

VERANO ENERGY LIMITED

INFORMATION CIRCULAR AND PROXY STATEMENT

JOINT TAX ELECTION

INFORMATION ON HOW TO COMPLETE FORM T2057 OR FORM T2058

I. JOINT TAX ELECTION

Capitalized terms used herein, unless the context otherwise requires, have the meanings assigned to such terms in the Information Circular and Proxy Statement dated May 28, 2014 (“**Circular**”) in respect of a Plan of Arrangement involving Parex Resources Inc. (“**Parex**”), Verano Energy Limited (“**Verano**”) and the holders of the common shares (“**Verano Shares**”) of Verano (“**Arrangement**”).

As described in the Circular, a Verano Shareholder who acquires Parex Shares under the Arrangement may be eligible to make a Joint Tax Election.

By making a Joint Tax Election, a Verano Shareholder may be able to reduce the amount of the proceeds of disposition that such Verano Shareholder otherwise may realize for income tax purposes under the Arrangement. See “Certain Canadian Federal Income Tax Considerations” in the Circular.

The comments herein and the partially completed Form T2057 and Form T2058 described below only apply to Verano Shareholders who (i) held their Verano Shares as capital property; and (ii) hold the Parex Shares received as a result of the Arrangement as capital property.

II. JOINT TAX ELECTION FORM AND ELECTION DEADLINE

If you are a Verano Shareholder that received Parex Shares and wish to make a Joint Tax Election, you must complete and execute Canada Revenue Agency (“**CRA**”) Form T2057, “*Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*” (“**Form T2057**”), or, if the Verano Shareholder is a partnership, CRA Form T2058, “*Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation*” (“**Form T2058**”) (collectively, the “**Forms**”) and forward such completed form to Parex on or before August 25, 2014, (“**Joint Tax Election Deadline**”). For your convenience, a partially completed Form T2057 and Form T2058 are attached. To complete such form, you must provide additional required information based upon your personal circumstances and execute the form in the space provided.

Provincial income tax legislation, if applicable, also may require the filing of a separate provincial tax election form which is not provided by Parex. Electing Verano Shareholders should consult their own tax advisors as to whether such form is required and, if so, obtain that form from those advisors.

Parex will not make a Joint Tax Election with a particular Verano Shareholder unless it receives from that Verano Shareholder a properly completed Form T2057 or Form T2058 on or before the Joint Tax Election Deadline. A Form T2057 or Form T2058 is not properly completed unless it is completed in accordance with these instructions. It is your responsibility to ensure that the form is received by Parex on or before the Joint Tax Election Deadline.

The comments herein with respect to the completion and filing of the Forms are for general assistance only. Verano Shareholders wishing to make a Joint Tax Election should consult their own tax advisors.

III. COMPLETING THE FORMS

You should carefully review the instructions set forth on the attached Forms and select the form that is applicable to you. You also should review the following instructions which are intended to provide further guidance in respect of completing the attached Forms. Note that all references below are to the partially completed Form T2057 unless stated otherwise.

1. You will need to complete the taxpayer (transferor) information section on page 1 by printing the following information in the appropriate boxes:
 - (a) your name;
 - (b) your social insurance number (if you are an individual), business number (if you are a corporation or trust) or partnership identification number on Form T2058 (if you are a partnership);
 - (c) your address (including postal code);
 - (d) your taxation year that includes June 25, 2014, being the date upon which your Verano Shares were disposed of pursuant to the Arrangement (if you are an individual or a trust other than a testamentary trust, your taxation year generally will be from January 1 to December 31); and
 - (e) your tax services office, which is the location where your income tax return is usually filed.
2. You will have to answer questions 5 and 6(b) on page 2 in respect of your Verano Shares. The answer to this question is unique to you and should be confirmed with your tax advisor.
3. You will need to complete the "Paid-up capital of shares transferred" box on page 2 in respect of your Verano Shares (*i.e.*, the paid-up capital per Verano Share multiplied by the number of Verano Shares). Parex has been advised by

Verano that the paid-up capital of each Verano Share as of closing of the Arrangement is \$1.92.

