31, 2020.

Estimated Incremental Compensation on Termination Without Cause, Resignation by Reason of Constructive Dismissal, Upon a Change of Control with Good Reason, or Upon a Triggering Change of Control (based on hypothetical termination as at December 31, 2020)

	Compensation Components									
Name	Severance Period (months)	2X Annual Base Salary ($)	2X Average of Last 2 Incentive Bonus Payments[1] ($)	2X Annual Benefits ($)	Options[2] ($)	RSUs[3] ($)	PSUs[3] ($)	CosRSUs[4] ($)	CosPSUs[4] ($)	Total ($)
David Taylor	24	934,500	829,736	100,000	279,900	nil	nil	nil	nil	2,144,136
Kenneth Pinsky	24	717,500	416,981	100,000	231,300	nil	nil	nil	nil	1,465,781
Eric Furlan	24	706,200	401,396	100,000	144,000	nil	nil	nil	nil	1,351,596
Michael Kruchten	24	621,300	384,314	93,195	48,128	nil	nil	nil	nil	1,146,937
Lee DiStefano[5]	24	848,000	489,314	100,000	134,700	nil	nil	nil	nil	1,572,014

Notes:

(1) The annual incentive plan bonuses for 2020 were not paid until February 2021, as previously disclosed in Note (6) to the NEO Summary Compensation Table. However, the 2020 bonus amounts are included in the incentive bonus calculations for the above table based on the assumption that they would have been included in the NEOs incremental compensation should there have been a termination on December 31, 2020 due to termination without cause, resignation for good reason or upon a change of control.

(2) Pursuant to the Option Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, the Executive may exercise any Options that were vested by the date of termination of employment for up to ninety (90) days following that date or the expiration date of the Options, whichever occurs first. All other Options would be terminated. In accordance with the Option Plan, in the event of a change in control of the Company, all unvested Options for each Executive shall vest and all issued and outstanding Options will immediately be exercisable for up to 30 days after the occurrence of such change of control, or at such earlier time as may be established by the Board. Based on a hypothetical termination as at December 31, 2020, due to a change of control and based on the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52, the incremental compensation from Options for Mr. Taylor would have been $279,900, for Mr. Pinsky would have been $231,300, for Mr. Furlan would have been $144,000, for Mr. Kruchten would have been $48,128, and for Mr. DiStefano would have been $134,700.

(3) Pursuant to the RSU Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, any Common Shares corresponding to any remaining vested grant of RSUs or PSUs shall be delivered to the Executive upon payment by the Executive of the exercise price of $0.01 per RSU and PSU and in any case shall be delivered to the former Participant or his authorized legal representative, as applicable, by no later than 90 days from the Forfeiture Date (as defined in the RSU Plan) (and whether or not a notice of exercise or payment of the exercise price has been received by the Corporation). In addition, if the Executive's employment is terminated by the Company without cause, then a pro rata portion of the unvested RSUs and PSUs shall be deemed to have vested immediately prior to the Forfeiture Date, which pro rata portion of unvested RSUs will be calculated as set forth in Appendix "C". All other RSUs and PSUs would be terminated. The RSU Plan also provides for accelerated vesting of RSUs and PSUs upon a Change of Control (as defined in the RSU Plan) as described under "*Description of the RSU Plan – Change of Control*" in Appendix "C". Based on a hypothetical termination as at December 31, 2020 due to a Change of Control and based on the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52, the incremental compensation from RSUs for Mr. Taylor would have been $2,088,068, for Mr. Pinsky would have been $1,562,768, for Mr. Furlan would have been $1,050,600, for Mr. Krutchen would have been $481,560, and for Mr. DiStefano would have been $831,725. Based on a hypothetical termination as at December 31, 2020 due to a Change of Control and based on the market value of Common Shares on December 31, 2020 of $17.52, and assuming a PSU payout multiplier approved by the Board of 1.0, the incremental compensation from PSUs for Mr. Taylor would have been $919,275, for Mr. Pinsky would have been $604,095, for Mr. Furlan would have been $525,300, and for each of Mr. Kruchten and Mr. DiStefano would have been $437,750.

(4) Pursuant to the Cash/Share Settled RSU Plan, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment, any Common Shares corresponding to any remaining vested grant of Cash/Share Settled RSUs or Cash/Share Settled PSUs shall be delivered to the Executive as soon as practicable. In addition, if the Executive's employment is terminated by the Company without cause, then a pro rata portion of the unvested CosRSUs and CosPSUs shall be deemed to have vested immediately prior to the Forfeiture Date, which pro rata portion of unvested RSUs will be calculated as set forth under "Director Compensation – Cash/Share Settled RSU Plan". All other Cash/Share Settled RSUs and Cash/Share Settled PSUs would be terminated. The Cash/Share Settled RSU Plan also provides for accelerated vesting of CosRSUs and CosPSUs upon a Change of Control (as defined in the Cash/Share Settled RSU Plan) as described under "Director Compensation – Cash/Share Settled RSU Plan". Based on a hypothetical termination as at December 31, 2020 due to a Change of Control and based on the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52, the incremental compensation from Cash/Share Settled RSUs for Mr. Taylor would have been $836,978, for Mr. Pinsky would have been $469,268, for Mr. Furlan would have been $425,493, for Mr. Kruchten would have been $354,297, and for Mr. DiStefano would have been $354,297. Based on a hypothetical termination as at December 31, 2020 due to a Change of Control and based on the closing price of the Common Shares on the TSX on December 31, 2020 of $17.52, and assuming a Cash/Share Settled PSU payout multiplier approved by the Board of 1.0, the incremental compensation from Cash/Share Settled PSUs for Mr. Taylor would have been $1,600,414, for Mr. Pinsky would have been $1,139,901, for Mr. Furlan would have been $1,024,335, and for each of Mr. Kruchten and Mr. DiStefano would have been $856,239.

(5) Compensation for Mr. DiStefano is paid is US$ except for long-term incentive compensation which is paid in CAN$. For the purposes of this table, the compensation to be paid in US$ has been converted to CAN$ using the average foreign exchange rate for 2020 of 1.3415, to result in a total estimated incremental compensation in CAN$. On December 31, 2020, Mr. Lee DiStefano retired as President of Parex Colombia."

(6) Mr. Mohsen and Mr. Ferreiro were not included in the above table as they are not NEOs as at December 31, 2020

OTHER DISCLOSURE

Indebtedness of Directors and Senior Officers

As at the date hereof there is no indebtedness outstanding by directors, executive officers or former directors and executive officers of the Company to the Company or its subsidiaries and there has been no such indebtedness at any time since incorporation.

Interest of Certain Persons and Companies in Matters to be Acted Upon

Management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer or anyone who has held office as such since the beginning of the Company's last financial year, any proposed nominee for election as a director of the Company or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors or as disclosed herein.

Interest of Informed Persons in Material Transactions

There are no material interests, direct or indirect, of any informed person of the Company (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), any proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as disclosed herein.

Additional information

Additional information respecting the Company is available on SEDAR at www.sedar.com. Financial information respecting the Company is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on the Company's profile on SEDAR at www.sedar.com or by request to the Chief Financial Officer of the Company at 2700 Eighth Avenue Place, West Tower, 585 – 8th Avenue S.W., Calgary, Alberta T2P 1G1 or Fax (403) 265-8216. The Board of Directors can be contacted at BoardofDirectors@parexresources.com.

Appendix "A"
Mandate of the Board of Directors

1. Purpose of the Mandate of the Board of Directors

a) The purpose of this Mandate is to assist the Board of Directors (the "**Board**") in the exercise of its duties. By virtue of approving this Mandate, the Board affirms its ongoing responsibility for the stewardship of Parex Resources Inc. (the "**Corporation**").

b) The Board wishes to emphasize that the substance of good corporate governance is more important than its form; adoption of a set of guidelines and principles or any particular practice or policy is not a substitute for, and does not itself assure, good corporate governance.

