
PAREX RESOURCES INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

and

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO THE

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 27, 2010

INFORMATION CIRCULAR DATED APRIL 6, 2010

PAREX RESOURCES INC.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 27, 2010

TO THE HOLDERS OF COMMON SHARES

Notice is hereby given that the Annual General and Special Meeting of holders (the "**Meeting**") of common shares ("**Common Shares**") of Parex Resources Inc. ("**Parex**" or the "**Company**") will be held at **the Livingston Club, Plus 15 level of the Livingston Building South Tower, 222-3rd Avenue S.W., Calgary, AB T2P 0B4** on May 27, 2010 at 10:30 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, 2009, the auditors' report thereon and the report of the Board of Directors;
2. to fix the number of directors to be elected at the Meeting at eight (8) members;
3. to elect eight (8) directors;
4. to 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 reapproving the Company's stock option plan, all as more particularly described in the accompanying Information Circular of the Company dated April 6, 2010; and
6. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

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

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is April 8, 2010 (the "**Record Date**"). Shareholders of the Company whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a shareholder transfers the ownership of any of such shareholder's Common Shares after such date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed or faxed so as to reach or be deposited with Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, Fax (403) 233-2857 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 adjournment thereof.

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

The persons named in the enclosed form of proxy are directors and/or officers of the Company. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

DATED at Calgary, Alberta this 6th day of April, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Wayne Foo*"
President and Chief Executive Officer

PAREX RESOURCES INC.

Information Circular – Management Proxy Statement

For the Annual General and Special Meeting
of the Shareholders to be Held on May 27, 2010

PROXIES

Solicitation of Proxies

This information circular – management proxy statement (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Parex Resources Inc. ("Parex" or the "Company") for use at the annual general and special meeting of the Company's shareholders ("shareholders" or "Shareholders") to be held at the Livingston Club, Plus 15 level of the Livingston Building South Tower, 222-3rd Avenue S.W., Calgary, AB T2P 0B4 on May 27, 2010 at 10:30 a.m. (Calgary time), and any adjournment thereof for the purposes set forth in the accompanying Notice of Meeting. Only shareholders of record on April 8, 2010 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.

Unless otherwise stated information contained in this Information Circular is given as at April 6, 2010.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed instrument of proxy are the Company's officers. **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 person or persons designated in the instrument of proxy furnished by Parex. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be mailed or faxed so as to be deposited with Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, Fax (403) 233-2857, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the date of the Meeting or any adjournment or adjournments thereof.

Appointment of Proxies

Those shareholders who desire to be represented at the Meeting by proxy must deposit their proxy with the Company's Transfer Agent and Registrar, Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, Fax (403) 233-2857, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the day of the Meeting, or adjournment or adjournments thereof. A proxy must be executed by the shareholder or his attorney authorized in writing, or if the shareholder is a corporation, under its seal by an officer or attorney thereof duly authorized.

The persons named in the accompanying proxy are directors and/or officers of Parex. A shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act on such shareholder's behalf at the Meeting other than the persons named in the proxy. To exercise this right, the shareholder must strike out the name of the persons named in the proxy and insert the name of his or her nominee in the space provided or complete another appropriate form of proxy and, in either case, deposit the proxy with Parex at the place and within the time specified above for the deposit of proxies.

Persons Making the Solicitation

The solicitation is made on behalf of the management of Parex. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Meeting and this Information Circular will be borne by Parex. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or by other means of communication and by directors and officers of

Parex, who will not be specifically remunerated therefor. While no arrangements have been made to date by Parex, Parex may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Parex in soliciting proxies will be paid by Parex.

Exercise of Discretion by Proxy

The Common Shares represented by the Instrument of Proxy enclosed with this Notice of Meeting and this Information Circular will be voted for or against or withheld from voting 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 adjournment thereof to matters set forth in the proxy and described in the accompanying Notice of Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournment thereof, the proxy confers upon the shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgement of the person voting the proxy at the Meeting. At the date of this Information Circular, management of Parex knows of no such amendments or variations or other matters to come before the Meeting.

Revocation of Proxies

A shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy attends personally at the Meeting at which the proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the shareholder or his attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal and signed by a duly authorized officer or attorney for the corporation, and deposited at the registered office of Parex at any time up to and including the last day (other than Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the day of the Meeting at which the proxy is to be used, or any adjournment or adjournments thereof, or with the chairman of the Meeting on the day of the Meeting, or on the day of any adjournment thereof, prior to the commencement of the Meeting.

Advice to Beneficial Holders of Securities

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

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

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As at April 6, 2010, there were 63,869,535 Common Shares issued and outstanding and stock options ("**Options**") to purchase 3,737,500 Common Shares, which have been granted to certain directors, officers, employees and consultants of the Company or of its foreign subsidiaries.

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

The Company has not declared or paid dividends on the Common Shares since incorporation and any decision made by the Parex Board of Directors to pay dividends will be on the basis of the Company's earnings, financial requirements and other conditions existing at that time.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is April 8, 2010.

To the best of the knowledge of the directors and executive officers of the Company, no person 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.

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, 2009 and the Auditors' Report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

Election of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting be fixed at eight (8) members and that eight (8) directors be elected to hold office until the next annual general meeting, or until their successors are elected or appointed. There are presently eight directors of the Company, each of whom will retire from office at the Meeting.

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

Curtis Bartlett
John Bechtold
Robert Engbloom
Wayne Foo
Norman McIntyre
Ron Miller
W.A. (Alf) Peneycad
Paul Wright

The names, province and country of residence of the persons nominated for election as directors, the number of voting securities of the Company beneficially owned or controlled or directed, directly or indirectly, the period served as director and the principal occupation of each are set forth below. Each of the directors listed were previously directors of Petro Andina Resources Inc.

