



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

An annual general meeting (the "Meeting") of the shareholders of Paramount Resources Ltd. (the "Corporation") will be held on Wednesday, May 3, 2023 at 10:30 a.m. (Mountain Time) in the McMurray Room of the Calgary Petroleum Club, located at 319 - 5th Avenue S.W., Calgary, Alberta. The purpose of the Meeting is to:

1. receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2022 and the independent auditors' report thereon;
2. elect the directors of the Corporation;
3. appoint the auditors of the Corporation; and
4. transact any other business as may properly come before the Meeting and any adjournment(s) of the Meeting.

By order of the Board of Directors

(*signed*) "Mark Franko"
Corporate Secretary

Calgary, Alberta, Canada
March 17, 2023

TABLE OF CONTENTS

GENERAL INFORMATION	3
Meeting Date and Time	3
Date of Information	3
Voting Shares and Principal Holders	3
Meeting Materials – Use of Notice and Access	3
Additional Information	4
Contact Information	4
VOTING AND PARTICIPATION INFORMATION	4
General Voting Information	4
Registered Shareholder Voting	5
Beneficial Shareholder Voting and Participation	6
Attending the Meeting as a Guest and Webcast	6
BUSINESS OF THE MEETING	7
Financial Statements	7
Election of Directors	7
Appointment of Auditors	7
Other Matters to Be Acted Upon	7
NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS	8
Independence of Director Nominees	12
Board Interlocks	12
Director Shareholdings	12
Competency Matrix for Director Nominees	13
COMPENSATION DISCUSSION AND ANALYSIS	14
Introduction	14
2022 Corporate Performance and Market Conditions	15
2022 Compensation Determinations	16
Compensation Mix	19
Reported vs. Realizable Compensation	20
Cost of Management	20
NEO Shareholdings	20
Peer Group	21
Total Return Performance Graph	22
Compensation Governance	23
Risk Oversight in Relation to Compensation Policies and Practices	25
Anti-Hedging Policy	25
EXECUTIVE COMPENSATION	26
Summary Compensation Table	26
Outstanding Options and RSUs	27
Incentive Plan Awards – Value Vested or Earned During the Year	27
Termination and Change of Control Benefits	28
DIRECTOR COMPENSATION	28
Director Compensation Table	28
Narrative Discussion of Director Compensation	29
Outstanding Options and RSUs Held by Directors	30
Incentive Plan Awards – Value Vested or Earned During the Year	31
INCENTIVE PLANS	31
INDEBTEDNESS OF DIRECTORS AND OFFICERS	35
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	35
CORPORATE GOVERNANCE	35
ENVIRONMENTAL AND SOCIAL GOVERNANCE	40
COMMITMENT TO A RESPECTFUL WORKPLACE AND WORKFORCE COMPOSITION	43
SCHEDULE "A" – BOARD OF DIRECTORS MANDATE	44

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION

Meeting Date and Time

Paramount Resources Ltd. (the "**Corporation**" or "**Paramount**") will be holding an annual general meeting (the "**Meeting**") of holders ("**Shareholders**") of its class A common shares ("**Common Shares**") on Wednesday, May 3, 2023 at 10:30 a.m. (Mountain Time). The Meeting will be held in the McMurray Room of the Calgary Petroleum Club, located at 319 - 5th Avenue S.W., Calgary, Alberta.

Date of Information

Information in this management information circular ("**Information Circular**") is given as of March 17, 2023 unless otherwise noted.

Voting Shares and Principal Holders

On March 17, 2023, Paramount had 142,962,089 issued and outstanding Common Shares. The Common Shares trade under the symbol "POU" on the Toronto Stock Exchange ("**TSX**").

To the knowledge of Paramount's directors and executive officers, the only persons that beneficially owned or controlled or directed 10% or more of the outstanding Common Shares as at March 17, 2023 were: (i) Mr. James H.T. Riddell, Paramount's President and Chief Executive Officer and Chairman of the Board of Directors, who beneficially owned or controlled or directed 35,872,278 Common Shares, representing approximately 25.1% of the outstanding Common Shares as of such date; (ii) Ms. Susan Riddell Rose, a director of Paramount, who beneficially owned or controlled or directed 14,942,955 Common Shares, representing approximately 10.5% of the outstanding Common Shares as of such date; and (iii) Ms. Brenda Riddell, who beneficially owned or controlled or directed 14,778,988 Common Shares, representing approximately 10.3% of the outstanding Common Shares as of such date.

Meeting Materials – Use of Notice and Access

Paramount has elected to use the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to beneficial Shareholders, but not in respect of mailings to registered Shareholders (i.e. a Shareholder whose name appears on the register of Shareholders). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that are intended to reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular and related materials in respect of a meeting of its shareholders.

While registered Shareholders will receive a paper copy of the notice of meeting, this Information Circular and a form of proxy, beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. In addition, a paper copy of the notice of meeting, this Information Circular, and a voting instruction form will be mailed to those Shareholders who do not hold their Common Shares in their own name, but who have previously requested to receive paper copies of these materials. Paramount's financial statements in respect of its most recently completed financial year will be mailed to registered Shareholders and those beneficial Shareholders who previously requested to receive such information.

Paramount does not intend to pay for intermediaries to forward to objecting beneficial owners, as defined under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the notice containing the information prescribed by the Notice-and-Access Provisions or a voting instruction form. Accordingly, an objecting beneficial owner will not receive these materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

Additional Information

Additional information concerning Paramount, including consolidated comparative interim and annual financial statements, related management's discussion and analysis and the 2022 annual information form, is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at www.sedar.com. This information may also be accessed on the Corporation's website at www.paramountres.com. Financial information in respect of Paramount's most recently completed financial year is contained in Paramount's comparative annual financial statements and related management's discussion and analysis.

Upon request by a Shareholder to Paramount's Corporate Secretary at the address set out below, Paramount will provide, without charge, copies of Paramount's 2022 annual information form, Paramount's consolidated comparative financial statements for fiscal 2022 together with the independent auditors' report thereon and related management's discussion and analysis, interim financial statements for subsequent periods and related management's discussion and analysis and this Information Circular.

Contact Information

Head Office: 4700, 888 – 3rd Street S.W.
Calgary, Alberta, Canada
T2P 5C5
Attention: Corporate Secretary
Telephone: 403-290-3600
Website: www.paramountres.com

VOTING AND PARTICIPATION INFORMATION

General Voting Information

Proxy Solicitation

Proxies are being solicited by management of Paramount to be used at the Meeting, or any adjournment(s) of the Meeting. Solicitations will be primarily by mail but may also be by newspaper publication, in person or by telephone, electronic transmission or communication by directors, officers, employees or agents of Paramount. All costs of the solicitation will be paid by Paramount.

Who is Entitled to Vote

If you are a registered holder of Common Shares at the close of business on March 17, 2023 (the "**Record Date**"), you are entitled to receive notice of and vote at the Meeting in person or by proxy. You will be entitled to vote all of the Common Shares that you held on the Record Date at the Meeting except to the extent that:

- a. you have transferred ownership of any such Common Shares after the Record Date; and
- b. not later than ten days before the Meeting, the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own such Common Shares and demands that their name be included on the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote those Common Shares at the Meeting.

When Common Shares are held jointly by two or more persons, those shares may be voted at the Meeting by any one of those holders, or, alternatively, by all holders jointly. Each Common Share is entitled to one vote. A simple majority of votes cast (50% plus one vote) is required to approve all of the known matters to come before the Meeting.

Quorum

Quorum for the Meeting will be at least two individuals present in person, each being a Shareholder or proxyholder entitled to vote at the Meeting, who together own or represent Common Shares having at least 25% of the votes entitled to be cast at the Meeting.

Amendments or Other Matters

At the time of printing this Information Circular, Paramount's management does not know of any matter that may come before the Meeting other than the matters referred to above or of any potential amendment to, or variation of, these matters. If any other matters or any amendments to, or variations of, the above matters do properly come before the Meeting, your proxyholder will vote on them using his or her best judgment.

Registered Shareholder Voting

If your Common Shares are held in your name and you have a share certificate you are a registered Shareholder.

How to Vote by Proxy

Registered Shareholders can submit a proxy that appoints a proxyholder to participate in and vote at the Meeting on behalf of the Registered Shareholder. You can indicate on your proxy how you want your proxyholder to vote your Common Shares or you can let your proxyholder decide for you. If you specify how you want your Common Shares voted, then your proxyholder must vote in accordance with your instructions. In the absence of specific instructions, your proxyholder can vote your Common Shares as he or she sees fit. **If you appoint Mr. James H.T. Riddell of Calgary, Alberta, or failing him, Mr. Paul R. Kinvig also of Calgary, Alberta, and do not specify how you want your Common Shares to be voted, your Common Shares will be voted as follows:**

Election of each management nominee as a director	FOR
Appointment of auditors	FOR

Registered Shareholders may vote their Common Shares by proxy delivered by mail or by proxy delivered by telephone or the internet in accordance with the instructions contained in the enclosed proxy.

If you choose to vote by proxy delivered by mail, you may use the enclosed proxy or complete another proper instrument of proxy. In either case, you must deliver the completed and executed proxy to either:

- a. the registered office of the Corporation at 4700, 888 – 3rd Street S.W, T2P 5C5, Attention: Corporate Secretary; or
- b. the Corporation's transfer agent, Computershare Trust Company of Canada, Eighth Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Proxy Department;

no later than 10:30 a.m. (Mountain Time) on May 1, 2023 or, if the Meeting is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for the Meeting to resume (the "**Proxy Deposit Deadline**").

You may revoke a proxy delivered by mail at any time before it is acted upon by:

- a. signing a new proxy bearing a later date and delivering it to Paramount's registered office or to Paramount's transfer agent, Computershare Trust Company of Canada, at either of the above addresses at least 48 hours (excluding weekends and holidays) prior to the commencement of the Meeting or any adjournment of the Meeting; or
- b. depositing written notice of revocation at Paramount's registered office or to Paramount's transfer agent, Computershare Trust Company of Canada, at either of the above addresses at any time prior to the Meeting or any adjournment thereof.

If you choose to vote by proxy delivered by telephone or the internet, you must do so by the Proxy Deposit Deadline.

The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion without notice.

The persons named in the enclosed proxy are senior officers of Paramount. **You may appoint some other person to be your proxyholder at the Meeting by inserting that person's name in the blank space provided in the enclosed form of proxy or by completing another proper instrument of proxy.**

How to Vote in Person

Registered Shareholders can participate in and vote at the Meeting by attending in person. If you plan to do so, do not submit a proxy. When you arrive at the Meeting, register with Paramount's transfer agent, Computershare Trust Company of Canada, and your vote at the Meeting will be counted.

Beneficial Shareholder Voting and Participation

If your Common Shares are held in the name of a nominee or intermediary (i.e. deposited with a securities broker, bank or other institution) you are a beneficial Shareholder.

How to Vote by Providing Voting Instructions

Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the registrar and transfer agent for Paramount as the registered holders of Common Shares can be recognized and acted upon at the Meeting. Beneficial Shareholders may vote by providing voting instructions to the registered holder of the Common Shares via mail, telephone or internet. For further instructions, see the voting instruction form provided to you by your nominee or intermediary.