2. Purpose of the Board of Directors

a) The primary responsibility of the Board is to foster the long-term success of the Corporation.

b) In overseeing the conduct of the business of the Corporation, the Board, through the Chief Executive Officer ("**CEO**"), shall set the standards of conduct for the Corporation.

3. General Legal Obligations of the Board

a) The *Business Corporations Act* (Alberta) identifies the following as legal requirements for the Board:

1) To manage or supervise the business and affairs of the Corporation.

2) To act honestly and in good faith with a view to the best interests of the Corporation.

3) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

b) The Board has the responsibility to oversee the conduct of the business of the Corporation and to oversee management of the Corporation ("**Management**") which is responsible for the day-to-day conduct of business. In performing its functions, the Board also considers the legitimate interests which other stakeholders such as shareholders, employees, regulators, surface rights owners, indigenous persons, industry associations, suppliers, customers and communities may have in the Corporation.

c) The Board is responsible for directing Management to ensure that legal requirements have been met, and that documents and records have been properly prepared, approved and maintained.

4. Procedures and Organization

The Board operates by delegating certain of its authorities, including spending authorizations, to Management and by reserving certain powers to itself. The current spending authorizations have been put in place by the Board through passage of a resolution delegating authority to the CEO and Management (referred to as the "**Authority Grid**").

a) The Board retains the responsibility for managing its own affairs including:

1) Appoint a Chair of the Board who is not a member of Management and is otherwise "independent" pursuant to securities policies or, failing that, ensuring that an independent "lead director" is appointed.

2) Selecting the Chair for each meeting of the Board, or an acting Chair, if the Chair is absent from the meeting.

3) Recruiting strong independent directors.

4) Nominating candidates for election to the Board.

5) Review annually director compensation.

b) Subject to the Articles of the Corporation and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice or recommendations of and delegate powers, duties and responsibilities to Board committees.

5. Expectations of Management

a) The Board expects Management to work diligently towards enhancing the Corporation's performance by ensuring that existing operations are managed prudently and that new business development opportunities are sought.

b) The Board expects Management to provide the Board with all pertinent information regarding the operations and corporate development activities of the Corporation in order for the Board to properly assess whether the Corporation's

goals are being met. Management is expected to provide as much information as is required or requested so that the Board can participate actively in important discussions on the Corporation's future, strategic planning and performance assessments. The Board expects Management to be completely forthcoming with respect to its assessment of opportunities and performance to allow the Board to make reasoned decisions.

6. Board Size

a) The Board shall consist of such number of directors within the range set forth in the Corporation's articles of incorporation as the Board deems appropriate in order to facilitate effective decision-making. The Board delegates to the Corporate Governance and Nominating Committee the responsibility of considering and making recommendations to the Board with respect to the appropriate Board size.

b) Members of the Board should offer their resignation from the Board to the Chairman of the Board following:

1) Change in personal circumstances which would reasonably interfere with the ability to serve as a director.

2) Change in personal circumstances which would reasonably reflect poorly on the Corporation (for example, conviction under the *Criminal Code* or securities legislation).

3) If applicable, in accordance with the Corporation's majority voting policy, should a board member receive a greater number of votes "withheld" from his or her election than votes "for" his or her election.

7. Independence

a) The Board must develop and voice objective judgment on corporate affairs, independently of Management. Practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent directors (as defined in Section 1.4 of National Instrument 52-110 – *Audit Committees* (as amended or replaced from time to time) of the Canadian Securities Administrators). Certain tasks suited to independent judgments will be delegated to specialized Board committees that are comprised of a majority or entirely of independent directors. The Board will develop broad standards to determine whether directors are independent and will conduct, on at least an annual basis, a determination of the independence of each of its members. The Board will disclose both the standards and the annual determinations as required by law.

b) Any director who is not independent or whose circumstances change such that he or she might be considered to be no longer independent shall promptly advise the Board of the change in circumstances.

8. Performance

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

9. Nomination

a) The Board shall, prior to nominating any directors on behalf of the Corporation:

1) Consider what competencies and skills the Board, as a whole, should possess; and

2) Assess what competencies and skills each existing director possesses.

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

10. Duties and Responsibilities

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

a) **Selection of Management & Succession Planning**

The Board has the responsibility to:

1) Appoint and replace the CEO, to monitor CEO performance, to approve CEO compensation and to provide advice and counsel to the CEO in the execution of the CEO's duties.

2) Be responsible for plans being made for Management succession and development, including in respect of the CEO.

3) Assess and approve the entering into of agreements (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants) with the Corporation respecting the retirement from any employment with the Corporation or a subsidiary by a director or officer of the Corporation or a subsidiary.

b) **Oversight of Management**

The Board has the responsibility to:

1) Assess each officer's contribution to the implementation and achievement of the Corporation's strategic plan measured by performance against objectives established by the Board.

2) Establish a formal process for determining officers' compensation, in part, by using established criteria and objectives for measuring performance.

3) Acting upon the advice of the CEO, and the recommendation of the Corporate Governance and Nominating Committee, the Board has the responsibility to approve the appointment and remuneration of all officers.

c) **Strategic Operating and Capital Plans**

While the leadership for the strategic planning process comes from the Management of the Corporation, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by Management as it evolves.

The Board has the responsibility to:

1) Oversee the development and approval of the mission of the Corporation.

2) Review, with Management, and approve the strategic plan for the Corporation and update such strategic plan at least annually.

3) Approve the annual operating and capital plans and budgets and review status of these plans and budgets at least quarterly including:

   - Capital spending;
   - Funds flow and working capital;
   - Operating and transportation cost; and
   - Production.

4) Approve the establishment of credit facilities and borrowings.

5) Approve issuances of additional shares or other securities.

6) Approve the repurchase of common shares in accordance with applicable securities laws.

7) Consider ESG (as defined below)-related issues, including as identified by Board committees, ESG Steering Committee and Management when reviewing and approving the Corporation's strategic plan, annual operating and capital plans and budgets, acquisition and divestiture activities, investor relations activities and general corporate strategy.

8) Be responsible for Management ensuring it has identified the principal risks of the Corporation’s business and has taken reasonable steps to ensure that Management has implemented appropriate systems to effectively monitor and manage these risks with a view to the long-term viability of the Corporation and its assets, and that it conduct an annual review of the associated risks.

9) Be responsible for congruence between the strategic plan, stakeholder expectations and Management’s performance.

10) Delegate to the appropriate Board committee the responsibility to review and assess the identification and management of Enterprise Risk Management matters pertaining to the applicable committee.

d) **Environmental, Social and Governance**

The Board has the responsibility to:

1) In collaboration with the Board committees, the ESG Steering Committee and Management, establish procedures and processes to identify, manage, measure and assess risks and opportunities related to climate change, environmental and social factors relevant to the Corporation and the conduct of its business in a safe, socially responsible, ethical and transparent manner for the benefit of all stakeholders and the communities in which it operates, including physical and transition climate related risks, plausible future climate related macro scenarios, land and water use, human capital management, employee engagement, diversity and inclusion and health and safety ("**E&S**").

2) In collaboration with the Board committees, the ESG Steering Committee and Management, establish E&S governance policies, procedures and practices for the Corporation (such governance factors, together with E&S, being referred to as "**ESG**").

3) Review with Management on a regular basis ESG-related issues, risks and opportunities relevant to the Corporation's business, strategy and risk management processes and be responsible for assigning ESG-related responsibilities to Management, Board committees and the ESG Steering Committee, as applicable.

4) In collaboration with the Board committees, the ESG Steering Committee and Management, determine the reporting structure within the Corporation for ESG matters, and review and monitor the effectiveness of the reporting structure on a regular basis.

5) Together with the Board committees, the ESG Steering Committee and Management, review and assess the Corporation's performance against ESG metrics, targets, benchmarks and goals established by the Corporation from time to time.

