

**PARAMOUNT RESOURCES LTD.
RESERVES COMMITTEE CHARTER**
(Adopted by the Board of Directors on September 14, 2017)

A. PURPOSE

The overall purpose of the Reserves Committee (the "Committee") of Paramount Resources Ltd. (the "Corporation") is to review the Corporation's externally disclosed oil and gas reserves estimates including reviewing the qualifications of, and procedures used by, the independent engineering firm responsible for evaluating the Corporation's reserves.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the "Board") of the Corporation, all of whom shall be "independent", as that term is defined in Sections 1.4 and 1.5 of Multilateral Instrument 52-110, *Audit Committees*¹ and who meet the requirements of Section 3.5(1) of National Instrument 51-101² - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").
2. All members of the Committee shall have an appropriate level of knowledge of reserves estimation processes.
3. 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.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their members.
5. The Corporate Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.
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 to hear each other.
7. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external qualified reserves evaluator or auditor (the "**Qualified Reserves Evaluator/Auditor**"), and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.
8. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least annually at such times and at such locations as may be requested by the chair of the Committee. The Qualified Reserves Evaluator/Auditor, the CEO or any member of the Committee may request a meeting of the Committee;
 - (b) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

*President and Chief Executive Officer
Chief Financial Officer
Controller
Corporate Secretary*
 - (c) other management representatives shall be invited to attend as necessary or desirable;

- (d) the Qualified Reserves Evaluator/Auditor and management of the Corporation shall have access to the Committee each in the absence of the other. Meetings with the Qualified Reserves Evaluator/Auditor and management may be held separately, as requested by the Committee. The Committee may invite such officers, members of the Board, management and employees of the Corporation as it may see fit from time to time to attend a meeting of the Committee and assist thereat in the discussion and consideration of matters relating to the Committee; and
 - (e) the Committee shall meet in camera, without management, during or after any Committee meeting.
9. The Committee, through its chair, may contact directly any employee of the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices relating to reporting the reserves of the Corporation.
10. The Committee may retain, at the Corporation's expense, special legal or other consultants or experts it deems necessary in the performance of its duties and may set and pay the compensation for any advisor engaged. The Committee will notify the Chairman of the Corporate Governance Committee whenever independent consultants are engaged.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the evaluation and disclosure of its oil and gas reserves and oil and gas activities and the approval and filing of all necessary statements and reports related thereto;
 - (b) to report regularly to the Board on the fulfilment of its duties and responsibilities; and
 - (c) to identify and monitor the management of the principal risks that could impact the reporting of the reserves of the Corporation.
2. The duties and responsibilities of the Committee as they relate to the Corporation's oil and gas reserves estimates are to:
- (a) review, with reasonable frequency, the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the disclosure requirements and restrictions of all applicable laws, rules, regulations and policies including NI 51-101 and amendments thereto;
 - (b) review the appointment of the Qualified Reserves Evaluator/Auditor responsible for evaluating the Corporation's reserves, and in the case of any proposed change in such appointment, determine the reasons for the proposal and whether there have been disputes between the appointed Qualified Reserves Evaluator/Auditor and management of the Corporation;
 - (c) review, with reasonable frequency, the Corporation's procedures for providing information to the reserves evaluator;

- (d) before recommending approval of the filing of reserves data and the report of the reserves evaluator as required under all applicable laws, rules, regulations and policies including NI 51-101 and amendments thereto, meet with management and the reserves evaluator to:
 - (i) determine whether any restrictions affect the ability of the reserves evaluator to report on reserves data without reservation, and
 - (ii) review the reserves data and the report of the reserves evaluator.
- (e) review, discuss with and make recommendations to the Board with respect to:
 - (i) approving the content and filing of the reserves statement;
 - (ii) the filing of the report of the reserves evaluator; and
 - (iii) the content and filing of the report of management and Directors;

as required or specified under all applicable laws, rules, regulations and policies including NI 51-101 and amendments thereto.

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.

¹ 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:
 - (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.

1.5 **Additional Independence Requirements --**

- (1) Despite any determination made under section 1.4, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,
- is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include 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.

²3.5 Reserves Committee

- (1) The board of directors of a reporting issuer may, subject to subsection (2), delegate the responsibilities set out in section 3.4 to a committee of the board of directors, provided that a majority of the members of the committee
- (a) are individuals who are not and have not been, during the preceding 12 months:
 - (i) an officer or employee of the reporting issuer or of an affiliate of the reporting issuer;
 - (ii) a person who beneficially owns 10 percent or more of the outstanding voting securities of the reporting issuer; or
 - (iii) a relative of a person referred to in subparagraph (a)(i) or (ii), residing in the same home as that person; and
 - (b) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgement.)
- (2) Despite subsection (1), a board of directors of a reporting issuer shall not delegate its responsibility under paragraph 3.4(e) to approve the content or the filing of the information.