Applicable regulatory policies require registered shareholders who hold their shares as nominees to seek (or have an intermediary seek on their behalf) voting instructions from their respective beneficial shareholders in advance of shareholders' meetings. Every nominee and intermediary has its own mailing procedures and provides its own voting and return instructions. The voting and return instructions for your applicable nominee or intermediary are set out in the voting instruction form that they have provided to you. You must carefully follow the instructions on this form in order to ensure your Common Shares are voted at the Meeting. The vast majority of nominees delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). If your nominee has appointed Broadridge, you should have received a scannable voting instruction form from Broadridge, and you will need to either complete and return this form to Broadridge by mail, or alternatively, convey your voting instructions to them via the internet or by calling a toll-free telephone number as set out in the form. Broadridge will tabulate the results of all instructions that it receives and provide appropriate voting instructions to Computershare Trust Company of Canada for use at the Meeting. **A beneficial Shareholder must comply with the instructions on the voting instruction or proxy form provided to it well in advance of the Meeting in order to ensure their Common Shares can be voted at the Meeting.**

How to Vote in Person

If you are a beneficial Shareholder and wish to participate in and vote at the Meeting by attending in person, you must instruct your nominee or intermediary to appoint you or your appointee, as applicable, as proxyholder by inserting your own name or the name of your appointee in the space provided on the voting instruction form sent to you by your nominee or intermediary and following all of the applicable instructions provided by your nominee or intermediary.

Attending the Meeting as a Guest and Webcast

If you are not a registered Shareholder or duly appointed proxyholder, but wish to attend the Meeting in person, you may do so as a guest. As a guest, you will not be permitted to vote or otherwise participate in the formal business of the Meeting. A webcast of the Meeting will also be available on Paramount's website at www.paramountres.com.

BUSINESS OF THE MEETING

Financial Statements

Paramount's consolidated financial statements as at and for the year ended December 31, 2022 and the auditors' report thereon have been mailed to registered Shareholders and will be placed before the Shareholders at the Meeting.

Election of Directors

Paramount's articles provide that the Board of Directors (the "**Board**") shall consist of a minimum of three and a maximum of twelve directors. The Board has fixed the number of directors to be elected at the Meeting at seven, each of whom will serve until the next annual meeting of Shareholders or until their respective successors are elected or appointed. The seven nominees are:

- James Riddell
- James Bell
- Wilfred Gobert
- Dirk Jungé
- Kim Lynch Proctor
- Keith MacLeod
- Susan Riddell Rose

All director nominees have consented to being named in this Information Circular and to serve as directors if elected. Paramount's management does not contemplate that any of the director nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, your proxyholder has the right to use his or her discretion in voting for another nominee unless you have specified in your voting instruction or proxy form that he or she does not have such authority. The Corporation's articles permit the Board, between annual meetings of Shareholders, to appoint one or more additional directors up to a maximum of one-third of the number of directors who held office at the expiration of the last annual meeting of Shareholders.

Your proxyholder will vote FOR the election of each of these nominees as a director of Paramount unless you indicate in your voting instruction or proxy form that authority to do so is withheld in respect of one or more of the nominees.

Appointment of Auditors

Unless you indicate in the enclosed voting instruction or proxy form that authority to vote for the re-appointment of the Corporation's current auditors is withheld, your proxyholder will vote FOR the re-appointment of Ernst & Young LLP, Chartered Professional Accountants, Calgary City Centre, 2200, 215 – 2nd Street S.W., Calgary, Alberta T2P 1M4, as auditors of the Corporation to hold office until the next annual meeting of Shareholders. Ernst & Young LLP have been Paramount's auditors since its inception in 1978.

The information regarding Paramount's audit committee as required by section 5.1 of *National Instrument 52-110 – Audit Committees* is set forth in Paramount's 2022 annual information form under the heading "Audit Committee Information" and in Appendix C thereto. Below is a summary of the fees billed to Paramount for professional services rendered by Ernst & Young LLP in respect of the financial years ended December 31, 2022 and December 31, 2021:

(\$ thousands)	2022	2021
Audit Fees ⁽¹⁾	409	245
Audit-Related Fees ⁽²⁾	5	89
All Other Fees ⁽³⁾	12	8
Total	426	342

(1) Represents the aggregate fees of the Company's auditors for audit services in respect of the financial year.

(2) Represents the aggregate fees billed for assurance and related services by the Company's auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and are not included under "Audit Fees".

(3) Represents the aggregate fees billed for products and services provided by the Company's auditors other than those services reported under "Audit Fees" and "Audit Related Fees".

Other Matters to Be Acted Upon

Management knows of no matters to come before the Meeting other than the matters referred to in the enclosed Notice of Annual General Meeting of Shareholders to which this Information Circular is attached. If any matters which are not known at the time of the Information Circular should properly come before the Meeting, proxies will be voted on such matters in accordance with the best judgment of the person holding such proxy.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

The following table provides information with respect to the seven director nominees. Mr. Robert MacDonald, who is currently a director of the Corporation, will not be standing for re-election at the Meeting. Paramount would like to thank Mr. MacDonald for his dedicated service.

Shareholders are entitled to vote for or withhold their vote for each nominee on an individual basis. The Board has adopted a majority voting policy which provides that if a director receives more "withhold" votes than "for" votes in an uncontested election of directors that director must immediately tender his or her resignation, and the remaining Board members must determine whether or not to accept such resignation within 90 days (and will be required to accept the resignation absent exceptional circumstances).

Any Shareholder who wishes to nominate one or more other directors can do so by submitting to Paramount's Corporate Secretary the information required by Paramount's bylaws, including the nominees' names, background, qualifications and experience. Paramount's bylaws require that a Shareholder give the Corporation advance notice of any proposal to nominate directors for election to the Board when nominations are not made through the shareholder proposal procedures set out in the *Business Corporations Act* (Alberta). If the nomination is to be presented at an annual meeting of Shareholders, the notice must be given 30 to 65 days in advance of the meeting; provided that if the annual meeting is to be held less than 50 days after Paramount announces the meeting date, the notice must, in those circumstances, be given within 10 days of the meeting announcement. If the nomination is to be presented at a special meeting of Shareholders (that is not also an annual meeting) where one of the items of business is the election of directors, then the notice must be given within 15 days of the meeting announcement. All nominations received will be forwarded to the Chair of the Corporate Governance Committee who will present them to the committee for consideration.

James Riddell⁽³⁾



Calgary, Alberta, Canada
Non-Independent Director
Director Since: 2000
Age: 56

Mr. Riddell has been the President and Chief Executive Officer of Paramount since May 2015 and Chairman of the Board since November 2018. Mr. Riddell served as President and Chief Operating Officer from June 2002 to May 2015 and in various positions at Paramount from May 1991 until June 2002.

Mr. Riddell graduated from Arizona State University with a Bachelor of Science degree in Geology and from the University of Alberta with a Master of Science degree in Geology. He is a member of the Canadian Society of Petroleum Geologists and the American Association of Petroleum Geologists.

2022 AGM Voting Results:	Votes For	110,779,062 (99.84%)
	Votes Withheld	174,571 (0.16%)

Paramount Board / Committee Participation	2022 Meeting Attendance
Board of Directors	5/5 (100%)
Environmental, Health and Safety Committee	2/2 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 35,872,278 - \$991,868,487	None
Restricted Share Units ⁽¹⁾ : Nil	
Options: 908,233	

James Bell⁽⁴⁾

Calgary, Alberta, Canada
Independent Director
Director Since: 2011
Age: 48

Mr. Bell is the Co-President of Dominion Lending Centres Inc., a TSX listed mortgage brokerage company, and served in various positions, including President and Chief Executive Officer, with its predecessor company Founders Advantage Capital Corp. since 2016. Previously, Mr. Bell was General Counsel for Olympia Financial Group Inc., a TSX listed financial services company, and its wholly-owned subsidiary Olympia Trust Company, a non-deposit taking trust company, and practiced securities and corporate commercial law as a partner at an international law firm.

Mr. Bell graduated from the University of Saskatchewan with a Bachelor of Laws degree and is a member of the Law Society of Alberta. He has completed the Canadian Securities Course and the Partners, Directors and Senior Officers Course of the Canadian Securities Institute and The Path – Indigenous Cultural Awareness Course.

2022 AGM Voting Results:	Votes For	98,637,438 (88.90%)
	Votes Withheld	12,316,195 (11.10%)

Paramount Board / Committee Participation

Board of Directors	5/5 (100%)
Audit Committee	4/4 (100%)
Compensation Committee (Chair)	2/2 (100%)
Corporate Governance Committee	2/2 (100%)

2022 Meeting Attendance**Paramount Holdings**

Common Shares⁽¹⁾: 39,569 - \$1,094,083
Restricted Share Units⁽¹⁾: 4,500 - \$124,425
Options: 75,000
Minimum Share Ownership⁽²⁾: Attained

Other Public Board Directorships

Dominion Lending Centres Inc.

Wilfred Gobert

Calgary, Alberta, Canada
Independent Director
Director Since: 2017
Age: 74

Mr. Gobert is an independent businessman. Until his retirement in 2006, he was Vice-Chair of Peters & Co. Limited (an investment firm specializing in the Canadian oil and gas industry), a position he held since 2002, and was a member of its board of directors and its executive committee. Mr. Gobert joined Peters & Co. Limited in 1979 as Managing Director, Research. Mr. Gobert is also a director of Canadian Natural Resources Limited, a TSX and NYSE listed energy producer. Mr. Gobert is a Senior Fellow, Energy Studies, Centre for Energy Policy Studies with The Fraser Institute.

Mr. Gobert holds a Master of Business Administration (Finance) from McMaster University, a Bachelor of Science degree (Mathematics) from the University of Windsor, Ontario and a Chartered Financial Analyst designation.

2022 AGM Voting Results:	Votes For	99,317,473 (89.51%)
	Votes Withheld	11,636,160 (10.49%)

Paramount Board / Committee Participation

Board of Directors	5/5 (100%)
Compensation Committee	2/2 (100%)
Corporate Governance Committee	2/2 (100%)
Reserves Committee	3/3 (100%)

2022 Meeting Attendance**Paramount Holdings**

Common Shares⁽¹⁾: 47,644 - \$1,317,357
Restricted Share Units⁽¹⁾: 4,500 - \$124,425
Options: 60,000
Minimum Share Ownership⁽²⁾: Attained

Other Public Board Directorships

Canadian Natural Resources Limited

Dirk Jungé



Bryn Athyn, Pennsylvania, U.S.A.
Independent Director
Director Since: 2000
Age: 74

Mr. Jungé is an independent businessman. He was Chairman of the Board of the Pitcairn Trust Company (a private trust company) from 1991 to 2019 and its CEO from 1993 to 1996 and from 2006 to 2012. He served as President of Pitcairn Trust Company from 2006 to 2008. Mr. Jungé holds a number of director and trustee positions with philanthropic organizations. Mr. Jungé is also a director of L.B. Foster Co., a NASDAQ listed company that is a manufacturer, fabricator and distributor of products and services for the rail, construction, energy and utility markets.

Mr. Jungé obtained a Bachelor of Science degree in Economics and Finance from Lehigh University, was designated a Chartered Financial Analyst by the Institute of Chartered Financial Analysts in 1978 and is a member of the Financial Planning Association, the Association for Investment Management and Research and the National Association of Corporate Directors.