6) Regularly review the Corporation's public disclosure and reporting and external communication practices pertaining to ESG issues, including the use of reporting frameworks and standards and assessments of materiality.

7) Review and approve the Corporation's annual ESG report and other ESG related public disclosure documents.

e) **New Business Development and Exploration**

The Board has the responsibility to:

1) Review proposed material acquisitions and divestments, including a review of the technical due diligence conducted, and be satisfied that the Corporation has in place an adequate process to review all material acquisitions and divestments.

2) Review at least annually, the Corporation's property portfolio management strategy and complete a quarterly review of any major projects, as applicable.

3) Review the Corporation’s exploration plans, results versus expectations and material exploration efforts.

f) **Policies and Procedures**

The Board has the responsibility to:

1) Approve and monitor compliance with all significant policies and procedures which govern the Corporation’s operations.

2) Direct Management to implement systems which are designed to ensure that the Corporation operates at all times within applicable laws and regulations.

g) **Monitoring and Acting**

The Board has the responsibility to:

1) Monitor the Corporation's progress towards its goals and objectives, and to revise and alter its direction through Management in light of changing circumstances.

2) Approve the Corporation's payment of dividends.

3) Direct Management to ensure systems are in place for the implementation and integrity of the Corporation’s internal control and management information systems.

4) Be responsible for having an audit process in place for the Corporation, which can inform the Board of the integrity of the financial data and compliance of the financial information with generally accepted accounting principles.

5) Implement adequate measures for receiving feedback from the Corporation's stakeholders.

h) **Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

1) Oversee that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis.

2) Oversee that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles.

3) Oversee that procedures are in place to effect the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.

4) Review, consider and where required, approve, the reports required under National Instrument 51-101 – *Standards for Disclosure of Oil and Gas Activities* (as amended or replaced from time to time) of the Canadian Securities Administrators.

5) Report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).

6) Oversee that the Corporation has in place a policy to enable the Corporation to communicate effectively with its shareholders and the public generally.

7) Recommend to shareholders of the Corporation a firm of chartered professional accountants to be appointed as the Corporation's auditors.

11. Meetings

a) The Board shall meet at least once in each fiscal quarter, either in person or by teleconference. Additional meetings can be scheduled as required, at the discretion of the Board. Each director has a responsibility to attend and participate in Board meetings. Telephone or videoconference attendance is permissible with approval from the Chairman.

b) Minutes of each meeting of the Board will be prepared by the Corporate Secretary. Following each meeting, the Corporate Secretary will provide draft copies of the minutes of the meeting to the Board.

c) The CEO and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

d) At each Board meeting, there shall be a private session of the independent directors from which the non-independent directors will be excused, under the leadership of the Chairman of the Board, and if the Chairman is not independent, the independent directors will also meet in camera under the leadership of the Lead Director without the Chairman present.

12. Mandate Review

Parex' Corporate Governance and Nominating Committee will review this Mandate annually, or more frequently as may be determined necessary by the Corporate Governance and Nominating Committee, to ensure the Board is achieving its purpose.

13. Authorization

This Mandate of the Board of Directors is hereby approved on behalf of the Board of Directors of Parex Resources Inc. this 30th day of October, 2009 as amended November 9, 2011, November 13, 2013, October 4, 2017, February 7, 2019, and February 4, 2021.

Wayne Foo
Chair of the Board of Directors
Parex Resources Inc.

APPENDIX "B"
Option Plan

The Company has a "rolling" Option Plan reserving a maximum of 5.0% of the issued and outstanding Common Shares for issuance pursuant to Options, provided that the maximum number of Common Shares issuable pursuant to outstanding Options and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 5.0% of the Common Shares outstanding from time to time.

The purpose of the Option Plan is to provide directors, officers and employees of Parex an incentive to achieve the longer term objectives of Parex; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of Parex; and to attract and retain in the employ of Parex or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in Parex.

Description of the Option Plan

Eligibility

The Option Plan provides for the granting of Options to purchase Common Shares of Parex to directors, officers and key employees of Parex and its subsidiaries.

Administration

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

Exercise Price

The exercise price of Options granted under the Option Plan will be fixed by the Board at the time of grant, provided that the exercise price shall be not less than the closing trading price per Common Share on the TSX (or if the Common Shares are not listed on the TSX, on such stock exchange as the Common Shares are then traded) on the last trading day preceding: (i) the issuance of news release in respect of the Option grant, or (ii) if a news release is not issued announcing the Option grant, the date of grant, or, if the Common Shares are not listed on any stock exchange, a price determined by the Board.

Maximum Percentage of Common Shares Reserved

The aggregate maximum number of Common Shares that may be issued pursuant to the exercise of Options awarded under the Option Plan and all other share compensation arrangements of Parex is 5.0% of the Common Shares outstanding from time to time, subject to the following limitations:

1. the aggregate number of Common Shares reserved for issuance to any one person under the Option Plan, together with all other share compensation arrangements of Parex, within a 12-month period, must not exceed 5.0% of the outstanding issue of Common Shares (on a non-diluted basis);
2. the aggregate number of Common Shares reserved for issuance to any one Insider (as defined in the Option Plan) pursuant to the Option Plan, together with all other share compensation arrangements of Parex, must not exceed 5.0% of the outstanding issue of Common Shares;
3. the aggregate number of Common Shares issued to insiders pursuant to the Option Plan, together with all other share compensation arrangements of Parex, within a 12 month period, must not exceed 5.0% of the outstanding issue of Common Shares;
4. the aggregate number of Common Shares reserved for issuance to Insiders pursuant to the Option Plan, together with all other share compensation arrangements, at any time, must not exceed 5.0% of the issue of Common Shares;

5. the aggregate number of Common Shares reserved for issuance pursuant to the Option Plan to any one participant employed to provide investor relations activities (as defined in the Option Plan) within a 12 month period, must not exceed 2.0% of the outstanding issue of Common Shares;
6. the aggregate number of Common Shares reserved for issuance to all non-management directors pursuant to the Option Plan cannot exceed 1.0% of the outstanding issue of Common Shares; and
7. the aggregate value of all Options (calculated as of the date of grant) granted pursuant to the Option Plan to any non-management director cannot exceed $100,000 in any 12-month period.

Non-management directors were not granted any Options in 2018, 2019 or 2020.

Transferability

The Options are not assignable or transferable by an optionee, except for a limited right of assignment in the event of the death of the optionee.

Term and Vesting

The term of Options granted shall be determined by the Board in its discretion, to a maximum of five years from the date of the grant of the Option. The vesting period or periods within this period during which an Option or a portion thereof may be exercised shall be determined by the Board. In the absence of any determination by the Board as to vesting, vesting shall be as to one third on each of the first, second and third anniversaries of the date of grant. Further, the Board may, in exceptional circumstances and in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of vesting of Options previously granted.

Early Expiration

Unless otherwise provided in an agreement evidencing the grant of Options, Options shall terminate at the earlier of (the "**Termination Date"**): (a) the close of business 90 days after the optionee ceasing (other than by reason of death or Retirement (as defined below) but including termination with or without cause) to be at least one of an officer, director or employee (in active employment carrying out regular and normal duties) of Parex or a subsidiary of Parex, as the case may be; (b) the close of business 90 days after the optionee has been provided with written notice of dismissal related to (a) above; and (c) the original expiry date of the Option. If before the expiry of an Option in accordance with the terms thereof a participant ceases to be an employee, officer or director by reason of the death of the participant, any unvested portion of such Option shall immediately vest. In addition, such Option may, subject to the terms thereof and any other terms of the Option Plan, be exercised by the legal personal representative(s) of the participant's estate or at any time before 5:00 p.m. (Calgary time) up to one year after the date of death of the participant, or until the original expiry date of the Option, if earlier.

If before the expiry of an Option in accordance with the terms thereof an optionee ceases to be an employee or officer of the Company or a subsidiary of the Company, as the case may be, as a result of the optionee's Retirement, then the terms, including, with restriction, the Termination Date, of all Options held by such optionee will not change as a result of such Retirement, subject to the terms of the Retirement Agreement (as defined below) entered into by the optionee and the Company.

