

**PARAMOUNT RESOURCES LTD.  
CORPORATE GOVERNANCE COMMITTEE  
CHARTER**

(Adopted by the Board of Directors on May 19, 2005 with revisions up to and including March 7, 2013 and November 9, 2016)

**A. PURPOSE**

The overall purpose of the Corporate Governance Committee (the "Committee") is to:

1. provide a focus on corporate governance that will enhance corporate performance, and to ensure on behalf of the Board of Directors (the "Board") and shareholders of the Corporation that the Corporation's corporate governance system is effective in the discharge of its obligations to the Corporation's stakeholders; and
2. establish criteria for the Committee to recommend composition of the Board and its committees and, as circumstances arise, to propose new nominees to the Board and to assess directors' performance.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of at least three members of the Board, all of whom shall be "independent directors"<sup>1</sup>, as that term is defined in Section 1.4 of National Instrument 52-110, *Audit Committees* or such guidelines as may hereafter replace the same.
2. The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their members.
4. The Corporate Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.
5. The Committee shall meet regularly in each year on such dates and at such locations as the chair of the Committee shall determine and may also meet at any other time or times on the call of the chair of the Committee or any two of the other members.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
7. Any two directors may request the chair to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the chair of the Committee.
8. The Committee shall have access to such officers and employees of the Corporation, its external auditors and legal counsel, and to such information respecting the Corporation, and may engage separate independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.
9. The Committee will meet "in-camera", without management, after each Committee meeting.

## C. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be as follows:

### 1. Corporate Governance Matters

- (a) to develop and monitor the Corporation's overall approach to corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices;
- (b) to report annually to the Corporation's shareholders, through the Corporation's annual management information circular or annual report to shareholders, in accordance with National Instrument 58-101, *Disclosure of Corporate Governance Practises*, on the Corporation's system of corporate governance and the operation of its system of governance, having reference to the Corporate Governance Guidelines set forth in National Policy 58-201, *Corporate Governance Guidelines*, and such other laws, rules, regulations, policies and instruments as may affect the corporate governance of the Corporation from time to time;
- (c) to analyze and report to the Board the relationship of each director to the Corporation and significant shareholders as to whether such director is a related director or an unrelated director;
- (d) to advise the Board or any of the committees of the Board of any corporate governance issues which the Committee determines ought to be considered by the Board or any such committee;
- (e) to review with the Board, on a regular basis but not less than annually, the role of the Board, the terms of reference of each of the committees of the Board and the methods and processes by which the Board fulfills its duties and responsibilities, including without limitation:
  - (I) the number and content of meetings;
  - (II) the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
  - (III) material which is to be provided to the directors generally and with respect to meetings of the Board or its committees;
  - (IV) resources available to directors; and
  - (V) the communication process between the Board and management;
- (f) to propose to the Board, when required, the assignment of members to the committees of the Board and the chair for each committee;
- (g) to recommend to the Board a system which enables a committee or an individual director to engage separate independent counsel and advisors at the expense of the Corporation in appropriate circumstances and, upon the approval by the Board of such a process, to be responsible for the management and administration thereof;
- (h) whenever the Chairman of the Board is also the Chief Executive Officer of the Corporation, to establish practices and procedures to permit the Board in appropriate circumstances to act independently;

- (i) to assist the Board in developing position descriptions for and assessing the performance of the Chairman of the Board, President and Chief Executive Officer, Chief Financial Officer and lead director of the Corporation;
- (j) to assist the Board in the development of a Corporate Governance Manual and to maintain the same;
- (k) to assist the Board in the development of a Code of Ethics for the President and Chief Executive Officer, Chief Financial Officer and senior financial supervisors and to advise the Board with respect to the interpretation and administration of the Code; and
- (l) to develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors within a reasonable period of time following each annual general meeting of shareholders.

## 2. Selection, Nomination, Orientation, Education, and Remuneration of Directors

- (a) in consultation with the Board, to consider the appropriate size of the Board, with a view to facilitating effective decision-making;
- (b) in consultation with the Board, to establish criteria for Board membership, considering the competencies and skills that the board, as a whole, should possess; assess the competencies and skills of each existing director and any new nominees; and, recommend Board composition;
- (c) in conjunction with the Chairman of the Board, to propose to the Board, annually, the members proposed for re-election to the Board and identify and, where appropriate, recommend new nominees for the Board;
- (d) to ensure that there is in place an education and comprehensive orientation program for new members of the Board and a continuing education program for all directors;
- (e) to periodically review the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly.

## 3. Review and Assessment of Effectiveness of the Board and its Committees

- (a) to establish and administer a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole and the committees of the Board.

## D. ANNUAL REVIEW AND ASSESSMENT

The Committee shall conduct an annual review and assessment of its performance, including compliance with this Charter and its role, duties and responsibilities, and submit such report to the Board of Directors for consideration and recommendations.

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### <sup>1</sup> 1.4 **Meaning of Independence --**

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" means a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:

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- (i) is, a partner of a firm that is the issuer's internal or external auditor;
    - (ii) is an employee of that firm; or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time.
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of the firm that is the issuer's internal or external auditor;
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at the same time on the entity's compensation committee; and
  - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
  - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer; and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3) an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member: (a) has previously acted as an interim chief executive officer of the issuer; or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.