2022 AGM Voting Results:	Votes For	96,314,126 (86.81%)
	Votes Withheld	14,639,507 (13.19%)

Paramount Board / Committee Participation	2022 Meeting Attendance
Board of Directors	5/5 (100%)
Corporate Governance Committee	2/2 (100%)
Environmental Health & Safety Committee (Chair)	2/2 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 39,519 - \$1,092,700	L.B. Foster Co.
Restricted Share Units ⁽¹⁾ : 4,500 - \$124,425	
Options: 81,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Kim Lynch Proctor



Calgary, Alberta, Canada
Independent Director
Director Since: 2021
Age: 47

Ms. Lynch Proctor is an independent businesswoman. She is an experienced lawyer, accountant and private equity executive with over 20 years of experience. Ms. Lynch Proctor was the Chief Financial Officer and General Counsel of KERN Partners, an energy focused private equity firm, from 2009 to 2016 and prior thereto a practicing lawyer and chartered professional accountant with Felesky Flynn LLP, Bennett Jones LLP and Deloitte, respectively, advising corporate clients on domestic and international transactions.

Ms. Lynch Proctor is a trustee of Alaris Equity Partners Income Trust, a TSX listed income trust that provides alternative financing to private companies, and a director of MEG Energy Corp., a TSX listed energy producer. She also serves on the board of several non-profit and municipal organizations, including the Calgary Police Commission.

Ms. Lynch Proctor obtained both a Bachelor of Commerce and a Bachelor of Laws degree from the University of Calgary and a Master of Laws degree from New York University, is a Chartered Professional Accountant and holds an ICD.D designation from the Institute of Corporate Directors.

2022 AGM Voting Results:	Votes For	99,547,765 (89.72%)
	Votes Withheld	11,405,868 (10.28%)

Paramount Board / Committee Participation	2022 Meeting Attendance
Board of Directors	5/5 (100%)
Audit Committee (Chair)	4/4 (100%)
Corporate Governance Committee	2/2 (100%)
Reserves Committee	3/3 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 21,038 - \$581,701	Alaris Equity Partners Income Trust
Restricted Share Units ⁽¹⁾ : 4,500 - \$124,425	MEG Energy Corp.
Options: 30,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Keith MacLeod⁽⁵⁾



Calgary, Alberta, Canada
Independent and Lead Director
Director Since: 2017
Age: 64

Mr. MacLeod is an independent businessman and the Lead Director of Paramount. Until June 2014, he was a director, partner and CEO of Sproule (a worldwide petroleum consulting firm), which he first joined in 1979. Mr. MacLeod is Chair of the Canada–Nova Scotia Offshore Petroleum Board and the Chair of the Verschuren Centre for Sustainability in Energy and the Environment.

Mr. MacLeod is a professional engineer with more than 30 years of experience in the oil and gas industry in Alberta. Mr. MacLeod holds a B.S. (Honors) in Mining Engineering from the Montana College of Mineral Science and Technology and a diploma in Technology in Mineral Science from the College of Cape Breton. He has completed the Director Education Program of the Institute of Corporate Directors. Mr. MacLeod is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Society of Petroleum Evaluation Engineers and the Society of Petroleum Engineers and has participated in numerous committees of those organizations.

2022 AGM Voting Results:	Votes For	99,362,660 (89.55%)
	Votes Withheld	11,590,973 (10.45%)

Paramount Board / Committee Participation	2022 Meeting Attendance
Board of Directors	5/5 (100%)
Corporate Governance Committee	2/2 (100%)
Environmental, Health and Safety Committee	2/2 (100%)
Reserves Committee (Chair)	3/3 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 75,353 - \$2,083,510	None
Restricted Share Units ⁽¹⁾ : 4,500 - \$124,425	
Options: 45,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Susan Riddell Rose



Calgary, Alberta, Canada
Non-independent Director
Director Since: 2000
Age: 58

Ms. Riddell Rose has been the President and a director of Perpetual Energy Inc., a TSX listed energy producer, and its predecessor Paramount Energy Trust since 2002 and its CEO since 2005. Ms. Riddell Rose has also been the President and Chief Executive Officer and a director of Rubellite Energy Inc., a TSX listed energy producer, since its formation in 2021. Ms. Riddell Rose was previously Corporate Operating Officer of Paramount and began her career as a geological engineer with Shell Canada Limited. Ms. Riddell Rose is also a director of Secure Energy Services Inc., a TSX listed company offering midstream infrastructure and environmental solutions, and a director of Altalink LP, a reporting issuer whose shares are not publicly traded.

Ms. Riddell Rose graduated from Queen's University with a Bachelor of Science degree in Geological Engineering. Ms. Riddell Rose is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Canadian Society of Petroleum Geologists, and the American Association of Petroleum Geologists and a governor of the Canadian Association of Petroleum Producers.

2022 AGM Voting Results:	Votes For	99,985,982 (90.12%)
	Votes Withheld	10,967,651 (9.88%)

Paramount Board / Committee Participation	2022 Meeting Attendance
Board of Directors	5/5 (100%)
Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 14,942,955 - \$413,172,706	Perpetual Energy Inc.
Restricted Share Units ⁽¹⁾ : 4,500 - \$124,425	Rubellite Energy Inc.
Options: 90,000	Secure Energy Services Inc.
Minimum Share Ownership ⁽²⁾ : Attained	

Notes:

- (1) Represents Common Shares beneficially owned or controlled or directed by the proposed director and Restricted Share Units held by the proposed director as at March 17, 2023, valued in each case based on the closing price of the Common Shares on the TSX on March 17, 2023 of \$27.65.
- (2) See "Nominees for Election to the Board of Directors – Director Shareholdings".
- (3) Mr. Riddell was a director of Sonde Resources Corp. (Sonde) and Great Prairie Energy Services Inc. ("Great Prairie"), both public oil and gas companies, within one year of Sonde becoming bankrupt and Great Prairie having a receiver-manager appointed to manage its assets, undertakings and properties. Mr. Riddell was a director of Strategic Oil & Gas Ltd., a public oil and gas company, when it filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") and when it became subject to a cease trade order for failing to file its annual financial statements and management's discussion and analysis, which order remains in effect.
- (4) Mr. Bell was a director of Just Energy Group Inc. ("Just Energy"), a public retail energy provider. While Mr. Bell was a director, Just Energy sought and received creditor protection under the CCAA and similar protection under Chapter 15 of the Bankruptcy Code in the United States.
- (5) Mr. MacLeod was a director of Manito Energy Inc. ("Manitok"), a public oil and gas company, within one year of Manito filing a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).

Independence of Director Nominees

Of the seven director nominees, five are independent. All members of the Audit Committee, Corporate Governance Committee, Compensation Committee and Reserves Committee are independent. See under "*Corporate Governance – Independence of Board Members*" and "*Corporate Governance – Committee Membership*" for more information.

Director Nominee	Independent	Non-Independent	Reason for Non-Independence
James Riddell		✓	President & CEO of the Corporation
James Bell	✓		
Wilfred Gobert	✓		
Dirk Jungé	✓		
Kim Lynch Proctor	✓		
Keith MacLeod	✓		
Susan Riddell Rose		✓	Familial relationship with President & CEO of the Corporation

Mr. Keith MacLeod, an independent director, is the Board's Lead Director. His duties include, among other things, ensuring that differences between the responsibilities of the Board and management are understood by all, ensuring that independent directors have adequate opportunities to meet to discuss issues without management present and acting as a liaison between the independent directors and management. The position description for the Lead Director is available on the Corporation's website at www.paramountres.com.

The Board has a policy requiring that an *in-camera* meeting of independent directors be held in connection with all Board and committee meetings.

Board Interlocks

None of the director nominees: (i) serve together as directors of any company other than the Corporation or (ii) are employed by a company of which any director nominee or executive officer of the Corporation is a director.

Director Shareholdings

In November 2022, Paramount adopted revised share ownership guidelines for its non-management directors. Under the guidelines, each non-management director is expected to own Common Shares equal in value to at least 3.0x: (i) the annual base cash retainer paid to the director (excluding additional fees for serving as Lead Director or Chair of a Committee of the Board) plus (ii) the grant date fair value of the annual share-based compensation paid to the director in the form of restricted share units. Common Shares owned directly or owned jointly or indirectly with or by a spouse and/or children that share the director's household are included in determining a director's share ownership for the purposes of the guidelines.

Compliance with the share ownership guidelines is assessed annually as of December 31 each year. Common Shares owned by a director are valued based on the greater of: (i) the last closing price of the Common Shares on the TSX on the last trading day of the year and (ii) the adjusted cost base of the Common Shares. If a non-management director is not in compliance with the share ownership guidelines as of December 31, the Corporate Governance Committee will review the reasons for the non-compliance with the director and the Corporate Governance Committee and director will agree upon a course of action to achieve compliance with the share ownership guidelines. As set out in the table below, each non-management director of the Corporation was in compliance with the share ownership guidelines as of December 31, 2022.

Director	Shares Owned	Value Owned	Guideline Value	Multiple
James Bell	38,847	\$ 1,112,578	\$ 436,470	7.6x
Wilfred Gobert	47,644	1,364,524	436,470	9.4x
Dirk Jungé	39,519	1,131,824	436,470	7.8x
Kim Lynch Proctor	21,038	602,528	436,470	4.1x
Robert MacDonald	31,500	902,160	436,470	6.2x
Keith MacLeod	75,353	2,158,110	436,470	14.8x
Susan Riddell Rose	14,942,955	427,966,231	436,470	2,941.6x

James Riddell is not subject to the share ownership guidelines as he is not a non-management director. For comparison purposes, as at December 31, 2022, Mr. Riddell held 35,872,278 Common Shares with a value of \$1.027 billion. The multiple of the value of his shareholdings to total compensation in 2022 from all sources was 225.5x and to base salary was 2,545.2x. See under "*Executive Compensation*" and "*Director Compensation*" for a complete description of compensation paid to Mr. Riddell and the non-management directors, respectively, in the last three financial years.