For the purposes of the Option Plan, **"Retirement"** means: (a) the date that an optionee who is an officer or bona fide employee of the Company or a subsidiary reaches the age of sixty (60) and voluntarily ceases to be an officer or bona fide employee of the Company or a subsidiary, provided that the optionee: (i) has, at such time, provided continuous services to Company or a subsidiary for a minimum of ten (10) years or since November 2, 2009; (ii) has provided the Company with six (6) months prior written notice of the optionee's intention to retire; and (iii) is offered by the Company the opportunity to and enters into an agreement (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants including the immediate termination of all outstanding Options notwithstanding the provisions noted above in respect of such Retirement) with the Company respecting such optionee's retirement from any employment with the Company or a subsidiary in a form that is acceptable to the Company (a "Retirement Agreement"); or (b) such other meaning as the CEO of the Company in the case of an optionee who is not an officer of the Company or a subsidiary, and the Board in all other cases, may determine from time to time.

Change of Control and Take-Over Acceleration Right

In the event of a Change of Control (as defined in the Option Plan) occurring, all Options which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the Options for a period of time ending on the earlier of the expiry time of the Option and the thirtieth (30th) day following the Change of Control.

If approved by the Board, Options may provide that, whenever the Company's Shareholders receive a Take-over Proposal (as defined in the Option Plan), such Option may be exercised as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of Options not otherwise vested at such time) by the holder of such Option (the **"Take-over Acceleration Right"**), but any such Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-Over Proposal. If for any reason any such Common Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Common Shares so purchased by the participant shall be and shall be deemed to be cancelled and returned to the treasury of the Company, and shall be added back to the number of Common Shares, if any, remaining unexercised under the Option (and shall thus be available for exercise of the Option in accordance with the terms thereof) and upon presentation to the Company of share certificates representing such Common Shares properly endorsed for transfer back to the Company, the Company shall refund to the participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

Voluntary Black Out Periods

Pursuant to the Option Plan, the expiration of the term of any Options that would fall during a voluntary black out period or within 10 business days following the termination of a voluntary black out period will be extended for a period of 10 business days following the expiry of such black out period such that all optionees will always have a maximum of 10 business days following a voluntary black out period to exercise Options. This provision applies to all optionees.

Adjustments in Common Shares

Appropriate adjustments in the number of Common Shares subject to the Option Plan and, as regards Options granted or to be granted, in the number of Common Shares optioned and in the exercise price, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Company, which changes occur subsequent to the approval of the Option Plan by the Board.

Amendments to Options

The Option Plan provides that the Option Plan and any Options granted pursuant to the Option Plan may be amended, modified or terminated by the Board without approval of the Shareholders subject to any required approval of the TSX. Notwithstanding the foregoing, the Option Plan or any Options may not be amended without Shareholder approval to: (a) increase the number of Common Shares reserved for issuance under the Option Plan or the Option Plan maximum; (b) reduce the exercise price of any Option granted pursuant to the Option Plan; (c) extend the term of any outstanding Options beyond the original expiry date of the Option, other than as permitted pursuant to the Option Plan; (d) amend the Option Plan to increase the entitlements of non-management directors under the Option Plan; (e) permit an optionee to transfer or assign Options to a new beneficial holder, other than for estate settlement purposes; (f) any amendment to increase the number of Common Shares that may be issued to insiders above the restrictions contained in the Option Plan; or (g) amend the amendment provisions in the Option Plan.

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

Further, neither the Option Plan nor any Options may be amended without Shareholder approval to cancel any Options and issue the holder of such Options a new Option or other entitlement in replacement thereof or to amend such provision in the Option Plan.

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

- a reduction in the maximum number of Common Shares issuable pursuant to the exercise of Options awarded under the Option Plan and all other share compensation arrangements of the Company from 9.0% to 5.0%;

- a reduction in the aggregate number of Common Shares issuable to insiders pursuant to the Option Plan, together with all other share compensation arrangements of the Company, within a 12-month period, from 9.0% to 5.0% of the outstanding issue of Common Shares; and
- a reduction in the aggregate number of Common Shares reserved for issuance to insiders pursuant to the Option Plan, together with all other share compensation arrangements, at any time, from 9.0% to 5.0% of the issue of Shares.

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

APPENDIX "C"
RSU Plan

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

Description of the RSU Plan

Purpose of the RSU Plan

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

Administration of the RSU Plan

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

Limits on Issuances

The RSU Plan provides that:

(a) the maximum number of Common Shares issuable pursuant to outstanding RSUs at any time shall be limited to 4.0% of the aggregate number of issued and outstanding Common Shares, provided that the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements (as defined in the TSX Company Manual), shall not exceed 9.0% of the Common Shares outstanding from time to time;

(b) the number of Common Shares reserved for issuance to any one Participant under all security based compensation arrangements will not exceed 5.0% of the issued and outstanding Common Shares;

(c) the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements, shall not exceed 9.0% of the issued and outstanding Common Shares;

(d) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, shall not exceed 9.0% of the issued and outstanding Common Shares; and

(e) the number of Common Shares issued to non-management directors, in aggregate, at any time, under all security-based compensation arrangements, shall not exceed 1.0% of the issued and outstanding Common Shares.

A grant of RSUs is made, and the number of such RSUs granted is credited to each Service Provider's account (the **"Participant's Account"**), effective as of a particular date determined by the Board (the **"Grant Date"**). The number of RSUs to be offered to each Participant is determined by the Board, or the Committee delegated by the Board to do so. The Board or the Committee may, in its sole discretion, determine: (a) the time during which RSUs shall vest and whether there shall be any other conditions or performance criteria to vesting; (b) the method of vesting; or (c) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary, RSUs will vest and be exercisable as to one-third of the total number of RSUs granted on each of the first, second and third anniversaries of the Grant Date (computed in each case to the nearest whole Common Share). Notwithstanding the foregoing, the Board or the Committee may, at its sole discretion at any time or in the agreement in respect of any

RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted. Prior to a vesting date in respect of any PSU, the Board will assess the performance of Parex for the applicable period based upon the performance measures, as determined by the Board. The corporate performance measures considered by the Board include, but are not limited to: (a) total shareholder return, absolute or relative; (b) the market price of the Common Shares from time to time; (c) the financial performance or results of Parex; (d) other operational or performance criteria relating to Parex; (e) activities related to the growth of Parex; (f) health and safety performance of Parex; (g) the execution of Parex' strategic plan as determined by the Board; and (h) such additional or other measures as the Board will consider appropriate in the circumstances. The weighting of individual measures comprising the performance measures will be determined by the Board in its sole discretion having regard to the principal purposes of the RSU Plan and upon such assessment, the Board will determine the applicable payout multiplier, which will not be less than 0 and not more than 2 (the **"Payout Multiplier"**). Upon determination of the Payout Multiplier, the number of Common Shares issuable pursuant to a vested PSU will be adjusted by multiplying the number of vested PSUs by the applicable Payout Multiplier. Except as required by law and the terms of the RSU Plan, the rights of a Participant under the RSU Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

Term of RSUs

The term during which an RSU may be outstanding is, subject to the provisions of the RSU Plan requiring or permitting the acceleration or the extension of the term, such period, not in excess of five years, as is determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be the date that is five years from the Grant Date. In addition, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of any of the entities comprising the Parex Group for any reason whatsoever including, without limitation, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision of the RSU Plan: (a) such Participant shall cease to be a participant in the RSU Plan as of the Forfeiture Date (as defined in the RSU Plan); (b) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (c) any Common Shares corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with the RSU Plan as soon as practicable after the Forfeiture Date (or, in the case of death, to the legal representative of the deceased former Participant's estate as soon as practicable after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant) and upon payment of the exercise price of $0.01 per RSU; and (d) the former Participant shall not be entitled to any further issuance of Common Shares or any payment in respect of the RSU Plan.