Name, Province and Country of Residence	Offices Held and Time as Director or Officer	Number of Common Shares Beneficially Owned or Controlled or Directed	Principal Occupation (for last 5 years)
Curtis Bartlett ⁽¹⁾⁽³⁾⁽⁷⁾ Alberta, Canada	Director since September 29, 2009	120,835	Co-founder and Managing Director of MHI Energy Partners, a private investment firm. Over 20 years experience as an entrepreneur and manager, private equity investor and investment banker. Director of several private companies.
John Bechtold ⁽²⁾⁽⁷⁾ British Columbia, Canada	Director since September 29, 2009	73,000	Currently a Director of Parkland Income Fund, an independent marketer of fuels across Canada, Mr. Bechtold brings over 35 years of broad oil, gas and energy related experience. He served at Petro-Canada from 1977 until retirement in a number of leadership roles including responsibility for crude oil and refined products supply and trading, natural gas and NGLs marketing, and for the Western Canada Oil & Gas business unit. Following retirement he has served on the Board of Directors of the British Columbia Oil & Gas Commission which regulates oil and natural gas activity in that province.
Robert Engbloom ⁽²⁾⁽⁷⁾ Alberta, Canada	Director since September 29, 2009	111,039	Partner with Macleod Dixon LLP, a law firm based in Calgary, Alberta and with offices in Toronto, Ontario and internationally. Mr. Engbloom has more than 30 years of experience in the areas of mergers and acquisitions, governance, corporate and securities law. His broad experience spans a range of businesses both public and private, operating nationally and internationally, primarily in the energy industry.
Wayne Foo ⁽⁴⁾⁽⁷⁾ Alberta, Canada	Director since August 28, 2009	2,070,702	Currently President and Chief Executive Officer of Parex. President and Chief Executive Officer of Dominion Energy Canada Ltd. from 1998 to October 2002, and then Consultant to March 2003. Director of Pengrowth Corporation, administrator of Pengrowth Energy Trust.
Norman McIntyre ⁽⁷⁾ Alberta, Canada	Chairman and a Director since September 29, 2009	569,020	Independent Businessman since 2004. President of Petro-Canada from 2002 to 2004. Executive Vice President of Petro-Canada from 1995 to 2002.
Ron Miller ⁽¹⁾⁽³⁾⁽⁵⁾⁽⁷⁾ Alberta, Canada	Director since September 29, 2009	1,139,520	Co-founder and Director of MHI Energy Partners, a private equity investment firm focused on the energy and environment sectors. Director of several private companies.

<u>Name, Province and Country of Residence</u>	<u>Offices Held and Time as Director or Officer</u>	<u>Number of Common Shares Beneficially Owned or Controlled or Directed</u>	<u>Principal Occupation (for last 5 years)</u>
W.A. (Alf) Peneycad ⁽²⁾⁽⁶⁾⁽⁷⁾ Alberta, Canada	Director since September 29, 2009	381,115	Independent Businessman since 2006, including consulting to Macleod Dixon LLP. Previously Vice President, General Counsel and Chief Compliance Officer for Petro-Canada from 2003 to 2006. Vice President, General Counsel and Corporate Secretary of Petro-Canada prior to 2003. Director for several other Canadian public companies including NiMin Energy Corp., Canadian Wireless Trust, and R Split III Corp. where he holds positions on the Audit, Finance, Corporate Governance and Human Resource Committees.
Paul Wright ⁽¹⁾⁽⁷⁾ Alberta, Canada	Director since September 29, 2009	125,839	Currently works as a financial consultant and sits on the Boards of Directors and is Chairman of the Audit Committee for both Pan Orient Energy Corp. and Brickburn Funds Inc., a mutual fund company. He also sits on the Board of Directors of two non-profit organizations. Mr. Wright is a Chartered Accountant with over 25 years of industry experience. He has worked in senior financial roles in both domestic and international oil and natural gas companies, including as the Vice President Finance and CFO of Niko Resources Ltd.

Notes:

- (1) Members of the Finance and Audit Committee.
- (2) Members of the Corporate Governance, Compensation and Human Resources Committee.
- (3) Does not include 2,343,153 Common Shares which are held pursuant to trust arrangements by MHI Energy Advisory Inc., which Messrs. Bartlett and Miller are directors of.
- (4) Includes 886,742 Common Shares held by Mr. Foo's spouse.
- (5) Includes 1,062,190 Common Shares held by a company controlled and owned by Mr. Miller but excludes 165,000 Common Shares held by a family trust.
- (6) Includes 241,078 Common Shares held by Mr. Peneycad's spouse.
- (7) Parex' directors will hold office until the next annual general meeting of the Company's shareholders or until each director's successor is appointed or elected pursuant to the Business Corporations Act (Alberta).

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

As at April 6, 2010, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 8,604,708 Common Shares constituting approximately 13.47 percent of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the directors, no proposed director of the Company (nor any personal holding company of any such persons):

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Parex), that:
 - (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days

(collectively, an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company 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 securityholder in deciding whether to vote for a proposed director.

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 Accountants, Calgary, Alberta, to serve as auditors of the Company until the next annual general meeting of the 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 fiscal year, that is required to be disclosed in accordance with National Instrument 52-110 of the Canadian Securities Administrators is contained in the Company's annual information form for the year ended December 31, 2009, an electronic copy of which is available on the internet on the Company's SEDAR profile at www.sedar.com.

Approval of Stock Option Plan

Pursuant to TSX Venture Exchange Policy 4.4 (the "**Option Policy**") the Company is permitted to maintain a "rolling" stock option plan (the "**Stock Option Plan**") reserving a maximum of 10% of the issued and outstanding Common Shares for issuance pursuant to stock options ("**Options**"). In accordance with the Option Policy, rolling option plans must receive shareholder approval yearly at the Company's annual meeting.

Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to ratify and approve the existing Stock Option Plan (the "**Option Plan Resolution**"). The Stock Option Plan was last approved by the shareholders of the Company on October 31, 2009. The Company currently has 3,737,500 outstanding options to purchase Common Shares, at an average exercise price of \$3.08 per share (the "**Options**").

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

Description of the Plan

Eligibility

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

Administration

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

Exercise Price

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

Maximum Percentage of Common Shares Reserved

The aggregate number of Common Shares that may be issued pursuant to the exercise of Options awarded under the Stock Option Plan and all other share compensation arrangements of Parex is 10% of the Common Shares outstanding from time to time, subject to the following limitations:

1. the aggregate number of Common Shares reserved for issuance to any one person under the Stock Option Plan, together with all other share compensation arrangements of Parex, within a 12-month period, must not exceed 5% of the outstanding issue of Common Shares (on a non diluted basis);
2. the aggregate number of Common Shares reserved for issuance to any one insider (as defined in the Stock Option Plan) and such insider's associates pursuant to the Stock Option Plan, together with all other share compensation arrangements of Parex, must not exceed 5% of the outstanding issue of Common Shares;
3. the aggregate number of Common Shares reserved for issuance to insiders pursuant to the Stock Option Plan, together with all other share compensation arrangements of Parex, within a 12-month period, must not exceed 10% of the outstanding issue of Common Shares;
4. the aggregate number of Common Shares reserved for issuance to any one participant employed to provide investor relations activities (as defined in the Stock Option Plan) within a 12-month period, must not exceed 2% of the outstanding issue of Common Shares;
5. the aggregate number of Common Shares reserved for issuance to consultants pursuant to the Stock Option Plan, together with all other share compensation arrangements of Parex, shall not exceed 2% of the outstanding issue of Common Shares; and
6. the aggregate number of Common Shares reserved for issuance to any single consultant under the Stock Option Plan, together with all other share compensation arrangements of Parex, within a 12-month period, shall not exceed 2% of the outstanding issue of Common Shares.