Competency Matrix for Director Nominees

The Board, through the Corporate Governance Committee, has developed a competency matrix to ensure that the members of the Board, through their knowledge, business expertise and experience, meet the needs of the Board. The following table sets out some of the relevant knowledge, expertise and experience of the director nominees:

	James Riddell	James Bell	Wilfred Gobert	Dirk Jungé	Kim Lynch Proctor	Keith MacLeod	Susan Riddell Rose
Board Experience <i>Experience as a director of a public company other than Paramount</i>	✓	✓	✓	✓	✓	✓	✓
CEO Experience <i>Experience as the leader of a public company or complex organization</i>	✓	✓		✓		✓	✓
Strategic Planning <i>Experience in the development and execution of corporate strategy</i>	✓	✓	✓	✓	✓	✓	✓
Operations <i>Experience in oil and natural gas operations</i>	✓		✓	✓			✓
Project Management <i>Experience in significant project planning and execution</i>	✓		✓	✓		✓	✓
Corporate Governance <i>Understanding of the principles and practices of good governance of public companies</i>	✓	✓	✓	✓	✓	✓	✓
Accounting / Finance <i>Professional accountant or significant accounting or finance experience</i>	✓	✓	✓	✓	✓	✓	✓
Executive Compensation <i>Experience with the oversight of public company executive compensation</i>	✓	✓	✓	✓	✓	✓	✓
Government / Public Policy <i>Experience with government relations or the development of public policy</i>	✓	✓	✓		✓	✓	✓
Human Resources <i>Experience with human resources policy and management</i>	✓	✓	✓	✓	✓	✓	✓
Legal and Regulatory <i>Lawyer or significant experience with regulatory matters</i>		✓			✓		✓
Environment / Health / Safety <i>Experience with environmental compliance and the oversight of workplace health and safety</i>	✓			✓		✓	✓
Information / Cyber Security <i>Experience with the development and application of policies and systems to ensure information security and address cyber threats</i>		✓	✓	✓	✓		
Sustainability <i>Experience with sustainability oversight, including climate-related risks, emissions management, social governance and water and land use</i>	✓			✓	✓	✓	✓

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Compensation Philosophy

Paramount's compensation philosophy is to be competitive with other Canadian oil and gas companies of similar size in order to attract, retain and motivate a highly-qualified workforce. The compensation program for Paramount's named executive officers ("**NEOs**") is built around base salaries and reward systems that recognize the Corporation's financial and operational results and individual and departmental performance. This program is also designed to ensure that the interests of Paramount's executives are aligned with its Shareholders by making a majority of the compensation paid to the NEOs variable or at risk.

Elements of Compensation

There are three primary elements to Paramount's compensation program: base salary, awards of restricted share units ("**RSUs**") and cash under the Corporation's Cash Bonus and Restricted Share Unit Plan ("**CBRSUP**") and stock option grants ("**Options**") under the Corporation's Stock Option Plan ("**Option Plan**"). In addition, the Compensation Committee of the Board retains the discretion to grant extraordinary cash bonuses to NEOs and other employees when deemed appropriate. Each primary element of compensation is discussed in more detail below under "2022 Compensation Determinations". Detailed descriptions of the CBRSUP and the Option Plan are provided under the heading "Incentive Plans".

Key Features of Paramount's Compensation Program

The following list highlights some of the key features of Paramount's compensation program that are intended to ensure that the actions of Paramount's executives are aligned with the interests of its Shareholders. These features are described in more detail elsewhere in this "Compensation Discussion and Analysis" and in other sections of this Information Circular:

- Compensation is weighted towards variable and at-risk pay in the form of Options and RSUs, which derive their ultimate value from the performance of the Common Shares. See below under "Compensation Mix".
- Options vest over a term of five years and cannot be re-priced without first obtaining the approval of the Shareholders, which has never been sought. This incentivizes long-term, sustainable value creation.
- Awards granted under the CBRSUP are tied to performance goals (individual, departmental or corporate). In the past three years, CBRSUP awards granted to the NEOs have consisted entirely of RSUs and no cash component, further aligning the interests of the NEOs with those of the Shareholders.
- Extraordinary cash bonuses may be awarded to NEOs where deemed appropriate by the Compensation Committee, including in recognition of strategic achievements or the successful completion of major projects or transactions. Such awards are extraordinary and are not considered to be a primary component of Paramount's compensation program. The extraordinary cash bonuses paid to the NEOs in 2022 represent the first since 2017.
- Paramount does not award any large perquisites and does not have any pension plans or other post-retirement obligations.
- A policy is in place prohibiting the hedging of Paramount's securities by officers and directors.
- No loans can be made to Paramount's executives for any purpose, including the purchase of Paramount's securities.
- Paramount's compensation program is regularly reviewed by the Compensation Committee, which is comprised entirely of independent directors, to ensure it is competitive and consistent with the executive compensation programs of Paramount's peer group and does not encourage excessive risk taking by the NEOs.
- The alignment of interests between Paramount's executives and its Shareholders is further strengthened by the fact that Paramount's CEO owns, controls or directs, directly or indirectly, approximately 25.1% of the Common Shares.

Compensation Process

The Compensation Committee of the Board determines the compensation of the CEO and, after considering the recommendations of the CEO, approves the compensation of the other NEOs. The Compensation Committee meets at least twice annually, with a meeting generally held in April each year to consider CBRSUP awards and in December each year to set salaries for the forthcoming year and consider Option grants.

In determining the overall compensation of the NEOs, the Compensation Committee considers a range of factors including general industry and market conditions, the Corporation's total shareholder return ("**TSR**"), the compensation practices and performance of its peer group and Paramount's corporate financial and operating results, including its progress in advancing its overall corporate strategy. The individual performance of each of the NEOs is also assessed. Specific factors that the Compensation Committee considered in determining 2022 compensation for the NEOs are set out below under "*2022 Compensation Determinations*". A description of the Corporation's peer group as well as its historical annual average TSR compared to its peer group is set out below under "*Peer Group*".

Named Executive Officers

Under applicable securities laws, a company's NEOs are: (i) the Chief Executive Officer, (ii) the Chief Financial Officer, (iii) the next three most highly compensated executive officers serving at the end of the most recent financial year and (iv) any officer who would have been among the next three most highly compensated executive officers if they had been serving at the end of the most recent financial year. The Corporation's NEOs for the purpose of this Information Circular are listed below.

James Riddell, President and Chief Executive Officer and Chairman ("**CEO**")
Paul Kinvig, Chief Financial Officer
Bernard Lee, Executive Vice President, Finance
Blake Reid, Executive Vice President, Operations
Rodrigo Sousa, Executive Vice President, Corporate Development and Planning

2022 Corporate Performance and Market Conditions

Operating conditions for Canadian energy producers in 2022 were characterized by a robust commodity price environment, the benefits of which were somewhat tempered by the emergence of inflationary cost pressures. Paramount's continued strong operational performance and the successful execution of its strategy of accretive acquisitions and divestitures delivered a TSR of 21% and the following financial and operating highlights in 2022:

- Record annual average sales volumes of 88,672 Boe/d, an 8% increase compared to 2021.
- The exceeding of targeted sales volumes of 30,000 Boe/d at Wapiti for the first time.
- Record cash from operating activities of \$1,050 million, a 118% increase compared to 2021.
- Record adjusted funds flow of \$1,171 million, a 134% increase compared to 2021.⁽¹⁾
- Record free cash flow of \$471 million, a 146% increase compared to 2021.
- Substantial year-over-year reserves additions, with total proved reserves increasing 31% and proved plus probable reserves increasing 15%.
- A more than doubling of the monthly dividend to \$0.125 per share in November from \$0.06 per share at the beginning of the year.
- A \$296 million year-over-year reduction in net debt to \$161 million at December 31, 2022.
- The more than tripling of the Corporation's Willesden Green Duvernay land position through two transactions at a total cost of \$98 million.
- The realization of compelling value for the Corporation's Kaybob Smoky and Kaybob South Duvernay properties and a portion of its road infrastructure through dispositions that generated aggregate proceeds of \$434 million.

⁽¹⁾ "Adjusted funds flow", "free cash flow" and "net debt" are capital management measures used by Paramount. These are not standardized measures and might not be comparable to similar measures presented by other issuers. See Note 18 of the audited consolidated financial statements of Paramount for the year ended December 31, 2022, which are available under the Corporation's profile on SEDAR at www.sedar.com, for additional information concerning these measures.

2022 Compensation Determinations

Overall

The Compensation Committee approved compensation payable to the NEOs in 2022 consisting of a combination of base salary, RSUs awarded under the CBRSUP, Option grants and an extraordinary cash bonus. The factors considered by the Compensation Committee in determining each specific component of compensation are described below.

As shown in the table under the heading "*Executive Compensation – Summary Compensation Table*", the total value of the compensation package paid to the CEO in 2022 increased by approximately 111% on a year-over-year basis and by an average of approximately 22% in the case of each of the other NEOs. As discussed further below, this year-over-year increase in the case of the CEO was primarily attributable to an increase in the grant date fair value of RSUs awarded under the CBRSUP, which in turn was driven by the significant year-over-year increase in the market value of the Common Shares underlying such awards. In the case of the other NEOs, the increase was driven by a combination of increased base salary, an increase in the grant date fair value of RSUs awarded under the CBRSUP and the granting of extraordinary cash bonuses. The aggregate grant date fair value of Options granted to the NEOs in 2022 declined compared to 2021.

Base Salary

The objective of a NEO's base salary is to provide a fixed level of cash compensation for performing day-to-day responsibilities. It is designed to reward executives for providing the services within their job description in a competent, professional manner. Paramount strives to pay base salaries that are competitive with its peer group and the Canadian oil and gas industry generally as salary is believed to be an important factor in attracting and retaining high-caliber people capable of achieving the Corporation's business objectives.

The following base salaries were paid to the NEOs in 2022 and 2021:

Base Salaries		
NEO	2022	2021
James Riddell	\$403,640	\$368,640
Paul Kinvig	\$303,500	\$278,500
Bernard Lee	\$329,120	\$314,120
Blake Reid	\$329,500	\$304,500
Rodrigo Sousa	\$329,500	\$304,500

The Compensation Committee approved increases to the base salaries of each of the NEOs for 2022 as compared to 2021 based on its consideration of corporate and individual performance in 2021, the approach of the Corporation's peer group and available data respecting forecasted salary budget changes with the energy sector, including the Canada MTCS – Mercer Total Compensation Survey for the Energy Sector.

CBRSUP Awards

The objective of the CBRSUP is to reward officers and employees for meeting or exceeding individual, departmental or corporate goals and objectives during the preceding financial year. See "*Incentive Plans - Cash Bonus and Restricted Share Unit Plan (CBRSUP) – Goals and Objectives for Awards*" for a description of the goals and objectives that may be considered.

Awards under the CBRSUP may be comprised of a cash bonus component and a RSU component. In the past three years, CBRSUP awards have consisted entirely of RSUs. Upon vesting, each RSU is exchanged for one Common Share and an amount, payable in cash or Common Shares, equal to any dividends paid with respect to such Common Shares from the date of grant of the RSU. RSU awards are intended to encourage Paramount's officers and employees to have an ongoing investment in the Common Shares and to further align them with the goal of creating long-term Shareholder value. As the value of the Common Shares and dividends paid to the Shareholders increases, the value of the RSUs also increases, thereby further aligning the interests of Paramount's officers and employees with those of its Shareholders.

The Compensation Committee determines the vesting schedule of RSUs comprising CBRSUP awards. In the case of the CEO, RSUs vest immediately upon grant. In 2022 and 2021, 1/3 of the RSUs granted to individuals other than the CEO vested immediately, with a further 1/3 to vest on the first anniversary of the date of grant and the final 1/3 to vest on the second anniversary of the date of grant. Paramount believes the delayed vesting of RSUs granted to individuals other than the CEO motivates such individuals to prioritize sustained value creation for Shareholders over short-term results. Given the substantial shareholdings of the CEO (see "NEO Shareholdings" below), it is not necessary for there to be a delayed vesting of his RSU awards to ensure that his interests are aligned with Paramount's other Shareholders.