4. You will need to include the number of Parex Shares received in the “Number of shares transferor received” box on page 2 under the heading “Description of shares received”.
5. You will need to complete the “Paid-up capital” box on page 2 under the heading “Description of shares received”. The paid-up capital of the Parex Shares received generally should be the amount (if any) by which the Agreed Amount (discussed below) exceeds \$0.42 cash per Verano Share.
6. You will need to insert the number of Verano Shares disposed of on page 3. Insert this number immediately before “Common Shares of Verano Energy Limited” on page 3 in the row titled “Capital Property Excluding Depreciable Property” in the column titled “Description” in respect of the column titled “Property Disposed Of”.
7. You will need to complete the “Fair Market Value” box on page 3 in respect of your Verano Shares, located in the row titled “Capital Property Excluding Depreciable Property” in respect of the column titled “Elected Amount Limits”. The fair market value of a Verano Share as of closing of the Arrangement may be equal to the fair market value of the consideration paid under the Arrangement for each Verano Share, being \$0.42 cash plus 0.0763 of a Parex Share. Based upon the five day weighted average closing trading price of a Parex Share on the Toronto Stock Exchange as of closing of the Arrangement, being \$12.71, the implied fair market value of a Verano Share as of closing of the Arrangement is \$1.3898.
8. You will need to complete the “A” box on page 3 in respect of your Verano Shares, located in the row titled “Capital Property Excluding Depreciable Property” in respect of the column titled “Elected Amount Limits”. This will be the adjusted cost base (“ACB”) to you of your Verano Shares. The ACB of your Verano Shares is unique to you and should be confirmed with your tax advisor.
9. You will need to complete the “Agreed Amount B” box on page 3 in respect of your Verano Shares, located in the row titled “Capital Property Excluding Depreciable Property”. The “Agreed Amount” cannot be less than the Cash Consideration received for your Verano Shares or more than the fair market value of your Verano Shares. The “Agreed Amount” also may not be less than the lesser of the fair market value of your Verano Shares and the ACB to you of your Verano Shares.
10. You will need to complete the “Amount to be reported B-A” box on page 3 in respect of your Verano Shares, located in the row titled “Capital Property

Excluding Depreciable Property". The "Amount to be reported B-A" is the amount, if any, by which the "Agreed amount B" box amount exceeds the "A" box amount.

11. You will need to insert the Cash Consideration you received on page 3. This amount should be inserted in the "Non-share" box, located in the row titled "Capital Property Excluding Depreciable Property" in the column titled "Consideration Received".
12. You will need to insert the number of Parex Shares you received on page 3. This number should be inserted immediately before "Common Shares of Parex Resources Inc." in the row titled "Capital Property Excluding Depreciable Property" in the column titled "Share" in respect of the column titled "Consideration Received".
13. You will need to complete the "Fair Market Value of Total Consideration" box on page 3 in respect of the Cash Consideration and Parex Shares received in the row titled "Capital Property Excluding Depreciable Property" in the column titled "Consideration Received". Based upon the five day weighted average closing trading price of a Parex Share on the Toronto Stock Exchange as of closing of the Arrangement, being \$12.71, the implied fair market value of the total consideration received for each Verano Share is \$1.3898.
14. You will need to complete the "Election and Certification" section at the bottom of Page 3. You (or an authorized person) will need to sign on the line labelled "Signature of Transferor of Authorized Officer or Authorized Person" and insert the date on which you sign the Election on the line titled "Date". If you are a partnership, unless all the partners have authorized someone in writing to sign the Form T2058 for them, all partners must sign the Form T2058.
15. If you are an authorized person acting on behalf of a Verano Shareholder, you must attach to the completed Forms a copy of the agreement authorizing you to act on behalf of the Verano Shareholder.

IV. COMPLETED FORMS

The completed Forms should be forwarded to:

Parex Resources Inc.
1900, 250 - 2nd Street SW
Calgary, Alberta T2P 0C1

Email: veranos85@parexresources.com
Facsimile: (403) 265-8216 Attn: Debbie Meek

Subject to the foregoing, Parex intends to make reasonable efforts to execute and forward your properly completed Form T2057 or Form T2058 by mail on or before September 22, 2014 to the CRA, with a copy to you. However, Parex has no obligation to execute or forward such Forms, and is not responsible for ensuring such Forms are, in fact, received by the CRA. Parex also has no responsibility for advising you if any Forms received by it are not properly completed or are received after the Joint Tax Election Deadline, such that Parex does not intend to execute or file them with the CRA.