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 or a transfer in accordance with the requirements of the TSX Venture Exchange (the "TSXV").

Term and Vesting

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

Early Expiration

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

Change of Control

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

Voluntary Black-Out Periods

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

Amendments to Options

The Parex Board of Directors may amend or discontinue the Stock Option Plan at any time without the consent of the participants provided that such amendment shall not alter or impair any Option previously granted under the Stock Option Plan except as permitted by the provisions of the Stock Option Plan and that such amendment or discontinuance has been approved, if required, by the TSXV. The Parex Board of Directors may, with the approval of the participant, if required, amend the terms of any Option issued pursuant to the Stock Option Plan without approval of shareholders, unless otherwise required by the TSXV.

Approval Required

Shareholders will be asked at the Meeting to consider and, if thought advisable, to approve the Stock Option Plan. Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

1. the Stock Option Plan of the Company, on the terms described in the accompanying management proxy circular of the Company be and the same is hereby ratified, confirmed and approved;

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.

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.

STATEMENT OF EXECUTIVE COMPENSATION

The Company was incorporated in August 2009 and in September 2009 the Corporate Governance and Human Resources Committee of the Parex Board of Directors (the "**CG&HR Committee**") reviewed all aspects of compensation to be provided to the Company's executive officers, including the Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers of the Company (including the Company's subsidiaries), other than the CEO and CFO, earning over \$150,000 (the "**NEOs**" and in this Information Circular referred to as the "**Executives**"). At the recommendation of the CG&HR Committee, the Parex Board of Directors approved an executive compensation program, based on the following guiding principles and key objectives:

Guiding Principles

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

Key Objectives

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

The executive compensation program is designed to focus Executives' efforts and to reward the attainment of individual and Company performance goals and sustained performance, as measured in Common Share price appreciation and overall job performance.

The key components of the executive compensation program are base salary, incentive bonus and Options.

Fixed annual base salary compensates Executives for the roles they perform and provides a competitive foundation for each Executive's total compensation. Annual variable compensation in the form of a cash incentive bonus is intended to motivate and reward the accomplishment of specific business and operating objectives within a one-year time period. Long-term at-risk compensation, which is provided in the form of Options, 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. In 2009 the Company used the Mercer Total Compensation Survey, a third-party compensation survey used to compare pay levels and practices across the Canadian energy industry, to assess compensation against similar benchmark positions for each Executive. Total compensation is targeted to be comparable to above-median compensation when actual overall executive and corporate performance is exceptional and 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.

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).

Position	Fixed Compensation Base Salary (% of Total Compensation)	At-Risk Compensation Incentive Bonus/Long-Term Incentives (% of Total Compensation)
Executives	50% - 55%	45% - 55%

Base Salary

The base salary amounts for each Executive are targeted at the median of the Company's peer comparator group and are reviewed annually. Variance from the median could occur on the basis of an individual's current and sustained performance, skills or potential, or based on material differences in the Executive's responsibilities as compared to the peer comparator group.

The base salary for the CEO is approved by the Parex Board of Directors, upon the recommendation of the CG&HR Committee. The base salary level for all other Executives is recommended by the CEO and approved by the CG&HR Committee. Decisions for all positions are based upon comprehensive analyses of market data for similar positions, including the peer comparator group and industry compensation surveys.

Incentive Bonus

The target annual incentive bonus varies by executive position level and is set as 50 percent of base salary for the CEO and 40 percent of base salary for the Company's other Executives.

Payment levels are weighted, based on individual and corporate performance goals. The incentive bonus is paid within a range of between 25 percent and 125 percent of the target incentive bonus, provided minimum (threshold) performance is achieved, as follows:

Position	Performance Weighting Corporate/Individual	Target Incentive Bonus (% Base Salary)	Incentive Bonus Range (Payment as % of Target Incentive Bonus)	
			Threshold	Maximum
CEO	60%/40%	50%	25%	125%
Other Executives	50%/50%	40%	25%	125%

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

The incentive bonus is paid during the first quarter of the year following the performance year, so that performance goal achievements relating to full year performance results can be verified. The Company reserves the right to pay up to 50 percent of the incentive bonus in Company stock, at Company discretion and subject to TSXV approval and with the stock to be priced in a similar manner to the pricing of Options. No incentive bonuses will be paid for the year ended December 31, 2009 due to the start-up stage of the Company in 2009.

Long-Term Incentives

Long-term incentives are granted in order to attract and retain high quality Executives in a competitive market environment. These incentives are provided in the form of Options.

Options

The Stock Option Plan is administered by the Parex Board of Directors. For a summary of the Stock Option Plan see "*Approval of Stock Option Plan*" in this Information Circular. Under the Stock Option Plan, grants to Executives other than the CEO are recommended by the CEO, reviewed by the CG&HR Committee and approved by the Parex Board of Directors. The Parex Board of Directors approves Option grants for the CEO, upon the recommendation of the CG&HR Committee.

Options are normally granted annually to each Executive and are also granted at the time of hire. Replacement grants are not awarded, but previous grants can be taken into consideration when considering new grants of Options. Any grant of Options is subject to the restrictions of the Stock Option Plan.

The intent is for annual Option grants to be awarded late in the calendar year. This timing coincides with the end of the Company's annual long-term planning cycle and approval of strategic goals for the upcoming year. Awarding long-term incentives at the same time that the Company's goals are set is intended to reinforce Executives' focus on the long-term goals of the Company. Initial new hire Options were awarded to the Executives and all qualifying employees on October 14, 2009, subject to completion of the plan of arrangement with, among others, Petro Andina Resources Inc., which closed on November 6, 2009.