The following CBRSUP awards were made to the NEOs in 2022 and 2021:

CBRSUP Awards				
NEO	2022		2021	
	Cash Bonus (\$)	RSUs ⁽¹⁾	Cash Bonus (\$)	RSUs ⁽¹⁾
James Riddell	-	100,000 / \$3,127,000	-	100,000 / \$1,000,000
Paul Kinvig	-	5,204 / \$162,729	-	11,750 / \$117,500
Bernard Lee	-	4,887 / \$152,504	-	11,750 / \$117,500
Blake Reid	-	5,690 / \$177,926	-	12,000 / \$120,000
Rodrigo Sousa	-	6,611 / \$206,726	-	17,080 / \$170,800

Notes:

(1) Dollar amounts represent the grant date fair value of the RSUs calculated by multiplying the number of RSUs by the weighted average price of the Common Shares over the five trading days preceding the grant date of \$31.27 in 2022 and \$10.10 in 2021.

The quantum of the CBRSUP awards made to the NEOs in 2022 was set by the Compensation Committee based on the subjective assessment of individual, departmental and corporate performance during 2021. Corporate performance was assessed on a non-formulaic, qualitative basis with reference to overall financial and operating results and goals and objectives related to production, capital program costs and execution, cash flows, operating costs, finding and development costs, general and administrative costs, safety, share price performance and the execution of strategic and corporate initiatives. In addition, the following corporate achievements in 2021 were considered:

- The delivery of one-year TSR of 397%.
- A 20% increase in annual average sales volumes compared to 2020.
- Production at Karr of exceeding 40,000 Boe/d for the first time.
- A 496% increase in cash from operating activities and 233% increase in adjusted funds flow compared to 2020.
- A 4% decrease in per unit operating costs and 5% decrease in per unit transportation and NGLs processing expense compared to 2020.
- The implementation of a regular monthly dividend of \$0.02 per Share in July 2021 that was subsequently tripled to \$0.06 per Share in November 2021.
- Non-core property dispositions that generated aggregate proceeds of \$165.5 million.
- A \$397.4 million year-over-year reduction in net debt.

Consistent with prior years, the CBRSUP award made to the CEO was comprised entirely of RSUs, thereby completely aligning his interests with those of the Shareholders. The Compensation Committee determined, consistent with the prior two fiscal years, that the 2022 CBRSUP awards made to the remaining NEOs should also be comprised entirely of RSUs in order to encourage performance and retention by virtue of the vesting periods associated with the RSUs and to further align the interests of the NEOs with those of the Shareholders.

Compared to 2021, the grant date value of the CBRSUP award made to the CEO in 2022, as set out in the table above, increased by 213% and the grant date fair value of the awards to each of the other NEOs increased by an average of 33%. As the CEO received an equivalent number of RSUs in 2022 as in 2021, the increase in grant date fair value was attributable to the significant year-over-year increase in the trading price of the Common Shares at the time of the CBRSUP award. In the case of each of the other NEOs, a decrease in the number of RSUs granted in 2022 compared to 2021 partially offset the impact of the year-over-year increase in the trading price of the Common Shares on the grant date fair value of the CBRSUP awards made to those individuals.

Option Plan

The intent of the Option Plan is to recognize the contributions of Paramount's officers and employees who are responsible for Paramount's management and growth by granting them Options to acquire Common Shares, serving to directly align their interests with those of the Shareholders. Option grants under the Option Plan are the primary long-term compensation awarded to Paramount's executives.

NEOs are eligible for annual Option grants. Options generally vest in equal tranches each successive year over a five-year period and expire approximately six months after their last vesting date. Paramount believes that the five-year vesting schedule encourages retention and incentivizes Paramount's NEOs, as well as its other officers and eligible employees, to manage Paramount's assets and operations with a view to long-term value creation for the Shareholders.

The following Option grants were made to the NEOs in 2022 and 2021:

Options Granted		
NEO	2022 ⁽¹⁾	2021 ⁽¹⁾
James Riddell	100,000 / \$702,000	150,000 / \$775,500
Paul Kinvig	60,000 / \$421,200	75,000 / \$387,750
Bernard Lee	45,000 / \$315,900	75,000 / \$387,750
Blake Reid	60,000 / \$421,200	75,000 / \$387,750
Rodrigo Sousa	75,000 / \$526,500	100,000 / \$517,000

Notes:

(1) Dollar amounts represent the grant date fair value of the Options granted to each NEO determined in accordance with the Black-Scholes model, the applicable inputs of which are described in the notes to the table under the heading "Executive Compensation – Summary Compensation Table".

In making Option grants to NEOs in 2022, the Compensation Committee considered individual contributions and responsibilities and the corporate performance described under "2022 Corporate Performance and Market Conditions". The grant date fair value of the Option grants and the resulting alignment of total compensation payable to the NEOs with the Corporation's selected peer group and the overall level of Option holdings necessary to incentivize long-term performance by each NEO were also considered.

Compared to 2021, the grant date value of the Options granted to the CEO in 2022 decreased by 9% and the average grant date value of Options granted to the remaining NEOs remained relatively consistent. Decreases in the number of Options granted to each NEO in 2022 compared to 2021 offset an increase in the grant date fair value of each Option under the Black-Scholes model resulting from the significant increase in the trading price of the Common Shares at the time of the Option grant in 2022 as compared to 2021.

Extraordinary Cash Bonuses

The Compensation Committee awarded the following extraordinary cash bonuses to the NEOs in 2022, the first such bonuses awarded since 2017:

Extraordinary Cash Bonus		
NEO	2022	2021
James Riddell	\$300,000	-
Paul Kinvig	\$125,000	-
Bernard Lee	\$50,000	-
Blake Reid	\$125,000	-
Rodrigo Sousa	\$150,000	-

The Compensation Committee determined to award the extraordinary cash bonuses in recognition of the contributions of the NEOs to the exceptional operational and financial performance of the Corporation in 2021, as reflected in the 2021 TSR of 397%, and to the commencement of additional shareholder returns through regular monthly dividends.

Retirement Plans

Paramount does not maintain any pension plans for the NEOs or any other employees of the Company. In 2022, Paramount made an RRSP contribution on behalf of each employee, including each NEO, equal to 6% of the base salary of such individual.

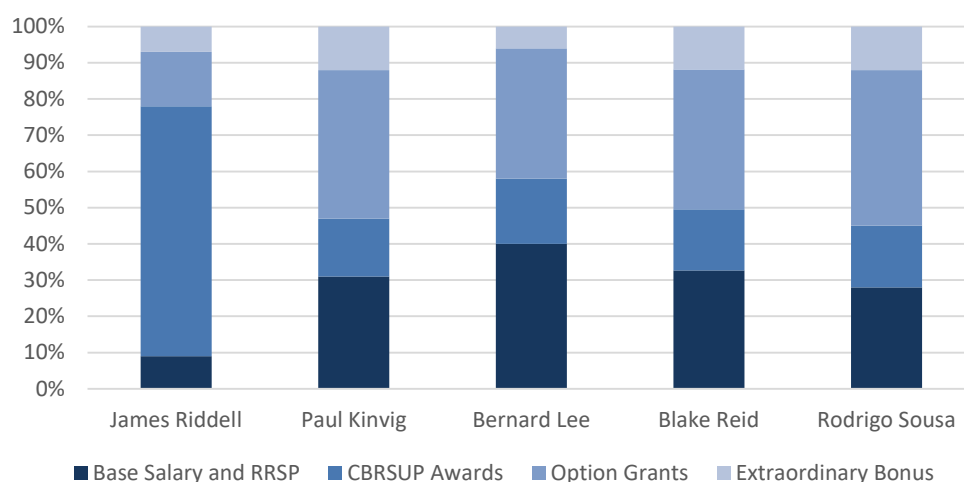
Compensation Mix

In determining compensation awards to be made to the Corporation's NEOs, consideration is given to all forms of compensation paid or payable so that an appropriate mix is attained between fixed compensation (consisting of base salary and an RRSP contribution equal to 6% of base salary) versus variable or at-risk pay (consisting of CBRSUP awards, Option grants and, when awarded, extraordinary cash bonuses), with the majority of such compensation intended to be variable or at-risk.

The following graphs show the percentages of fixed compensation versus variable or at-risk compensation for the CEO in 2022 and the average percentages of fixed versus variable or at-risk compensation for the other NEOs in 2022. For comparison, in 2021 the CEO's variable or at-risk pay comprised 82% of his total compensation and the variable or at-risk pay of the other NEOs comprised an average of 64% of their total compensation.



The following chart shows the relative percentage of overall compensation paid to each NEO in 2022 that was comprised of each element of compensation.



Reported vs. Realizable Compensation

The following table compares the aggregate total reported compensation paid by the Corporation to the NEOs in each of the last three financial years, as set out under the heading "*Executive Compensation – Summary Compensation Table*", to the realizable compensation of such officers over such period. Realizable compensation differs from reported compensation as the value of Options granted in the applicable year is calculated based on the "in-the-money" amount as at December 31, 2022, as opposed to grant date fair value calculated using a Black-Scholes model, and the value of RSUs is calculated based on the market price of the Common Shares as at December 31, 2022, as opposed to grant date fair value. The closing price of the Common Shares on December 31, 2022 of \$28.64 was used in calculating realizable value for Options and RSUs in each year in the table below.

	2022		2021		2020	
Compensation Type	Reported	Realizable	Reported	Realizable	Reported	Realizable
Salary	\$ 1,695,260	\$ 1,695,260	\$ 1,570,260	\$ 1,570,260	\$ 1,473,138	\$ 1,473,138
Options	2,386,800	64,600	2,455,750	5,894,750	684,000	11,780,000
RSUs	3,826,885	3,505,020	1,525,800	4,369,891	581,573	6,708,118
Extraordinary Cash Bonuses	750,000	750,000	-	-	-	-
RRSP Contribution	101,716	101,716	47,108	47,108	23,943	23,943
Total	\$ 8,760,661	\$ 6,116,596	\$ 5,598,918	\$ 11,882,009	\$ 2,762,654	\$ 19,985,199

Cost of Management

The below table compares the total reported NEO compensation in the last three financial years to the revenue and adjusted funds flow of the Corporation in those years.

	2022	2021	2020
NEO Compensation (\$ millions)	8.8	5.6	2.8
Revenue (\$ millions)	2,189	1,332	648
Compensation as % of Revenue	0.40	0.42	0.43
Adjusted Funds Flow (\$ millions)	1,171	500	150
Compensation as % of Adjusted Funds Flow	0.75	1.12	1.87

NEO Shareholdings

The table below sets out the number of Common Shares beneficially owned or controlled or directed by each NEO as of December 31, 2022, the market value of those Common Shares based on the closing price of the Common Shares on the TSX on December 31, 2022 of \$28.64 and the multiple of the value of the Common Shares held to the 2022 base salary of each NEO.

NEO	Shares Owned	Market Value	Multiple of 2022 Base Salary
James Riddell	35,872,278	\$ 1.027 billion	2,545.3x
Paul Kinvig	61,572	1,763,422	5.8x
Bernard Lee	333,599	9,554,275	29.0x
Blake Reid	36,319	1,040,176	3.2x
Rodrigo Sousa	134,563	3,853,856	11.7x

See under "*Executive Compensation - Outstanding Options and RSUs*" for a description of the Options and RSUs held by each NEO as of December 31, 2022 and the value of such incentives as of that date.