Notwithstanding the preceding paragraph, if a Participant ceases to be a director or officer of or be in the employ of, or other Service Provider to, any of the entities comprising the Parex Group due to the death of the Participant, any unvested grants respecting RSUs in the deceased Participant's Account effective as at the time of the Participant's death are deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested grants respecting RSUs. In respect of PSUs, if a Participant's death occurs within 90 days of the next vesting date applicable to unvested Performance RSUs (with such vesting date having been determined at the time of grant of the PSUs), the vesting date for such unvested PSUs shall be deemed to be that vesting date, and the Payout Multiplier for such unvested PSUs shall be determined as of such vesting date. Otherwise, the unvested Performance RSUs shall be deemed to have vested immediately prior to the Forfeiture Date and the Payout Multiplier will deemed to be 1.

Notwithstanding the foregoing or anything else contained in the RSU Plan to the contrary, if a Participant shall cease to be an officer of or be in the employ of, or other Service Provider to, any of the entities comprising the Parex Group as a result of the Participant's Retirement (as defined below), then the terms of all RSUs held by such Participant, including, with restriction, the term during which such RSUs may be outstanding, will not change as a result of such Retirement, subject to the terms of the Retirement Agreement (as defined below) entered into by the Participant and the Company.

For the purposes of the RSU Plan, **"Retirement"** means: (a) the date that a Participant who is an officer or employee of the Parex Group reaches the age of sixty (60) and voluntarily ceases to be a Service Provider, provided that the Participant: (i) has, at such time, provided continuous services to the Parex Group for a minimum of ten (10) years or since November 2, 2009; (ii) has provided the Company with six (6) months prior written notice of the Participant's intention to retire; and (iii) is offered by the Company the opportunity to and enters into an agreement (which shall include non-competition and non-solicitation covenants and the consequences of breaching such covenants including the immediate termination of all outstanding RSUs notwithstanding the above provisions in respect of such Retirement) with the Company respecting such Participant's retirement from any employment with the Parex Group in

a form that is acceptable to the Company (a **"Retirement Agreement"**); or (b) such other meaning as the CEO of the Company in the case of a Participant who is not an officer of the Company or the Parex Group, and the Board in all other cases, may determine from time to time.

Notwithstanding the foregoing, if a Participant shall cease to be in the employ of any of the entities comprising the Parex Group as a result of the termination of employment by the applicable Parex Group entity, other than termination for cause, then a pro rata portion of the unvested RSU's (including unvested PSUs) in such Participant's Account effective immediately prior to the Forfeiture Date shall be deemed to have vested immediately prior to the Forfeiture Date, which pro rata portion of unvested RSUs shall be calculated as follows: (a) for each applicable separate grant of PSUs to such Participant, by multiplying the total number of PSUs in such grant by the quotient obtained from dividing the number of days from the Grant Date of such PSUs to the Forfeiture Date by 1,095; and (b) for each applicable separate grant of RSUs other than PSUs, by multiplying the total number of RSUs in such grant (vested and unvested) by the quotient obtained from dividing the number of days from the Grant Date of such RSUs to the Forfeiture Date by 1,095 and then subtracting the number of RSUs in such grant that have vested prior to the Forfeiture Date. Any unvested RSUs (including PSUs) in the Participant's Account that are not vested as aforesaid shall not vest and shall be forfeited by the Participant effective as of the Forfeiture Date. In respect of PSUs that vest as aforesaid, the Payout Multiplier in respect of such PSUs shall be determined, in good faith, as of the Forfeiture Date, provided that if no such determination is made by the Board or the Committee, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1).

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

Exercise of RSUs

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

Adjustments in Connection with an Alteration of the Common Shares

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

Adjustment in Connection with Certain Corporate Events

If the Company shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity, or if a take-over bid is made for the Common Shares and such take-over bid is completed, or if the Company shall sell the whole or substantially the whole of its assets to another corporation or other entity, including without limitation a transaction which constitutes
a Change of Control, the Corporation shall make provision that any unvested RSUs held by Participants on the effective date of such merger, amalgamation, take-over bid, sale or other transaction, shall be replaced with similar share units or other securities of the continuing successor corporation or other entity in such merger or amalgamation or take-over bid or of the purchasing corporation or other entity, which such similar share units or other securities shall be in in such amounts and shall have such terms and conditions that fully reflect the terms and conditions of all unvested RSUs held by the Participants, including the terms of this Plan and any applicable RSU Agreement, provided that the foregoing shall be without restriction to the Board's power to administer this Plan pursuant to the terms hereof.

If approved by the Board, whenever the Company's Shareholders receive a Take-over Proposal, (as defined below) RSUs may be exercised as to all or any of the Common Shares in respect of which an RSU has not previously been exercised (including in respect of some or all of the Common Shares not otherwise vested at such time) by the Participant (the **"Take-over Acceleration Right"**), provided that 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. If and to the extent approved by the Board, the Take-over Acceleration Right shall commence at such time as is determined by the Board (the **"Take-over Proposal Accelerated Vesting Date"**), provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Proposal Accelerated Vesting Date will be, and the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the RSU and the tenth day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve. With respect to any unvested PSUs, the Payout Multiplier in respect of such PSUs shall be determined as of the Take-over Proposal Accelerated Vesting Date.

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

Change of Control

Notwithstanding any other provision in the RSU Plan or the terms of any RSU agreement: (a) if on or immediately following the effective date of a Change of Control, a Participant shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination of employment for cause, all RSUs held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable and, subject to RSU Plan, the Corporation shall upon the due exercise of such RSUs and no later than immediately following the effective date of the Change of Control, issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's RSUs. With respect to any unvested PSUs which vest, the Payout Multiplier in respect of such PSUs shall be determined immediately prior to the effective date of the Change of Control, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1); or (b) if following the Change of Control a Participant continues to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity and in the period ending twelve (12) months from the effective date of the Change of Control, such Participant either: (i) shall no longer be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as a result of termination of employment by the member of the Parex Group or the continuing successor corporation or other entity, other than termination for cause; or (ii) voluntarily ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity, with good reason, all RSUs (and/or similar securities of the continuing successor corporation or entity issued in replacement of RSUs) held by such Participant which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable and, subject to the RSU Plan, the Corporation shall upon the due exercise of such RSUs promptly issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's RSUs. With respect to any unvested PSUs which vest, the Payout Multiplier in respect of such PSUs shall be determined, in good faith, as of the date the Participant ceases to be in the employ of a member of the Parex Group or the continuing successor corporation or other entity as aforesaid, provided that if no such determination is made by the Board, the Payout Multiplier in respect of such PSUs shall be deemed to be one (1).

A **"Change of Control"** is defined in the RSU Plan as: (i) the purchase or acquisition of any Common Shares or any securities convertible or exchangeable into Common Shares or carrying the right or obligation to acquire Common Shares (**"Convertible Securities"**) by a Holder (as defined in the RSU Plan) which results in the Holder beneficially owning, or exercising control or

direction over, Common Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Common Shares carrying the right to cast more than 50% of the votes attaching to all Common Shares, but excluding any issue or sale of Common Shares of the Company to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or (ii) the Company completes an amalgamation, arrangement, merger or other consolidation or combination of the Company with another corporation which requires approval of the Shareholders of the Company pursuant to its statute of incorporation and pursuant to which the Shareholders of the Company immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or (iii) the election at a meeting of the Company's Shareholders of that number of persons which would represent a majority of the Board, as directors of the Company who are not included in the slate for election as directors proposed to the Company's Shareholders by the Company; or (iv) the liquidation, dissolution or winding-up of the Company; or (v) the sale, lease or other disposition of all or substantially all of the assets of the Company; or (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares of the Company, in the ownership of the Company's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company.