The number of Options granted to Executives takes into consideration Company and individual performance as well as the mix of all elements of the Executive's compensation. When setting grant levels, the Company considers competitive market information on Options and other forms of long-term incentives. In addition, the Stock Option Plan's dilutive impact on shareholders and numbers of Common Shares available for issuance are factored into the determination of Option grant levels. The target annual Option grant will be calculated as the amount required, in addition to base salary and incentive bonus (using the expected value of the award at the time of the grant) to target the Executive's total compensation at the median of similar positions in the Company's peer comparator group. The Stock Option Plan provides for the issuance of Options to a maximum of 10 percent of the issued and outstanding Common Shares of the Company. Grant values are determined using the Black-Scholes methodology.

Under the Stock Option Plan, the exercise price of each Option is to be determined at the discretion of the Parex Board of Directors at the time of the granting of the Option, as are the term and vesting policies, provided that the exercise price shall not be lower than the market price or such discount from the market price as may be permitted by the stock exchange on which the Common Shares are listed and provided that no Option shall have a term exceeding five years.

Comparator Group

The market competitiveness of the Company's executive compensation program and each of its components is assessed relative to a peer comparator group of companies with similar size and scope.

The comparator group is comprised of oil and natural gas exploration, development and production companies with international operations. They are based principally in Calgary, Canada with significant operational focus outside of Canada. The companies

in the comparator group are approved by the CG&HR Committee, upon management's recommendation. The composition of the group is reviewed annually by the CG&HR Committee for its ongoing business relevance to Parex.

For 2009, the peer comparator group consisted of companies in the 2009 Mercer Total Compensation Survey for the Canadian energy industry that met parameters typical of a junior exploration company with international operations similar to Parex. Going forward, the intent is to select a specific comparator group each year of publicly listed oil and natural gas exploration, development and production companies with international operations that are based principally in Calgary, Canada with significant operational focus outside of Canada.

Performance Goals

The Parex Board of Directors approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry.

The 2009 corporate goals focused on a smooth and effective start-up of the Company with a focus in three key areas: preparations for exploration drilling programs in Colombia and Trinidad, corporate responsibility and cost management. Corporate goals for 2010 were approved in January 2010 for each of the performance areas. These goals included drilling timelines, capital deployment, exit production, reserve additions, balance sheet strength and liquidity.

NEO Summary Compensation Table⁽¹⁾

Name and principal position	Year	Salary (\$) ⁽²⁾	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)	All other cash compensation and perquisites ⁽⁵⁾	Total compensation ⁽⁶⁾ (\$)
				Annual incentive plans ⁽⁴⁾		
Wayne Foo President and Chief Executive Officer	2009	50,000	342,000	Nil	8,718	400,718
Kenneth Pinsky Vice President Finance, Chief Financial Officer and Corporate Secretary	2009	35,833	342,000	Nil	6,425	384,258
Barry Larson Vice President Operations and Chief Operating Officer	2009	45,833	342,000	Nil	8,093	395,926
David Taylor Vice President Exploration & Business Development	2009	39,167	342,000	Nil	6,925	388,092
Brian Lynam General Manager Trinidad & Tobago	2009	35,875	171,000	Nil	16,143	223,018

Notes:

- (1) The Company does not provide long-term non-equity incentive plan compensation, pension plan or share-based awards. All amounts set forth in the table are in Canadian dollars.
- (2) The NEO's commenced employment with the Company on September 29, 2010, with the Company becoming responsible for the first payroll effective November 1, 2009. The annual base salary for Mr. Foo, Mr. Pinsky, Mr. Larson, Mr. Taylor and Mr. Lynam in 2009 was \$300,000, \$215,000, \$275,000, \$235,000 and \$215,250 respectively.
- (3) Initial Option grants at time of hire. The grant date fair value of Option-based awards has been calculated using the Black-Scholes methodology, a commonly accepted practice for compensation-setting 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 Section 3870 of the Canadian Institute of Chartered Accountants ("CICA") Handbook. The following assumptions were used for calculating the grant date fair value of Option-based awards granted to the NEOs in 2009:

<u>Assumption</u>	<u>Grant date fair value Option-based Awards October 14, 2009</u>
Expected life of Options	3.0 years
Risk-free interest rate	3.20%
Expected volatility	70%
Expected dividend yield	0%
Grant date fair value per Option	\$1.14

No Options vested in 2009.

- (4) No annual incentive plan bonuses were paid for 2009.
- (5) All other cash compensation and perquisites include the value of paid parking and benefits payments equal to 15 per cent of the officer's base salary. Mr. Lynam's all other cash compensation and perquisites also includes foreign service premium and location allowance related to his expatriate assignment in Trinidad & Tobago.
- (6) Total compensation equals salary plus all other cash compensation and perquisites and the grant date fair value of option based awards.

NEO Incentive Plan Awards

Outstanding Option-based awards⁽¹⁾ (as at December 31, 2009)

<u>Name</u>	<u>Grant Date</u>	<u>Number of securities underlying unexercised Options⁽²⁾ (#)</u>	<u>Option exercise price (\$/Common Share)</u>	<u>Option expiration date</u>	<u>Value of unexercised in- the-money Options (\$)⁽³⁾</u>
Wayne Foo	October 14, 2009	300,000	3.04	October 14, 2014	318,000
Kenneth Pinsky	October 14, 2009	300,000	3.04	October 14, 2014	318,000
Barry Larson	October 14, 2009	300,000	3.04	October 14, 2014	318,000
David Taylor	October 14, 2009	300,000	3.04	October 14, 2014	318,000
Brian Lynam	October 14, 2009	150,000	3.04	October 14, 2014	159,000

Notes:

- (1) There were no outstanding share-based awards for NEOs as at December 31, 2009.
- (2) Initial Option grants at time of hire.
- (3) Based on market value of Common Shares at December 31, 2009 of \$4.10.

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, 2009 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\$)
Wayne Foo	Nil	N/A	Nil
Kenneth Pinsky	Nil	N/A	Nil
Barry Larson	Nil	N/A	Nil
David Taylor	Nil	N/A	Nil
Brian Lynam	Nil	N/A	Nil

Notes:

- (1) No Options vested in 2009.
- (2) There were no outstanding share based incentive plan awards for NEOs as at December 31, 2009.
- (3) No annual incentive plan bonuses were paid for 2009.

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, protect them from employment interruption caused by a change in control of the Company and to treat them in a fair and equitable manner. The Company has accordingly entered into an employment agreement (the "Employment Agreements") with each of Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor, and an employment contract (the "Employment Contract") with Mr. Lynam.