Peer Group

Paramount competes for executive talent with a wide range of Canadian exploration and development companies, but in particular with other intermediate-sized entities. Each year Paramount's Compensation Committee conducts a review of Paramount's competitors to determine which companies it believes are most appropriate to benchmark the Corporation against for performance and compensation purposes. The 2022 peer group consisted of the following companies:

Advantage Energy Ltd.	Baytex Energy Corp.	Birchcliff Energy Ltd.
Crescent Point Energy Corp.	NuVista Energy Ltd.	Peyto Exploration & Development Corp.
Spartan Delta Corp.	Whitecap Resources Inc.	

For 2022, the peer group was adjusted from the group utilized in 2021 to remove Enerplus Corporation due to the discontinuance of its Canadian operations and to add Spartan Delta Corp. given its growth and areas of operation. In selecting the 2022 peer group, primary emphasis was given to companies with comparable production and asset levels as they generally represent direct competitors to Paramount with similar complexity in operational and financial profiles. Secondary emphasis was given to market capitalization and enterprise value given that these measures, while indicative of the relative public market positioning of the entities compared to Paramount, can fluctuate significantly at any given time as a result of volatility in share prices.

The below table shows Paramount's production, assets, market capitalization and enterprise value as at December 31, 2022 compared against its peer group by percentile rank. Market capitalization and enterprise value amounts shown in the table below are based on values reported by Standard & Poor's Capital IQ and calculated in accordance with its methodologies.

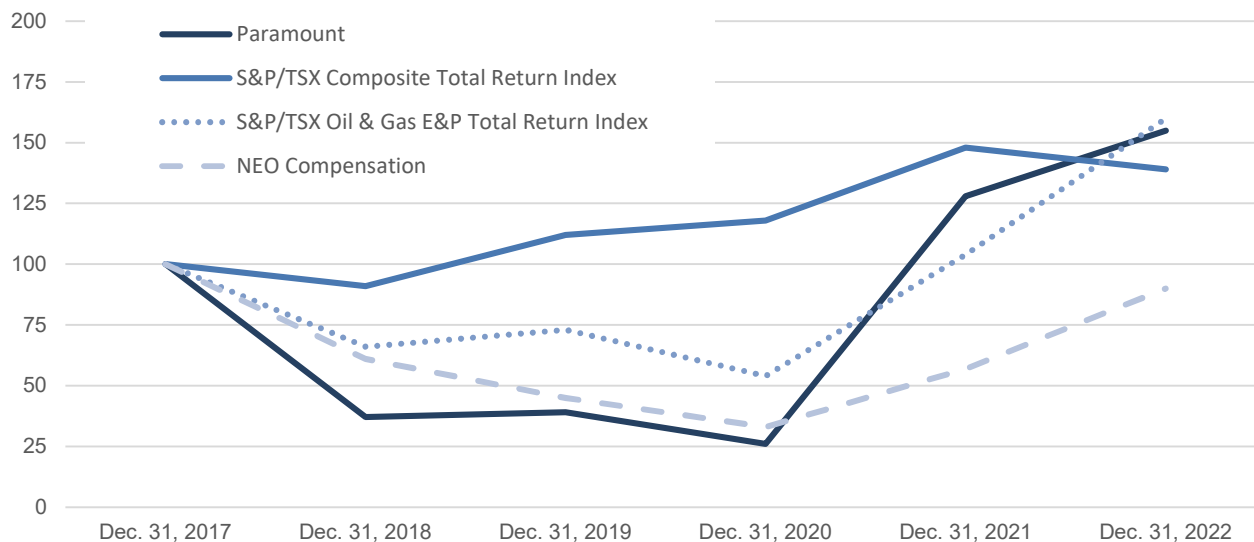
Paramount's Production, Assets, Market Capitalization and Enterprise Value vs. Peer Group				
	Production (Boe/d)	Assets (Millions \$)	Market Capitalization (Millions \$)	Enterprise Value (Millions \$)
Peer Group 25 th Percentile	69,789	2,368	2,349	2,543
Peer Group Median	80,222	3,591	2,654	3,374
Peer Group 75 th Percentile	125,099	8,391	4,861	6,152
Paramount	88,672	4,337	4,086	4,403
Percentile Rank December 2022	58th Percentile	59th Percentile	71st Percentile	67th Percentile

As part of its annual process of setting executive compensation, Paramount considers the compensation paid to the NEOs of its peer group as well as a range of other factors, including general trends affecting executive compensation in the Canadian oil and gas industry, the relative complexity of Paramount's business versus the peer group and the Corporation's growth prospects and performance as compared to its peers. The Corporation's 1, 3 and 5-year annual average TSR compared to the peer group's average are set forth in the table below.

Paramount's Annual Average TSR vs. Peer Group Average		
	Paramount	Peer Group
1-Year	21%	65%
3-Year	59%	46%
5-Year	9%	9%

Total Return Performance Graph

The following graph compares the cumulative TSR for Paramount on the TSX of \$100 invested in Common Shares on December 31, 2017 with the total returns over the same five-year period of the S&P/TSX Composite Total Return Index and S&P/TSX Oil & Gas Exploration & Production Total Return Index. Returns in each case reflect the reinvestment of dividends. The graph also shows the percentage change in the total reported compensation of those individuals comprising the Corporation's named executive officers during this same five-period.



TOTAL RETURN	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Paramount	100	37	39	26	128	155
S&P/ TSX Composite Total Return Index	100	91	112	118	148	139
S&P/TSX Oil & Gas E&P Total Return Index	100	66	73	54	104	160
NEO Compensation	100	61	45	33	57	90

The above graph and accompanying table demonstrate that NEO compensation has been generally aligned with Paramount's TSR during the past five years. On a yearly basis, increases and decreases in NEO compensation have tracked increases and decreases in Paramount's TSR, with the exception of 2019 when compensation decreased and TSR increased. The increase in NEO compensation in 2021 and 2022 coincided with a significant increase in TSR. It should be noted that the NEOs for 2018 and 2020 included a total of six executive officers, as compared to five executive officers in each of the other financial years, resulting in an increase in the total NEO compensation over that which would have otherwise been reported for those years.

Compensation Governance

Role of the Compensation Committee

The Compensation Committee determines the compensation of the NEOs. The Compensation Committee is composed entirely of independent directors. The written charter of the Compensation Committee, which is available on the Corporation's website at www.paramountres.com, sets out its composition, procedure and organization as well as its primary duties and responsibilities, which include:

- recommending to the Board compensation policies and general human resources policies and guidelines concerning employee compensation and benefits;
- ensuring that the Corporation has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management;
- considering and, after reasonable consultation by the Chair of the Committee with all other independent directors of the Corporation, approving the annual salary, bonus and other benefits, direct and indirect, of the CEO and approving compensation for all other designated officers of the Corporation (in the latter case after considering the recommendations of the CEO), all in accordance with the Corporation's compensation policies and general human resources policies and guidelines concerning employee compensation and benefits, and with such compensation to realistically reflect the responsibilities and risks of such positions;
- implementing and administering policies and guidelines relating to the following:
 - executive compensation, contracts, stock plans or other incentive plans; and
 - proposed personnel changes involving officers reporting to the CEO;
- reviewing, from time to time, the Corporation's broad policies and programs in relation to benefits;
- annually receiving from the CEO recommendations concerning annual compensation policies and budgets for all employees;
- reviewing, from time to time, with the CEO the Corporation's broad policies on compensation for all employees and overall labour relations strategy for employees; and
- reporting regularly to the Board on all of the Committee's activities and findings.

Members of the Compensation Committee

The members of the Compensation Committee as at the date of this Information Circular were Mr. James Bell (Chair), Mr. Robert M. MacDonald and Mr. Wilfred Gobert. Messrs. Bell, MacDonald and Gobert are all independent directors. A brief biography for each member of the Compensation Committee, setting out their relevant skills and experience, is provided below. When making decisions with respect to compensation, the Committee has the benefit of peer information obtained from public and third-party sources as well as information from Paramount's People Operations department. Given their wealth of experience and the resources available to them, the members of the Compensation Committee are well positioned to make decisions with respect to Paramount's compensation policies and practices.

James Bell (Chair)

Mr. Bell is currently Co-President of Dominion Lending Centres Inc., a public mortgage brokerage company listed on the TSX, and served in various positions, including President and Chief Executive Officer, with its predecessor company Founders Advantage Capital Corp. since 2016. From 2010 to 2016, Mr. Bell was General Counsel for Olympia Financial Group Inc. (a TSX listed company) and its wholly-owned subsidiary Olympia Trust Company (a non-deposit taking trust company). Prior thereto, Mr. Bell practiced securities and corporate commercial law as a partner at an international law firm until December 31, 2009. Mr. Bell has been involved in the negotiation and preparation of various executive compensation packages for both his current and former employers and has worked closely with the compensation committee at both entities as well. Further, Mr. Bell has experience with compensation principles and assessing risk factors relating to executive compensation. Finally, in his role as a private practitioner, Mr. Bell advised numerous clients with respect to executive compensation matters.

Robert M. MacDonald

Mr. MacDonald is an oil and gas banking professional with 19 years of experience as a corporate director and 27 years of experience as a senior officer of several Canadian chartered banks, including 18 years in Alberta and 9 years in the United States. He has expertise in oil and gas banking/financing, having handled and provided advisory services on strategic alternatives for senior and bridge debt structuring, project financing, mezzanine debt structuring, portfolio management, financial analysis and loan re-structuring. Mr. MacDonald has acquired significant experience in human resource policies, compensation and benefits having served in senior banking roles and on the compensation committee of the board of directors of another publicly traded issuer. From 1998 to 2003, he was a Director, Oil & Gas, Commercial Banking, with CIBC World Markets Inc. From 1993 to 1998, Mr. MacDonald was Vice President, Oil & Gas Group with CIBC. Mr. MacDonald graduated from the University of Saskatchewan (Regina Campus) with a Bachelor of Business Administration degree (major in Economics and Finance and minor in Accounting). He is a Fellow of the Institute of Canadian Bankers and has completed the academic requirements for the Director Education Program of the Institute of Corporate Directors.

Wilfred Gobert

Mr. Gobert has been involved in the oil and gas industry in Calgary since 1976, working with Peters & Co. Limited since 1979. When he retired from Peters & Co. Limited in 2006, Mr. Gobert was its Vice Chairman and through this role had significant involvement in compensation programs and practices for staff and executives. Mr. Gobert holds a Master of Business Administration (Finance) from McMaster University, a Bachelor of Science degree (Mathematics) from the University of Windsor, Ontario and a Chartered Financial Analyst designation. He is also a member of the compensation committee of Canadian Natural Resources Limited, a major Canadian energy producer listed on both the TSX and the NYSE.

Compensation Consultants and Advisors

In June 2021, the Compensation Committee engaged Mercer (Canada) Limited ("Mercer") as independent consultants to provide feedback and analysis respecting Paramount's executive compensation structure and features, including an assessment of historical and realized and realizable pay compared to the Corporation's peer group. In 2022, Mercer provided advisory services to the Compensation Committee consisting of the compilation of peer data and analysis of Paramount's executive compensation structure and compensation levels compared to its peer group. The table below sets out the fees paid by Paramount to Mercer in connection with such engagements under the heading "Executive Compensation Related Fees". In 2021 and 2022, Paramount also paid Mercer for survey compensation data associated with benchmarking Paramount's broader employee groups, the fees for which are set in the table below under the heading "All Other Fees" and did not require pre-approval from the Board or the Compensation Committee.