Amendment or Discontinuance of the RSU Plan

The Board may amend or discontinue the RSU Plan or amend any RSU or RSU agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU agreement, except as otherwise permitted by the RSU Plan. In addition, the Board may, by resolution, amend the RSU Plan and any RSU granted under it (together with any related RSU agreement) without Shareholder approval, provided however, that at any time while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the RSU Plan or any RSU granted under it without Shareholder and, if applicable, TSX approval: (a) to increase the maximum number of Common Shares issuable pursuant to the RSU Plan; (b) to reduce the exercise price of an RSU or cancel an RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (c) to extend the term of an RSU; (d) to permit the assignment or transfer of an RSU other than as provided for in the RSU Plan; (e) to add to the categories of persons eligible to participate in the RSU Plan; (f) to remove or amend the restrictions on RSUs held by insiders; (g) to remove or amend the matters described in this paragraph; or (h) in any other circumstances where TSX and Shareholder approval is required by the TSX. Without limitation of the foregoing, the Board may correct any defect or supply any omission or reconcile any inconsistency in the RSU Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the RSU Plan, and may make such determinations as it deems necessary or desirable for the administration of the RSU Plan.

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

On November 4, 2020, the Parex Board approved the following amendments to the RSU Plan, which amendments did not require Shareholder approval:

- accelerated vesting on a pro rata basis of RSUs and PSUs when a Participant is terminated by Parex (other than termination for cause);
- double trigger requiring two events to trigger accelerated vesting of RSUs and PSUs in respect of a Change of Control; and
- other amendments that were housekeeping in nature.

On February 4, 2021, the Parex Board approved an amendment to the RSU Plan to provide a 90 day timeline for terminated employees to exercise their outstanding vested RSUs and PSUs. Additionally other amendments that were housekeeping in nature were made.

APPENDIX "D"
Shareholder Protection Rights Plan Agreement

Appendix D

SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT

MADE AS OF SEPTEMBER 29, 2009

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

BETWEEN

PAREX RESOURCES INC.

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

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EXHIBIT A

Form of Rights Certificate

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

BETWEEN:

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

OF THE FIRST PART

AND

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

OF THE SECOND PART

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

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

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

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

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

(a) confirmed the issuance of one Right (as hereinafter defined) effective at the Record Time (as hereinafter defined) in respect of each Common Share (as hereinafter defined) outstanding at the Record Time;

(b) confirmed the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and

(c) confirmed the issuance of Rights Certificates (as hereinafter defined) to holders of Rights pursuant to the terms and subject to the conditions set forth herein.

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

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

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

ARTICLE 1
INTERPRETATION

1.1 Certain Definitions

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

(a) "**Acquiring Person**" means, subject to Section 1.5, any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term "Acquiring Person" shall not include:

(i) the Corporation or any Subsidiary of the Corporation;

(ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of any one or any combination of: (A) Voting Share Reductions; (B) Permitted Bid Acquisitions; (C) Exempt Acquisitions; or (D) Pro Rata Acquisitions; provided that if a Person shall become the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of any one or any combination of Voting Share Reductions, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions, if thereafter, such Person, while such Person is the Beneficial Owner of 20% or more of the outstanding Voting Shares, becomes the Beneficial Owner of additional Voting Shares which result in an increase of such Person's Beneficial Ownership of Voting Shares by more than 1% of the number of such Voting Shares outstanding as at the time of acquisition (other than pursuant to one or any combination of Voting Share Reduction, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions), then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an "Acquiring Person"; or

(iii) an underwriter or members of a banking or selling group that becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares in connection with a distribution of securities pursuant to a prospectus or by way of private placement;

(b) "**Affiliate**", when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly (including through one or more intermediaries), controls, is controlled by or is under common control with, such specified Person;

(c) "**Applicable Securities Laws**" means, collectively, all applicable securities laws of each applicable province, state or federal jurisdiction and the respective rules, regulations, policies, instruments, rulings and orders thereunder, including, for greater certainty, NI 62-104;

(d) "**Associate**", when used to indicate a relationship with a specified Person, means:

(i) a spouse of such specified Person or any Person of the same or opposite sex with whom such specified Person is living in a conjugal relationship outside marriage or a child of such specified Person; and

(ii) any relative of such specified Person or of a spouse or other Person mentioned in subparagraph 1.1(d)(i), if that relative has the same residence as such specified Person;

(e) A Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":

(i) any securities as to which such Person, or any of such Person's Affiliates or Associates is the direct or indirect owner at law or in equity;

(ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or equity (where such right is exerciseable within 60 days of the date of determination of Beneficial Ownership and whether or not on condition or the occurrence of any contingency) pursuant to any agreement, arrangement, pledge or understanding (whether or not in writing) (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of private placement and other than pledges of securities in the ordinary course of business); and

(iii) any securities which are Beneficially Owned within the meaning of subparagraphs (i) or (ii) of this definition by any other Person with which such Person, or any of such Person's Affiliates, is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**" or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security:

(iv) because either: (A) the holder of such security has agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security to a Take-over Bid made by such Person, any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition; or (B) such security has been deposited or tendered pursuant to any Take-over Bid made by such Person or by any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition, in either case until such deposited or tendered security has been unconditionally accepted for payment or exchange or taken up and paid for, whichever shall first occur;

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

(A) the ordinary business of such Person (the "**Investment Manager**") includes the management of investment funds for others (which others, for greater certainty, may include and be limited to one or more employee benefit plans or pension plans) and such security is held in the ordinary course of such business in the performance of the duties of the Investment Manager for the account of any other Person (the "**Client**") including non discretionary accounts held on behalf of a Client by a broker or dealer appropriately registered under applicable law;

(B) such Person is: (1) the manager or trustee (the "**Fund Manager**") of a mutual fund (a "**Mutual Fund**") that is registered or qualified to issue its securities to investors under Applicable Securities Laws of any province of Canada or the United States and such security is held in the ordinary course of business in the performance of the Fund Manager's duties with respect to the Mutual Fund; or (2) a Mutual Fund;

(C) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable law and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;

(D) such Person is a Crown agent or agency (in this definition, the "**Crown Agency**");

(E) the Person is established by statute for purposes that include, and the ordinary business or activity of such Person (in this definition, a "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or

(F) the person (in this definition, an "**Administrator**") is the administrator or trustee of one or more pension funds or plans (each, in this definition, a "**Plan**") registered under the laws of Canada or any province thereof or the corresponding laws of the jurisdiction by which such Plan is governed or is such a Plan and the Administrator or Plan holds such security for the purposes of its activities as such;

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

(vi) because such Person:

(A) is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security;

(B) has an Estate Account or an Other Account with the same Trust Company as another Person on whose account the Trust Company holds such security; or

(C) is a Plan with the same Administrator as another Plan on whose account the Administrator holds such security,

(vii) because such Person:

(A) is a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;

(B) has an Estate Account or an Other Account with a Trust Company and such security is owned at law or in equity by the Trust Company; or

(C) is a Plan and such security is owned at law or in equity by the Administrator of the Plan, or

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

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

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

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

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

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

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

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

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

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

(ii) satisfies all of the provisions of a Permitted Bid, other than the condition set forth in subparagraph 1.1(hh)(ii)(A)(I) of the definition of "Permitted Bid";

(iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the date which is the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to Applicable Securities Laws after the date of the Take-over Bid constituting the Competing Permitted Bid;

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

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

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

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

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

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

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

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

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

(ii) proceeds of redemption of shares of the Corporation;

(iii) interest paid on evidences of indebtedness of the Corporation; or

(iv) optional cash payments;

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

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

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

(i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of subparagraph 5.1(d) or 5.1(e); or

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

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

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

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

(i) the Termination Time; and

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

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

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

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

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

(i) any Acquiring Person;

(ii) any Offeror;

(iii) any Associate or Affiliate of any Acquiring Person or Offeror;

(iv) any Person acting jointly or in concert with any Acquiring Person or any Offeror; and

(v) any employee benefit plan, deferred profit sharing plan, stock participation plan, and any other similar plans or trusts for the benefit of employees of the Corporation or any Subsidiary of the Corporation but excluding in any event a plan or trust in respect of which the employee directs the manner in which the Voting Shares are to be voted and directs whether the Voting Shares be tendered to a Take-over Bid;

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

(i) the closing board lot sale price or, if no such sale takes place on such date, the average of the closing bid and ask prices, as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading; or

(ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if no such sale takes place on such date, the average of the closing bid and ask prices, as reported by the principal national United States securities exchange on which such securities are listed or admitted to trading; or

(iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low ask prices for each share of such securities in the over-the-counter market, as reported by any reporting system then in use; or

(iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and ask prices as furnished by a professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices is available on any such date, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized Canadian investment dealer or investment banker with respect to the fair value per share of such securities.