The Employment Agreements for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor provide for payment of compensation in the event of termination of the Executive's employment by the Company without cause, upon resignation of employment by the Executive for good reason, or in the event of a change of control of the Company, as shown in the chart below. The Employment Contract for Mr. Lynam provides for payment of compensation in the event of termination of the Executive's employment by the Company without cause.

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

For Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor, a change of control includes any acquisition of Common Shares or other securities of the Company that carry the right to cast more than 50 percent of the votes attaching to all Common Shares in the capital of the Company. A triggering change of control is such a change of control as described above that results from an unsolicited offer in response to which the Parex Board of Directors publishes a circular recommending rejection of the offer and continues to recommend rejection of the offer up to the closing date of such transaction.

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

Termination Event	Name	Incremental Compensation
Termination Without Cause	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	Retiring allowance equal to the sum of: (i) the Executive's annual base salary; plus (ii) the average of any cash bonuses paid in the two years preceding the termination date; plus (iii) an amount equal to the lesser of fifteen percent of the Executive's annual base salary or \$50,000 to compensate for loss of benefits times a multiplier of one (1) times should the Executive's employment be terminated prior to the second anniversary of the effective date of the Employment Agreement or two (2) times should the Executive's employment be terminated on or following the second anniversary of the effective date.
	Mr. Lynam	Severance payment of not less than nine (9) months of annual base salary plus an incentive compensation payment as determined by the Company, pro-rated for actual Company service in that calendar year.
Change of Control	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	All applicable incremental payments for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor are calculated as specified above for termination without cause.
Triggering Change of Control	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	All applicable incremental payments for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor are calculated as specified above for termination without cause, with the additional provision that the multiplier will be two (2) times regardless of the date of termination of employment.
Resignation For Good Reason	Mr. Foo Mr. Pinsky Mr. Larson Mr. Taylor	All applicable incremental payments for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor are calculated as specified above for termination without cause.

Under the Employment Agreement for Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor, in the event of a change of control or a triggering change of control, the Executive, at the Company's request, agrees to remain employed by the Company for up to one month following the change of control to assist with the orderly transition of management.

The Company has attempted to remain abreast of trends in employment law, such that changes in the Employment Agreements 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 maintain the confidentiality of Company information until such time as such information becomes public.

**Estimated Incremental Compensation on
Termination Without Cause, Resignation For Good Reason, or Upon a Change of Control
(based on hypothetical termination as at December 31, 2009)**

Name	Severance Period (months)	Compensation Components				TOTAL (\$)
		Base Salary (\$)	Incentive Bonus ⁽¹⁾ (\$)	Benefits (\$)	Options (\$)⁽²⁾	
Wayne Foo	12	300,000	Nil	45,000	Nil	345,000
Barry Larson	12	275,000	Nil	41,250	Nil	316,250
Kenneth Pinsky	12	215,000	Nil	32,250	Nil	247,250
David Taylor	12	235,000	Nil	35,250	Nil	270,250
Brian Lynam	9	161,438	Nil	N/A	Nil	161,438

Notes:

- (1) No annual incentive plan bonuses were paid for 2009.
- (2) Pursuant to the Employment Agreements for Mr. Foo, Mr. Pinsky, Mr. Larson, and Mr. Taylor, if the Executive's employment is terminated by the Company with or without cause, or the Executive elects to terminate his employment for good reason, the Executive may exercise any Options that were vested by the date of termination of employment for up to ninety (90) days following that date or the expiration date of the Options, whichever occurs first. All other Options would be terminated. No Options were vested as at December 31, 2009. Pursuant to the Employment Contract for Mr. Lynam, if the Executive's employment is terminated by the Company with or without cause, the Executive may exercise any Options that were vested by the date of termination of employment for up to ninety (90) days following that date or the expiration date of the Options, whichever occurs first. No Options were vested as of December 31, 2009. In accordance with the Stock Option Plan, in the event of a change in control of the Company, all unvested Options for each Executive shall vest and all issued and outstanding Options will immediately be exercisable for up to 30 days after the occurrence of such change of control, or at such earlier time as may be established by the Parex Board of Directors. Based on a hypothetical termination as at December 31, 2009 due to a change of control and based on the market value of Common Shares at that date of \$4.10, the incremental compensation from Options for each of Mr. Foo, Mr. Pinsky, Mr. Larson and Mr. Taylor would have been \$318,000 and for Mr. Lynam it would have been \$159,000.

**Estimated Incremental Compensation
Upon a Triggering Change of Control
(based on hypothetical termination as at December 31, 2009)**

Name	Severance Period (months)	Compensation Components				TOTAL (\$)
		2X Annual Base Salary (\$)	Incentive Bonus ⁽¹⁾ (\$)	2X Annual Benefits (\$)	Options (\$) ⁽²⁾	
Wayne Foo	24	600,000	Nil	90,000	318,000	1,080,000
Barry Larson	24	550,000	Nil	82,500	318,000	950,500
Kenneth Pinsky	24	430,000	Nil	64,500	318,000	812,500
David Taylor	24	470,000	Nil	75,500	318,000	858,500
Brian Lynam	9	161,438	Nil	N/A	159,000	320,438

Notes:

- (1) No annual incentive plan bonuses were paid for 2009.
- (2) In accordance with the Stock Option Plan, in the event of a change in control of the Company, all unvested Options for each Executive shall vest and all issued and outstanding Options will immediately be exercisable for up to 30 days after the occurrence of such change of control, or at such earlier time as may be established by the Parex Board of Directors.

Director Compensation

The Parex Board of Directors put in place the following compensation program, effective September 29 2009. Directors who are also NEOs are not eligible to receive these payments with respect to their service as directors.

1. Directors are entitled to the following annual retainers to be paid in cash in quarterly instalments:
 - (a) \$20,000 with respect to serving as a director;
 - (b) additional \$60,000 with respect to serving as the Chairman of the Parex Board of Directors;
 - (c) additional \$5,000 with respect to serving as the Vice-Chairman of the Parex Board of Directors (there was no incumbent serving in this position during 2009);
 - (d) \$3,000 with respect to each standing committee of the Parex Board of Directors on which they serve as a member;
 - (e) \$7,000 with respect to serving as Chair of the Finance and Audit Committee; and
 - (f) \$2,000 with respect to serving as chair of a standing committee of the Parex Board of Directors other than the Finance and Audit Committee.
2. Directors are entitled to a payment of \$1,500 for attendance in person or by telephone at each Parex Board of Directors meeting or committee meeting of which they are a member. Where a director is not a committee member, the director will receive a payment of \$1,500 for attending a meeting of such committee, when requested to do so by the committee's chair.
3. Directors are also eligible to receive long-term incentive compensation in the form of participation in the Stock Option Plan. The number of Options granted, if any, is to be reviewed each year by the CG&HR Committee.