	Executive Compensation Related Fees	All Other Fees
2022	\$18,018	\$13,125
2021	\$35,734	\$14,950

Risk Oversight in Relation to Compensation Policies and Practices

The Compensation Committee has discussed and assessed the risks related to Paramount's compensation policies and practices and is of the view that, when considered in their totality, Paramount's compensation policies and practices do not incentivize excessive risk taking.

Base Salary

Paramount's Compensation Committee believes that Paramount's salary program does not encourage inappropriate or excessive risk taking for the following reasons:

- Base salaries provide a steady income regardless of share price performance. This allows executives and employees to focus on both Paramount's near-term business plans and long-term goals and objectives without undue reliance on share price performance or short-term market fluctuations.
- Base salaries are competitive to attract high performing employees but are not excessive.
- Increases to base salaries are generally moderate and determined with reference to external benchmarks.
- Severance is based on common law principles and there are no arrangements in place that would provide for a payment on change of control. Accordingly, management is focused on long-term value creation versus short-term growth with a view to a corporate sale that would trigger payout arrangements.

CBRSUP Awards

The Compensation Committee believes that CBRSUP awards do not encourage inappropriate or excessive risk taking for the following reasons:

- Paramount's CBRSUP awards are variable, at-risk components of compensation. The RSU component, which is typically comprises all or a majority of the value of awards, encourages an ownership mentality among all recipients.
- The RSUs' delayed vesting provisions encourage the prioritization of sustained value creation for Shareholders over short-term results. These delayed vesting provisions apply to all employees eligible to receive a CBRSUP award other than the CEO, whose significant equity interest in Paramount achieves the same result.

Option Grants

Paramount's Compensation Committee believes that the Option Plan does not encourage inappropriate or excessive risk taking for the following reasons:

- The quantum of any Option grant is tied to past performance as well as the perceived future value of the recipient to Paramount. Grants of Options generally vest over five years, with the first tranche vesting only after the first year. This motivates the achievement of long-term objectives and aligns recipients' interests with Shareholders.
- Paramount generally does not award off-cycle grants of Options, except in the case of new employees.
- There is no automatic vesting upon a change of control and, with limited exceptions, upon resignation or termination all unvested Options terminate.

Extraordinary Cash Bonuses

Paramount's Compensation Committee believes that the ability to award extraordinary cash bonuses does not encourage inappropriate or excessive risk taking for the following reasons:

- They are awarded to recognize exceptional achievements that have will have a long-term positive impact on Paramount.
- They are awarded on a discretionary basis.

Anti-Hedging Policy

The Corporation has a policy prohibiting its directors and officers from purchasing financial instruments including put and call options, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation to them or held or controlled, directly or indirectly, by them.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides a summary of compensation earned by Paramount's NEOs in the three most recently completed financial years.

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation ⁽³⁾ (\$)	All other compensation ⁽⁴⁾ (\$)	Total compensation (\$)
James Riddell ⁽⁵⁾ President and CEO and Chairman	2022	403,604	3,127,000	702,000	300,000	24,218	4,556,858
	2021	368,640	1,000,000	775,500	-	11,059	2,155,199
	2020	349,180	248,300	216,000	-	6,162	819,642
Paul Kinvig Chief Financial Officer	2022	303,500	162,729	421,200	125,000	18,210	1,030,639
	2021	278,500	117,500	387,750	-	8,355	792,105
	2020	257,418	81,668	108,000	-	3,729	450,815
Bernard Lee Executive Vice President, Finance	2022	329,120	152,504	315,900	50,000	19,747	867,271
	2021	314,120	117,500	387,750	-	9,424	828,794
	2020	302,290	81,668	108,000	-	4,902	496,860
Blake Reid Executive Vice President, Operations	2022	329,500	177,926	421,200	125,000	19,770	1,073,396
	2021	304,500	120,000	387,750	-	9,135	821,385
	2020	282,125	81,601	108,000	-	4,575	476,301
Rodrigo Sousa Executive Vice President, Corporate Development and Planning	2022	329,500	206,726	526,500	150,000	19,770	1,232,496
	2021	304,500	170,800	517,000	-	9,135	1,001,435
	2020	282,125	88,335	144,000	-	4,575	519,035

Notes:

- (1) Amounts represent the grant date fair value of RSU awards, calculated by multiplying the number of RSUs by the weighted average price of the Common Shares over the five trading days preceding the grant date. See "Incentive Plans – Cash Bonus and Restricted Share Unit Plan (CBRSUP)".
- (2) Amounts represent the grant date fair value of Options granted, calculated using a Black-Scholes model. This methodology is consistent with the method used to estimate the fair value of Options in Paramount's financial statements. For the 2022 grants, the inputs were: expected life 3.9 years, volatility 45%, interest rate 3.2% and dividend yield 5.6%. For the 2021 grants, the inputs were: expected life 4.3 years, volatility 44%, interest rate 0.8% and dividend yield 1.5%. For the 2020 grants, the inputs were: expected life 3.9 years, volatility 50% and interest rate 0.4%. See "Incentive Plans – Option Plan".
- (3) Amounts represent extraordinary cash bonuses.
- (4) Amounts represent contributions made by the Corporation in respect of RRSPs of the NEOs. Paramount does not have any defined benefit or defined contribution pension plan for its employees, including the NEOs. No amounts are reflected for perquisites, such as parking. No NEO received perquisites not generally available to all employees of the Corporation in any financial year with an aggregate value in excess of 10% of the salary of the NEO.
- (5) The CEO did not receive compensation in his capacity as a director of Paramount.

Outstanding Options and RSUs

The following table summarizes the outstanding Options and RSUs held by the NEOs as at December 31, 2022.

NEO	Options				RSUs		
	Number of securities underlying unexercised Options (#)	Option Exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of unvested RSUs (#)	Market or payout value of unvested RSUs ⁽¹⁾ (\$)	Market or payout value of vested RSUs not paid out or distributed (\$)
James Riddell	100,000	28.45	April 30, 2028	16,388,546	-	-	-
	150,000	16.23	April 30, 2027				
	150,000	3.84	April 30, 2026				
	308,233	7.50	April 30, 2025				
	200,000	7.28	April 30, 2024				
Paul Kinvig	60,000	28.45	April 30, 2028	4,840,390	7,385	211,506	-
	75,000	16.23	April 30, 2027				
	75,000	3.84	April 30, 2026				
	56,000	7.50	April 30, 2025				
	40,000	7.28	April 30, 2024				
Bernard Lee	45,000	28.45	April 30, 2028	6,726,700	7,167	205,263	-
	75,000	16.23	April 30, 2027				
	75,000	3.84	April 30, 2026				
	110,000	7.50	April 30, 2025				
	75,000	7.28	April 30, 2024				
Blake Reid	60,000	28.45	April 30, 2028	4,795,030	7,793	223,192	-
	75,000	16.23	April 30, 2027				
	75,000	3.84	April 30, 2026				
	68,000	7.50	April 30, 2025				
	26,000	7.28	April 30, 2024				
Rodrigo Sousa	75,000	28.45	April 30, 2028	6,428,170	10,100	289,264	-
	100,000	16.23	April 30, 2027				
	100,000	3.84	April 30, 2026				
	90,000	7.50	April 30, 2025				
	37,000	7.28	April 30, 2024				

Note:

- (1) The amounts set out in the "Value of unexercised in-the-money options" and "Market or payout value of unvested RSUs" columns are aggregate amounts in respect of all vested and unvested Options and all unvested RSUs, respectively, held by the NEOs as at December 31, 2022. The value of Options vested was determined by multiplying the number of Options by the difference between \$28.64, the closing price of the Common Shares on December 31, 2022, and the applicable exercise price of the Options. The value of RSUs vested was determined by multiplying the number of RSUs by \$28.64, the closing price of the Common Shares on December 31, 2022.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of Options and RSUs held by NEOs that vested during 2022 as well as the extraordinary cash bonuses paid in 2022.

NEO	Options – Value vested during the year (\$) ⁽¹⁾	RSUs – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
James Riddell	3,109,535	3,098,000	300,000
Paul Kinvig	811,845	694,236	125,000
Bernard Lee	1,142,562	690,859	50,000
Blake Reid	1,022,864	701,449	125,000
Rodrigo Sousa	1,154,208	806,884	150,000

Notes:

- (1) The value of Options vested was determined by multiplying the number of Options that vested by the difference between \$26.37, the closing price of the Common Shares on the vesting date of October 19, 2022, and the applicable exercise price of the Options.
- (2) The value of RSUs vested was determined by multiplying the number of RSUs vested by \$30.98, the closing price of the Common Shares on April 14, 2022, the last trading day prior to the vesting date of April 15, 2022. The value of RSUs vested includes an amount equal to the value of accumulated dividends paid on the Common Shares issued upon vesting of the RSUs, which amount was also paid in Common Shares.

Termination and Change of Control Benefits

None of the NEOs have an agreement with the Corporation providing for a payment upon termination, retirement, resignation or a change of control. As discussed below under "*Incentive Plans*", Paramount's CBRSUP and Option Plan provide that the vesting of all unvested RSUs and Options may be accelerated in certain circumstances at the discretion of the Board, including upon a change of control. See above under "*Executive Compensation - Outstanding Options and RSUs*" for a summary of the value of Options and RSUs held by each NEO as at December 31, 2022, which value would have been fully realizable by each NEO at such date if the vesting of all Options and RSUs in connection with a change of control had occurred on such date.

DIRECTOR COMPENSATION

Director Compensation Table

The following table provides a summary of compensation earned by the non-management directors of Paramount in each of the last three financial years.

Director	Year	Fees earned (\$)	Share-based Awards ⁽¹⁾ (\$)	Option-based Awards ⁽²⁾ (\$)	Total Compensation (\$)
James Bell	2022	56,667	95,490	105,300	257,457
	2021	46,667	84,375	77,550	208,592
	2020	42,500	33,930	21,600	98,030
Wilfred Gobert	2022	46,667	95,490	105,300	247,457
	2021	37,333	84,375	77,550	199,258
	2020	34,000	33,930	21,600	89,530
Dirk Jungé	2022	56,667	95,490	105,300	257,457
	2021	47,133	84,375	77,550	209,058
	2020	42,500	33,930	21,600	98,030
Kim Lynch Proctor ⁽³⁾	2022	56,667	95,490	105,300	257,457
	2021	32,671	84,375	77,550	194,596
Robert MacDonald	2022	56,667	95,490	105,300	257,457
	2021	46,667	84,375	77,550	208,592
	2020	39,187	33,930	21,600	94,717
R. Keith MacLeod	2022	71,667	95,490	105,300	272,457
	2021	60,667	84,375	77,550	222,592
	2020	55,250	33,930	21,600	110,780
Susan Riddell Rose	2022	46,667	95,490	105,300	247,457
	2021	37,333	84,375	77,550	199,258
	2020	34,000	33,930	21,600	89,530

Notes:

- (1) Amounts represent the grant date fair value of the RSU awards, calculated by multiplying the number of RSUs by the weighted average price of the Common Shares over the five trading days preceding the grant date. See "*Incentive Plans – Cash Bonus and Restricted Share Unit Plan (CBRSUP)*".
- (2) Amounts represent the grant date fair value of Options granted calculated using a Black-Scholes model. This methodology is consistent with the method used to estimate the fair value of Options in Paramount's financial statements. For the 2022 grants, the inputs were: expected life 3.9 years, volatility 45%, interest rate 3.2% and dividend yield 5.6%. For the 2021 grants, the inputs were: expected life 4.3 years, volatility 44%, interest rate 0.8% and dividend yield 1.5%. For the 2020 grants, the inputs were: expected life 3.9 years, volatility 50% and interest rate 0.4%.
- (3) Ms. Lynch Proctor was elected as a director on May 5, 2021.