The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof on the relevant Trading Day;

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

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

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

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

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

(i) an offer to purchase, or a solicitation of an offer to sell, Voting Shares, and

(ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited,

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

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

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

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

(i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;

(ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and

(iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;

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

(i) the Take-over Bid is made to all holders of record of Voting Shares wherever resident as registered on the books of the Corporation, other than the Offeror;

(ii) the Take-over Bid contains, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified provision that:

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

(I) prior to the close of business on the 105th day following the date of the Take-over Bid or such shorter minimum deposit period that a take-over bid (which is not exempt from the general take-over bid requirements under Applicable Securities Laws (including, for greater certainty, Part 2 of NI 62-104)) must remain open for deposits of securities thereunder, in the applicable circumstances as such time, pursuant to Applicable Securities Laws; and

(II) if, at the close of business on such date, less than 50% of the Voting Shares held by Independent Shareholders have been deposited pursuant to the Take-over Bid and not withdrawn;

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

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

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

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

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

(i) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that is higher than the consideration contained in or proposed to be contained in the Lock-up Bid; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the Stock Acquisition Date; and

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

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

(A) if any Take-over Bid referred to in subparagraph (ii) of this definition expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and

(B) if the Board of Directors determines pursuant to subparagraph 5.1(d) or (e) to waive the application of Section 3.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

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

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

(ww) "**Stock Acquisition Date**" means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to the early warning or equivalent requirements of Applicable Securities Laws) by the Corporation or an Acquiring Person indicating that a Person has become an Acquiring Person;

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

(i) it is controlled by:

(A) that other Person; or

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

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

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

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

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

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

(bbb) "**Trading Day**", when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;

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

(i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate, and

(ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith;

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

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

1.2 Currency

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

1.3 Headings

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

1.4 References to Agreement

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

1.5 Grandfathered Person

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

(a) is the Beneficial Owner of more than 20% of the outstanding Voting Shares determined as at the Record Time; or

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

provided:

(c) that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall after the Record Time become the Beneficial Owner of additional Voting Shares constituting more than 1% of the then outstanding Voting Shares otherwise than pursuant to one or more Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or the issuance or exercise of stock options granted by the Corporation, if applicable to such Person,

(d) that such Grandfathered Person shall not become an Acquiring Person as a result of one or more Voting Share Reductions; and

(e) that, if this exception shall cease to be applicable to a Grandfathered Person as aforesaid, such a Grandfathered Person shall be and shall be deemed to be an Acquiring Person as at and from the time that this exception shall not be so applicable.

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

For purposes of this Agreement:

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

(b) the percentage of outstanding Voting Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

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

where:

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

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

1.7 Acting Jointly or in Concert

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

1.8 Generally Accepted Accounting Principles

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

except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

ARTICLE 2
THE RIGHTS

2.1 Legend on Common Share Certificates

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

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

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

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

(a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, one Common Share. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.

(b) Until the Separation Time:

  (i) the Rights shall not be exercisable and no Right may be exercised; and

  (ii) each Right will be evidenced by the certificate for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time:

  (i) the Rights shall be exercisable; and

  (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares.

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

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

(B) a disclosure statement describing the Rights;

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

(d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its principal office in the city of Calgary the Rights Certificate evidencing such Rights together with:

(i) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

(ii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

(e) Upon receipt of a Rights Certificate, which is accompanied by a completed Election to Exercise that does not indicate that such Right is null and void as provided by subparagraph 3.1(b) and payment as set forth in subparagraph 2.2(d), the Rights Agent (unless otherwise instructed by the Corporation if the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

(i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions),

(ii) after receipt of such certificate, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder,

(iii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares,

(iv) when appropriate, after receipt of such cash, deliver the same to or to the order of the registered holder of the Rights Certificate, and

(v) tender to the Corporation all payments received on exercise of the Rights.

(f) If the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to Section 5.5) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(g) The Corporation covenants and agrees that it will:

(i) take all such action as may be necessary and within its power to ensure that all securities delivered upon exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

(ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the *Business Corporations Act* (Alberta) and Applicable Securities Laws in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any securities upon exercise of Rights;

(iii) use reasonable efforts to cause all securities issued upon exercise of Rights to be listed on the stock exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;

(iv) cause to be reserved and kept available out of its authorized and unissued classes of securities, the number of securities that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;

(v) pay when due and payable any and all Canadian and, if applicable, United States, federal, provincial and state transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for securities in a name other than that of the holder of the Rights being transferred or exercised; and

(vi) after the Separation Time, except as permitted under Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

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

(a) If the Corporation shall at any time after the Record Time and prior to the Expiration Time:

(i) declare or pay a dividend on its Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) other than pursuant to any optional stock dividend program;

(ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;

(iii) combine or change the outstanding Common Shares into a smaller number of Common Shares; or

(iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange for existing Common Shares;

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

(A) if the Exercise Price and number of Rights outstanding are to be adjusted;

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

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

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

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

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

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

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

(ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

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

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit, stock option or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of

rights or warrants by the Corporation; provided, however, that, in the case of any Dividend Reinvestment Plan, the right to purchase Common Shares is at a price per share of not less than 90 percent of the Market Price of the Common Shares.

(c) If the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation in which the Corporation is the continuing corporation) of evidences of indebtedness, cash (other than an ordinary course dividend or a dividend referred to in subparagraph 2.3(a)(i)), assets or rights or warrants (excluding those referred to in subparagraph 2.3(b)), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

(i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and

(ii) the denominator of which shall be such Market Price per Common Share.

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

(d) Each adjustment made pursuant to this Section 2.3 shall be made as of

(i) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to subparagraph (a) above; and

(ii) the record date for the applicable distribution, in the case of an adjustment made pursuant to subparagraph (b) or (c) above, subject to readjustment to reverse the same if such distribution shall not be made.

(e) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Exercise Price; provided, however, that any adjustments which by reason of this subparagraph 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest hundredth of a share. Notwithstanding the first sentence of this subparagraph 2.3(e), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Termination Date. Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:

(i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment,

(ii) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate, mail a brief summary thereof to each holder of Rights, and issue a press release advising of the relevant adjustment.

(f) If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in subparagraph (a)(i) or (a)(iv) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by subparagraphs (a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subparagraphs (a), (b) and (c) above, but subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with section 5.4, such adjustments, rather than the adjustments contemplated by subparagraphs (a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

(g) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right, all subject to further adjustment as provided herein.

(h) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

(i) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.

(j) Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that the Board of Directors shall in good faith determine to be advisable in order that any (i) consolidation or subdivision of the Common Shares, (ii) issuance wholly or in part for cash or Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares, (iii) stock dividends or (iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares shall not be taxable to such Shareholders.

(k) The Corporation covenants and agrees that, after the Separation Time, it will not, except as permitted by Section 5.1 or Section 5.4, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(l) If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to, any adjustment required pursuant to Section 3.1.

(m) If the Corporation shall at any time after the Record Time and prior to the earlier of the Separation Time and the Expiration Time issue any Common Shares otherwise than in a transaction referred to in subparagraph 2.3(a) each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such share.