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

2009 Independent Director Compensation Table⁽¹⁾

Name	Fees earned (\$)	Option-based awards ⁽²⁾ (\$)	All other compensation (\$)	Total (\$)
Norman McIntyre	12,932	85,500	Nil	98,432
Curtis Bartlett	3,718	57,000	Nil	60,718
John Bechtold	5,218	57,000	Nil	62,218
Robert Engbloom	3,718	57,000	Nil	60,718
W.A.(Alf) Peneycad	5,541	57,000	Nil	62,541
Ron Miller	6,718	57,000	Nil	63,718
Paul Wright	7,849	57,000	Nil	64,849

Notes:

- (1) The Company does not provide share-based awards, non-equity incentive plan compensation or a pension plan to independent directors
- (2) The grant date fair value of Option-based awards has been calculated using the Black-Scholes methodology, a commonly accepted practice for compensation-setting 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 Section 3870 of CICA Handbook. The following assumptions were used for calculating the grant date fair value of Option-based awards granted to the directors in 2009:

Assumption	October 14, 2009 (Option Grant Date)
Expected life of Options	3.0 years
Risk-free interest rate	3.20%
Expected volatility	70%
Expected dividend yield	0%
Grant date fair value per Option	\$1.14

No Options vested in 2009.

Director Fees

Fees were paid to directors in 2009 in accordance with the schedule of annual retainers and meeting fees outlined under "*Director Compensation*" above. The number of meetings attended by each director is outlined under the "*Corporate Governance*" section of this Information Circular. Annual retainer fees paid to directors have been pro-rated due to the directors' commencement of their service to the Parex Board of Directors during the year.

Incentive Plan Awards – Directors

In accordance with the directors' compensation program, incentive plan awards in the form of Options were provided to directors in 2009. No share-based equity compensation or non-equity incentive bonus compensation were provided.

On October 14, 2009, 75,000 Options were awarded to the Chairman of the Parex Board of Directors and 50,000 Options were awarded to each director then serving on the Parex Board of Directors in connection with the Company becoming a reporting issuer pursuant to a plan of arrangement with, among others, Petro Andina Resources Inc. The intent is for annual Option grants to be awarded late in the calendar year. This timing coincides with the end of the Company's long-term planning cycle and the setting of strategic goals for the upcoming year.

The grant date fair value of Options has been calculated using the Black-Scholes methodology. It is the same methodology used by the Company to determine the accounting fair value of the Options, in accordance with Section 3870 of the CICA Handbook.

Outstanding Option-based Awards – Independent Directors
(as at December 31, 2009)

Name	Grant Date	Number of securities underlying unexercised Options (#)	Option exercise price (\$)/Common Share	Option expiration date	Value of unexercised in-the-money options (\$)⁽¹⁾
Norman McIntyre	October 14, 2009	75,000	3.04	October 14, 2014	79,500
Curtis Bartlett	October 14, 2009	50,000	3.04	October 14, 2014	53,000
John Bechtold	October 14, 2009	50,000	3.04	October 14, 2014	53,000
Robert Engbloom	October 14, 2009	50,000	3.04	October 14, 2014	53,000
Ron Miller	October 14, 2009	50,000	3.04	October 14, 2014	53,000
W.A.(Alf) Peneycad	October 14, 2009	50,000	3.04	October 14, 2014	53,000
Paul Wright	October 14, 2009	50,000	3.04	October 14, 2014	53,000

Note:

(1) Based on the market value of Common Shares at December 31, 2009 of \$4.10.

The following table sets forth for each independent director, the value of option-based awards and share-based awards which vested during the year ended December 31, 2009 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)⁽²⁾	Non-equity incentive plan compensation – Value earned during the year⁽³⁾ (\$)
Norman McIntyre	Nil	N/A	N/A
Curtis Bartlett	Nil	N/A	N/A
John Bechtold	Nil	N/A	N/A
Robert Engbloom	Nil	N/A	N/A
W.A.(Alf) Peneycad	Nil	N/A	N/A
Ron Miller	Nil	N/A	N/A
Paul Wright	Nil	N/A	N/A

Notes:

- (1) No Options vested in 2009.
(2) Aggregate dollar value of Common Shares that would have been realized if the Options had been exercised on the vesting date.
(3) The Company does not provide share based awards or non-equity incentive plan compensation to independent directors.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Company's equity compensation plans as at December 31, 2009. The only equity compensation plan is the Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights (a)	Weighted average exercise price of outstanding Options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾
Equity compensation plans approved by security holders	3,475,000	\$3.08	2,911,954
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	3,475,000	\$3.08	2,911,954

Note:

- (1) The Company's Plan provides for the issuance of Options to a maximum of 10 percent of the issued and outstanding Common Shares of the Company.

The Stock Option Plan

For a summary of the Stock Option Plan see "Approval of Stock Option Plan" in this Information Circular.

As of the date hereof, Options to purchase an aggregate of 3,737,500 Common Shares are issued and outstanding.

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.

GUIDELINES

COMMENTARY

1. Board of Directors

- | | |
|---|--|
| (a) Disclose the identity of directors who are independent. | Curtis Bartlett, Robert Engbloom, John Bechtold, Paul Wright, Norman McIntyre, Ron Miller and W.A. (Alf) Peneycad are all independent within the meaning of NI 58-101. |
| (b) Disclose the identity of directors who are not independent, and describe the basis for that determination. | Wayne Foo is not independent as he is the President and Chief Executive Officer of the Company. |
| (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors (the " Board ") does to facilitate its exercise of independent judgement in carrying out its responsibilities. | A majority of the members (seven of the eight members) of the Parex Board of Directors of the Company are independent. On at least an annual basis, the Parex Board of Directors conducts an analysis and makes a determination as to the "independence" of each member of the Parex Board of Directors. |

GUIDELINES**COMMENTARY**

- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>
Curtis Bartlett	None
John Bechtold	Parkland Income Fund
Wayne Foo	Pengrowth Energy Trust
Norman McIntyre	none
Ron Miller	none
Paul Wright	Pan Orient Energy Corp. Brickburn Funds Inc.
Robert Engbloom	Superior Plus Corp.
W.A. (Alf) Peneycad	Nimin Energy Canadian Wireless Trust R Split III Corp.

- (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.

In accordance with the written mandates of the Parex Board of Directors and the Committees, each of the Parex Board of Directors and Committee meetings have scheduled in-camera sessions during which non-independent directors and members of management are not in attendance. The independent directors also hold periodic meetings at which non-independent directors and members of management are not in attendance. Since August 28, 2009, three such meetings have been held. The Finance and Audit Committee and CG&HR Committee of the Parex Board of Directors are all comprised entirely of independent directors.

- (f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.

The chair of the Parex Board of Directors of the Company is an independent director, Mr. Norman McIntyre. The Company has adopted a written description for the Chairman of the Parex Board of Directors detailing the roles and responsibilities of the position which include the following:

- Determining the schedules and agendas of the meetings of the Parex Board of Directors and the shareholders;
- Enabling the design and implementation of effective committees of the Parex Board of Directors including the selection of members;
- Enhancing the Parex Board of Directors effectiveness through guiding the Parex Board of Directors composition and its succession planning, orientation of new directors and annual assessments of the Parex Board of Directors and Committee effectiveness;
- Working with management to provide counsel and guidance regarding the strategic management process and definition of significant business challenges;
- Monitoring and evaluating the performance of the Chief Executive Officer and senior officers of the Company; and
- Facilitating communication between the Parex Board of Directors, management and shareholders.

GUIDELINES**COMMENTARY**

- (g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

Name	Finance and Audit Committee		
	Board Meetings Attended / Held	Meetings Attended / Held	CG&HR Committee Meetings Attended / Held
Curtis Bartlett ⁽¹⁾	3/4	1/2	n/a
Wayne Foo	4/4	n/a	n/a
John Bechtold ⁽²⁾	4/4	n/a	1/1
Robert Engbloom ⁽²⁾	3/4	n/a	1/1
Paul Wright ⁽¹⁾	4/4	2/2	n/a
Norman McIntyre	4/4	n/a	n/a
Ron Miller ⁽¹⁾	4/4	2/2	n/a
W.A. (Alf) Peneycad ⁽²⁾	4/4	n/a	1/1

Notes:

- (1) Members of the Finance and Audit Committee.
(2) Members of the CG&HR Committee.

- 2. Board Mandate** – Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

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

3. Position Descriptions

- (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

The Parex Board of Directors has developed a written position description for the chair. The Parex Board of Directors has also developed mandates for each of the Committees of the Parex Board of Directors which detail the composition, duties and responsibilities of the Committees. Each of the written 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 Parex Board of Directors as a whole.

GUIDELINES**COMMENTARY**

- (b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

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

- Providing leadership for the day-to-day management and operation of the activities of the Company including the development and implementation of operational policies;
- Ensuring the integrity of the Company's internal control and management information systems;
- Identifying the principal risks of the business and ensuring the implementation of systems to manage these risks;
- Ensuring the Company meets all reporting requirements to the relevant authorities, and to its shareholders;
- Developing a corporate organizational structure, related processes for managing employee and senior management performance, compensation and succession planning;
- Developing, managing and providing oversight of a communication plan for the Company and acting as the principal spokesperson for the Company; and
- Fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

4. Orientation and Continuing Education

- (a) Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.

The Chairman of the Parex Board of Directors in conjunction with the CG&HR Committee is mandated to facilitate the recruitment of new directors and ensure adequate orientation in order for new directors to fully understand the role the Parex Board of Directors and its Committees play in the organization. All new directors are provided with a comprehensive background of 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.

- (b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

All members of the Parex Board of Directors are members of the Institute of Corporate Directors. Three directors have completed and one director is completing the Directors Education program. The Parex Board of Directors has agreed to pay the tuition for any director of the Company who enrolls in one of the continuing education programs of the Institute.

All directors have significant experience in the oil and natural gas industry and the majority are members of professional organizations such as the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Institute of Chartered Accountants, the Institute of Chartered Accountants of Alberta, the Law Society of Upper Canada, the Law Society of Alberta and the Canadian Bar Association. Each of those organizations having continuing education standards that apply to their members.

GUIDELINES**COMMENTARY****5. Ethical Business Conduct**

- (a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

As members of the Institute of Corporate Directors, the directors of the Company subscribe to the statement of ethics of that organization.

The Company has had a code of conduct since the inception of the Company in 2009.

A copy of the code of conduct can be obtained:

- on the Company's website (under the Governance section);
- on the Company's SEDAR profile at www.sedar.com; or
- upon written request to the Company.

The Parex Board of Directors conducts an annual assessment process a part of which focuses on the ethical business conduct of the Parex Board of Directors and the organization as a whole. The Company has implemented a Whistleblower program throughout the organization.

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

- (b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.
- (c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

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

The majority of the Parex Board of Directors is comprised of independent directors. In any situation where a potential conflict may arise, directors must disclose such conflict and absent him or herself from consideration of the particular transaction or agreement and voting as a result.

6. Nomination of Directors

- (a) Describe the process by which the Board identifies new candidates for Board nomination.

All members of the Parex Board of Directors are encouraged to:

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

- (b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.

The CG&HR Committee of the Parex Board of Directors is comprised entirely of independent directors and is responsible for the functions of a nominating committee

- (c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The CG&HR Committee of the Parex Board of Directors is comprised entirely of independent directors and is responsible for oversight of the Company's Corporate Governance, Board Development, Executive Appointments and Compensation, Human Resources, Stock Option Plan, Disclosures and Performance Assessment functions.

GUIDELINES**COMMENTARY****7. Compensation**

- (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.

The CG&HR Committee of the Parex Board of Directors reviews competitive market data from third-party sources for compensation for directors and officers of the Company and makes recommendations regarding the format and quantum of such compensation to the Parex Board of Directors for approval. As part of this process, external consultants will be engaged by the CG&HR Committee from time to time to conduct a competitive review of and to make specific recommendations on compensation for directors and officers of the Company.

- (b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The CG&HR Committee of the Parex Board of Directors is comprised entirely of independent directors and is responsible for the functions of a compensation committee

- (c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The CG&HR Committee of the Parex Board of Directors is comprised entirely of independent directors and is responsible for oversight of the Company's Corporate Governance, Board Development, Executive Appointments and Compensation, Human Resources, Stock Option Plan, Disclosures and Performance Assessment functions.

- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No compensation consultant or advisor was retained since the beginning of the Company's most recently completed financial year to assist in determining compensation for any of the Company's directors or officers.

- 8. Other Board Committees** – If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Company has no other committees other than the finance and audit and CG&HR Committee.

- 9. Assessments** – Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

The CG&HR Committee, in conjunction with the Chairman of the Parex Board of Directors, has responsibility for assessing the performance of the Parex Board of Directors as a whole, the Committees of the Parex Board of Directors and the individual directors. The small size of the Parex Board of Directors allows for significant and consistent communication amongst the directors and management with respect to matters of effectiveness.

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.

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), 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, other than as disclosed herein.

OTHER MATTERS COMING BEFORE THE MEETING

Management knows of no amendments, 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.

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 financial statements and management's discussion and analysis for its most recently completed financial year. Securityholders can access this information on SEDAR or by request to the Chief Financial Officer of the Company at 1900, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1, Fax (403) 265-8216.

APPENDIX "A"

MANDATE OF THE BOARD OF DIRECTORS

1. Purpose of the Mandate of the Board of Directors

- a) The purpose of this Mandate is to assist the Board of Directors 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 "Company").

2. Purpose of the Board of Directors

- a) The primary responsibility of the Board of Directors (the "Board") is to foster the long-term success of the Company consistent with the Board's responsibilities to the shareholders.
- b) The Board has the responsibility to oversee the conduct of the business of the Company and to oversee management which is responsible for the day-to-day conduct of business. In performing its functions, the Board also considers the legitimate interests which other stakeholders such as employees, regulators, surface rights owners, aboriginals, industry associations, suppliers, customers and communities may have in the Company. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the Company.
- c) The Board has the statutory authority and obligation to protect and enhance the assets of the Company, and the directors are charged with protecting the interests of all shareholders, both present and future, of the Company.

3. General Legal Obligations of the Board

- a) Alberta law identifies the following as legal requirements for the Board:
 - i) To oversee the management of the business and affairs of the Company.
 - ii) To act honestly and in good faith with a view to the best interests of the Company.
 - iii) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- b) The Board is responsible for directing management to ensure that legal requirements have been met, and that documents and records have been properly prepared, approved and maintained.

4. Procedures and Organization

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The current spending authorizations have been put in place by the Board through passage of a resolution delegating authority to the Chief Executive Officer.

- a) The Board retains the responsibility for managing its own affairs including:
 - i) Selecting the Chair, or acting Chair if the Chair is absent from the meeting.
 - ii) Nominating candidates for election to the Board.
 - iii) Constituting committees to the Board.
 - iv) Recommending director compensation.
- b) Subject to the Articles of the Company and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

5. Expectations of Management

- a) The Board expects management to work diligently towards enhancing the Company'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 Company in order for the Board to properly assess whether the Company'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 Company'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 Company's articles of incorporation as the Board deems appropriate in order to facilitate effective decision-making. The Board delegates to the Corporate Governance, Compensation and Human Resources Committee the responsibility of considering and making recommendations to the Board with respect to the appropriate Board size.

7. Independence

- a) In that the Board must develop and voice objective judgment on corporate affairs, independently of management, practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent directors. Certain tasks suited to independent judgments will be delegated to specialized Board Committees that are comprised mainly of independent directors wherever possible. The Board will develop broad standards to determine whether directors are independent. The Board will disclose both the standards and the annual determinations as required by law.
- b) The Board will be responsible for having the non-management directors conduct a session without the presence of management at all regularly scheduled Board meetings.

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

8. Nomination

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

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

9. Duties and Responsibilities

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

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

The Board has the responsibility to:

- (1) Appoint and replace the Chief Executive Officer (“CEO”), to monitor CEO performance, to approve CEO compensation and to provide advice and counsel to the CEO in the execution of the CEO’s duties.
- (2) Be responsible for plans being made for management succession and development.

b) **Oversight of Management**

- i) Assess each Officer's contribution to the implementation and achievement of the Company's strategic plan measured by performance against objectives established by the Board.
- ii) Establish a formal process for determining the Officers' compensation, in part, by using established criteria and objectives for measuring performance.
- iii) Acting upon the advice of the CEO, and the recommendation of the Corporate Governance, Compensation and Human Resources Committee, the Board has the responsibility to approve the appointment and remuneration of all corporate officers.

c) **Strategic Operating and Capital Plans**

While the leadership for the strategic planning process comes from the management of the Company, 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 Company.
- (2) Review, with management, and approve the strategic plan for the Company.
- (3) Approve the annual operating and capital plans and budgets.
- (4) Approve material or significant acquisitions.
- (5) Review progress in respect to the achievement of the goals and objectives established in the strategic, operating and capital plans.
- (6) Be responsible for management ensuring it has identified the principal risks of the Company’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 Company and its assets, and that it conduct an annual review of the associated risks.
- (7) Be responsible for congruence between the strategic plan, stakeholder expectations and management’s performance.

d) **Policies and Procedures**

The Board has the responsibility to:

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

- (2) Direct management to implement systems which are designed to ensure that the Company operates at all times within applicable laws and regulations, and to the highest ethical, social and moral standards.

e) **Monitoring and Acting**

The Board has the responsibility to:

- (1) Monitor the Company's progress towards its goals and objectives, and to revise and alter its direction through management in light of changing circumstances.
- (2) Approve any payment of dividends and new financings.
- (3) Direct management to ensure systems are in place for the implementation and integrity of the Company's internal control and management information systems.
- (4) Be responsible for having an audit process in place for the Company, which can inform the Board of the integrity of the financial data and compliance of the financial information with generally accepted accounting principles.

f) **Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- (1) Oversee that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis.
- (2) Oversee that the 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 Company.
- (4) Oversee the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles.
- (5) Report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).
- (6) Oversee that the Company has in place a policy to enable the Company to communicate effectively with its shareholders and the public generally.

10. Meetings

- a) The Board shall meet at least once in each fiscal quarter, either in person or by round robin. Additional meetings can be scheduled as required, at the discretion of the Board. Each director has a responsibility to attend and participate in Board meetings. Telephonic attendance is permissible with approval from the Chairman.
- b) At each Board meeting, there shall be a private session of the independent directors from which the non-independent directors will be excused.

11. Legal Requirements

- a) The Board is responsible for overseeing routine legal requirements are adhered to and that documents and records have been properly prepared, approved and maintained by the Company.