2.4 Date on Which Exercise is Effective

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

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Corporation by any two of its Chairman, President, Vice Presidents or Corporate Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent in writing of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and disclosure statements describing the Rights, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and send such Rights Certificates to the holders of the Rights pursuant to subparagraph 2.2(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

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

2.6 Registration, Registration of Transfer and Exchange

(a) After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "**Rights Registrar**") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. If the Rights Agent shall cease to be the

Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

(b) After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subparagraphs 2.6(d) and 3.1(b), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(c) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(d) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(e) The Corporation shall not be required to register the transfer of Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

(b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:

(i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and

(ii) such security or indemnity as may be reasonably required by each of them in their sole discretion to save each of them and any of their agents harmless,

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

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.8 Persons Deemed Owners

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

2.9 Delivery and Cancellation of Certificates

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

2.10 Agreement of Rights Holders

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

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;

(b) that, prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;

(c) that after the Separation Time, the Rights Certificate will be transferable only upon registration of the transfer on the Rights Register as provided herein;

(d) that, prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

(e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided herein);

(f) that, in accordance with the provisions of Section 5.4, without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and

(g) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reasons of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder not Deemed a Shareholder

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

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

3.1 Flip-in Event

(a) Subject to subparagraphs 3.1(b) and 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to four times the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in event that after the Stock Acquisition Date an event of a type analogous to any of the events described in Section 2.3 has occurred).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:

(i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person); or

(ii) a transferee of Rights, direct or indirect, of an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person) who becomes a transferee in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person), that has the purpose or effect of avoiding subparagraph 3.1(b)(i);

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

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

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

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

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

3.2 Fiduciary Duties of the Board of Directors of the Corporation

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

ARTICLE 4
THE RIGHTS AGENT

4.1 General

(a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and the Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder, including the reasonable fees and disbursements of any expert retained by the Rights Agent. The Corporation also agrees to indemnify the Rights Agent, its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability, costs, claims, actions, damages or expenses, incurred without negligence, bad faith or wilful default on the part of the Rights Agent, for anything done or suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its acceptance, execution and administration of this Agreement in reliance upon any certificate for Voting Shares or Common Shares, or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

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

4.2 Merger or Amalgamation or Change of Name of Rights Agent

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

(b) If at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificate shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

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

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

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

(c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;

(d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Voting Shares or Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;

(e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the authorization, execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subparagraph 3.1(b)) or any adjustment required under the provisions of Section 2.3 or be responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

(f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(g) the Rights Agent is hereby authorized and directed to accept written instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation, and to apply to such individual for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such individual;

(h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

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

4.4 Change of Rights Agent

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

ARTICLE 5
MISCELLANEOUS

5.1 Redemption and Waiver

(a) Subject to the prior consent of the holders of the Voting Shares, or the Rights as set forth in subparagraph 5.4(c), the Board of Directors acting in good faith may, at its option, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

(b) If the Board of Directors elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

(c) Within 10 days after the Board of Directors electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the Rights in accordance with Section 5.9. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or other than in connection with the purchase of Common Shares prior to the Separation Time.

(d)

(i) Subject to the prior consent of the holders of the Voting Shares as set forth in subparagraph 5.4(b), the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares and otherwise than in the circumstances set forth in subparagraph 5.1(e) hereof, waive the application of Section 3.1 hereof to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of Shareholders called to approve such waiver.

(ii) The Board of Directors may, until a Flip-in Event shall occur, upon written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares; provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event pursuant to this subparagraph 5.1(d)(ii), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any future Flip-in Event in respect of any other Take-over Bid made by means of a Take-over Bid Circular to all holders of record of Voting Shares prior to the expiry, termination or withdrawal of the Take-over Bid in respect of which the waiver is, or is deemed to have been granted under this subparagraph 5.1(d)(ii).

(e) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within eight Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this subparagraph 5.1(e) must be on the condition that such Person, within 10 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.

(f) If a Person makes a Permitted Bid or a Competing Permitted Bid or a Take-Over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to subparagraph Section 5.1(d)(ii), the application of Section 3.1, pursuant to which Voting Shares are taken up and paid for by such Person, then the Board of Directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the expiry date of the Permitted Bid or Competing Permitted Bid, as the case may be.

(g) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

(h) Upon the Rights being redeemed pursuant to subparagraph 5.1(g), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights

Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.

5.2 Expiration

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

5.3 Issuance of New Rights Certificates

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

5.4 Supplements and Amendments

(a) Without the approval of any holders of Voting Shares or Rights, the Corporation may make amendments or supplements to this Agreement to correct any clerical or typographical error or which are required to maintain the validity or effectiveness of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such change, supplement or amendment.

(b) Subject to subparagraph 5.4(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary, rescind, supplement any of the provisions of this Agreement and the Rights. Such consent shall be deemed to have been given if the action requiring such approval is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of the holders of Voting Shares.

(c) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights which have not become void pursuant to subparagraph 3.1(b) present or represented at and entitled to vote at a meeting of the holders and representing a majority of the votes cast in respect thereof.

(d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented and entitled to vote at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof or those Rights which, prior to the Separation Time, are held by Shareholders other than Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those,

as nearly as may be, which are provided in the Corporation's by-laws and the *Business Corporations Act* (Alberta) with respect to meetings of Shareholders of the Corporation.

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

(i) if made before the Separation Time, be submitted to the holders of the Voting Shares of the Corporation at the next meeting of such Shareholders and the holders of Voting Shares may, by the majority referred to in subparagraph 5.4(b) confirm or reject such amendment;

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

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

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

5.5 Fractional Rights and Fractional Shares

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

(b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. Fractions of Common Shares may, at the election of the Corporation, be evidenced by scrip certificates or in lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Common Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to subparagraph (a) or (b), respectively, unless and until the

Corporation shall have provided to the Rights Agent the amount of cash in full to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be, in accordance with Section 2.2(e)(iii).

5.6 Rights of Action

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

5.7 Regulatory Approvals

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

5.8 Unlawful Distributions

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

5.9 Notices

Any notice or demand authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or

sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

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

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

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

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

Computershare Trust Company of Canada
600, 530 – 8th Avenue S.W.
Calgary, AB T2P 3S8

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

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

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

5.10 Costs of Enforcement

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

5.11 Successors

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

5.12 Benefits of this Agreement

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

5.13 Governing Law

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

5.14 Severability

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

5.15 Effective Date

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

5.16 Reconfirmation

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

5.17 Determinations and Actions by the Board of Directors

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

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

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

5.20 Language

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

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

PAREX RESOURCES INC.

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

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

COMPUTERSHARE TRUST COMPANY OF CANADA

By: (signed) "*Donald Santini*"

By: (signed) "*Jacqueline Fisher*"

EXHIBIT A
[Form of Rights Certificate]

Certificate No. _____ Rights

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

Rights Certificate

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

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

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

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

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

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

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

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

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

DATE: _____ **PAREX RESOURCES INC.**

By: _____

By: _____

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Authorized Signature

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

_____

_____

(please print name and address of transferee)

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

Date: _____ _____

Signature

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

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

_____

(To be completed by the assignor if true)

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

_____

Signature

_____

(please print name of Signatory)

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

TO: VALIANT TRUST COMPANY

RE: PAREX RESOURCES INC.

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

_____

_____

_____
Address

_____
Social Insurance, Social Security or Other Taxpayer Identification Number

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

_____

_____

_____
Address

_____
Social Insurance, Social Security or Other Taxpayer Identification Number

Date: _____ _____
Signature

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

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

_____
(To be completed by exercisor if true)

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

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

_____
Signature

_____
(please print name of Signatory)

NOTICE

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

How to reach us

Parex Resources Inc.
2700 Eighth Avenue Place, West Tower
585 8th Avenue SW Calgary
AB T2P 1G1 Canada
Tel: 1-403-265-4800
Fax: 1-403-265-8216
Email: investor.relations@parexresources.com
Website: www.parexresources.com