Narrative Discussion of Director Compensation

Fees Earned

Fees are reviewed and set by the Corporate Governance Committee. Fees for each non-management director consist of an annual base honorarium, an additional \$10,000 annual honorarium for chairing a committee of the Board and an additional \$15,000 annual honorarium for acting as Lead Director. No fees are payable for attending meetings or signing written resolutions. The base honorarium was increased in May 2022 from \$40,000 to \$50,000 while the annual honorarium for chairing a committee of the Board and annual honorarium for acting as Lead Director were not changed.

Share-based Awards

In May 2022, the Board, on the recommendation of the Corporate Governance Committee, approved an award of 3,000 RSUs under the CBRSUP to each non-management director. One third of the RSUs awarded vested on grant and a further one third will vest on each of April 15, 2023 and April 15, 2024. The award was deemed appropriate after a review of the total compensation paid to the directors of the Corporation's peer group companies.

Option-based Awards

Option grants to the non-management directors are considered annually by the Compensation Committee in December of each year. Option grants are intended to align the interests of the non-management directors with those of the Shareholders by providing a long-term incentive that tracks share price performance. 15,000 Options have been granted to each of the non-management directors in each of the last three financial years.

Pension Plans

The Corporation does not have any defined benefit or defined contribution pension plan for any director, officer or employee.

Outstanding Options and RSUs Held by Directors

The following table summarizes the outstanding Options and RSUs held by non-management directors as at December 31, 2022.

Director	Options				RSUs		
	Number of securities underlying unexercised Options (#)	Option Exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of unvested RSUs (#)	Market or payout value of unvested RSUs ⁽¹⁾ (\$)	Market or payout value of vested RSUs not paid out or distributed (\$)
James Bell	15,000	28.45	April 30, 2028	1,248,150	4,500	128,880	-
	15,000	16.23	April 30, 2027				
	15,000	3.84	April 30, 2026				
	15,000	5.93	April 30, 2025				
	15,000	7.28	April 30, 2024				
	3,000	19.94	April 30, 2023				
Wilfred Gobert	15,000	28.45	April 30, 2028	845,250	4,500	128,880	-
	15,000	16.23	April 20, 2027				
	12,000	3.84	April 30, 2026				
	9,000	5.93	April 30, 2025				
	6,000	7.28	April 30, 2024				
	3,000	19.94	April 30, 2023				
Dirk Jungé	15,000	28.45	April 30, 2028	1,156,260	4,500	128,880	-
	15,000	16.23	April 30, 2027				
	15,000	3.84	April 30, 2026				
	12,000	5.93	April 30, 2025				
	9,000	7.28	April 30, 2024				
	15,000	19.94	April 30, 2023				
Kim Lynch Proctor	15,000	28.45	April 30, 2028	189,000	4,500	128,880	-
	15,000	16.23	April 30, 2027				
Robert MacDonald	15,000	28.45	April 30, 2028	612,450	4,500	128,880	-
	15,000	16.23	April 30, 2027				
	9,000	3.84	April 30, 2026				
	6,000	5.93	April 30, 2025				
	3,000	7.28	April 30, 2024				
R. Keith MacLeod	15,000	28.45	April 30, 2028	575,310	4,500	128,880	-
	12,000	16.23	April 30, 2027				
	9,000	3.84	April 30, 2026				
	6,000	5.93	April 30, 2025				
	3,000	7.28	April 30, 2024				
Susan Riddell Rose	15,000	28.45	April 30, 2028	1,352,550	4,500	128,880	-
	15,000	16.23	April 30, 2027				
	15,000	3.84	April 30, 2026				
	15,000	5.93	April 30, 2025				
	15,000	7.28	April 30, 2024				
	15,000	19.94	April 30, 2023				

Note:

- (1) The amounts set out in the "Value of unexercised in-the-money options" and "Market or payout value of unvested RSUs" columns are aggregate amounts in respect of all vested and unvested Options, and all unvested RSUs, respectively, held by the directors as at December 31, 2022. The value of Options vested was determined by multiplying the number of Options by the difference between \$28.64, the closing price of the Common Shares on December 31, 2022, and the applicable exercise price of the Options. The value of RSUs vested was determined by multiplying the number of RSUs by \$28.64, the closing price of the Common Shares on December 31, 2022.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of Options and RSUs held by non-management directors that vested during 2022. No cash bonuses were paid in 2022.

Director	Options – Value vested during the year (\$) ⁽¹⁾	RSUs – Value vested during the year (\$) ⁽²⁾
James Bell	235,890	349,000
Wilfred Gobert	235,890	349,000
Dirk Jungé	235,890	349,000
Kim Lynch Proctor	30,420	116,650
Robert MacDonald	235,890	349,000
R. Keith MacLeod	235,890	349,000
Susan Riddell Rose	235,890	349,000

Notes:

- (1) The value of Options vested is determined by multiplying the number of Options that vested by the difference between \$26.37, the closing price of the Common Shares on the vesting date of October 19, 2022, and the applicable exercise price of the Options.
- (2) 2,500 RSUs held by Ms. Lynch Proctor and 10,000 RSUs held by each other non-management director vested on April 15, 2022. 1,000 of the RSUs awarded to each non-management director in 2022 vested on grant on May 5, 2022. The value of RSUs that vested on April 15, 2022 was determined by multiplying the number of RSUs that vested by \$30.98, the closing price of the Common Shares on April 14, 2022, the last trading day prior to the vesting date. The value of RSUs that vested on May 5, 2022 was determined by multiplying the number of RSUs that vested by the closing price of the Common Shares on that date of \$34.46. The value of RSUs vested includes an amount equal to the value of accumulated dividends paid on the Common Shares issued upon vesting of the RSUs, which amount was also paid in Common Shares.

INCENTIVE PLANS

Cash Bonus and Restricted Share Unit Plan (CBRSUP)

Purposes, Eligible Participants and Awards

The purposes of the CBRSUP are to: (i) attract and retain qualified officers and employees, (ii) encourage the acquisition of Common Shares by officers and employees, thereby aligning their interests with the interests of the Shareholders and (iii) focus officers and employees on meeting and exceeding corporate, departmental and individual goals and objectives, achieving high standards of operating performance and creating long-term Shareholder value.

Under the CBRSUP, awards may only be granted to officers and full-time employees, unless and to the extent the Board or the Compensation Committee in its sole discretion determines otherwise.

Each CBRSUP award may consist of cash, a grant of RSUs or a combination of both, as determined by the Compensation Committee. Subject to the discretion of the Compensation Committee, RSUs vest as to 1/2 on each anniversary of the date of grant, except in the case of RSUs granted to the President and Chief Executive Officer, which vest immediately. Upon vesting, each RSU is exchanged for one Common Share and an amount, payable in cash or Common Shares, equal to any dividends paid with respect to such Common Shares from the date of grant of the RSU. At the discretion of the Compensation Committee, a cash payment equivalent to the five-day volume weighted average trading price of the Common Shares prior to the vesting date may be made in lieu of the delivery of Common Shares upon vesting.

Common Shares issued pursuant to RSUs awarded under the CBRSUP are acquired through the facilities of the TSX by a third-party custodian. Neither management nor the Board (either directly or through the Compensation Committee) have any direct or indirect control over the time, price, amount or manner of such purchases of Common Shares.

Goals and Objectives for Awards

CBRSUP awards are granted at the discretion of the Compensation Committee, usually in April of each year, after reviewing corporate, departmental and individual performance. The potential corporate, departmental and individual goals and objectives that may be considered by the Compensation Committee in determining CBRSUP awards are summarized below. The relative weight accorded to the achievement of these goals and objectives will be different for each eligible employee. With respect to NEOs, and in particular the President and CEO, relatively more weighting is placed on corporate goals and objectives. CBRSUP awards may also be made outside of the annual award schedule to incent or reward other corporate or individual achievements, such as the generation of shareholder returns through dividends or the successful execution of strategic initiatives.

Corporate Goals: Corporate goals and objectives are established by the President and CEO at the end of each year for the ensuing year. Corporate goals and objectives would typically relate to: (i) the Corporation's operating results, which could include production, reserves additions, inventory additions, finding and development costs, operating costs, and capital program costs and execution; (ii) financial results, which could include adjusted funds flow, free cash flow, debt reduction and general and administrative expenses; (iii) shareholder returns, which could include share price

performance and dividends paid; (iv) the execution of strategic initiatives and (vi) safety and environmental performance. The corporate goals component also considers Paramount's performance versus its peers in the applicable year.

Departmental Goals: Departmental goals and objectives are established by the applicable department leader and approved by one of Paramount's executive officers having oversight over such department. Goals for each department are unique to each department, but typically include such things as: (i) improvement in lost time incidents; (ii) process improvements; and (iii) better efficiency.

Individual Goals: Individual goals and objectives for each financial year are established by the employee's supervisor and approved by the applicable department leader. Performance against such goals and objectives, as well as any significant tangible benefits that the employee brought to his or her department and/or the Corporation over and above those goals and objectives, are considered following the completion of each financial year.

Each employee has a target CBRSUP award based on his or her role and position within the Corporation.

Termination of Rights

If employment with Paramount ceases for any reason, other than retirement (after age 65 and a minimum of five years of service), long-term disability or death, all outstanding unvested RSUs held by the employee terminate, unless the Compensation Committee determines otherwise. In the event of death, all outstanding unvested RSUs vest immediately. Unvested RSUs held by retiring employees or employees on long-term disability continue to vest in accordance with their existing vesting schedule.

Change of Control or Sale

The definition of a change of control under the CBRSUP is substantially the same as that under the Option Plan (see below). In the event of a change of control or a sale by the Corporation of all or substantially all of its assets, the Compensation Committee may determine, in its sole discretion, to accelerate the vesting of unvested RSUs.

Adjustments

In the event of any: (i) change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) granting of rights to Shareholders to purchase Common Shares at prices substantially below fair market value; (iii) recapitalization, merger, consolidation or other transaction that is not a change of control as defined in the CBRSUP and as a result of which the Common Shares are converted into or exchangeable for any other securities or Shareholders are entitled to receive new or additional securities of the Corporation and/or securities of another corporation, trust, partnership or other entity and/or other property; or (iv) dividends or distributions, the Compensation Committee may make such adjustments to the CBRSUP and to any awards outstanding as they in their sole discretion consider appropriate.

Administration

The CBRSUP is administered by the Compensation Committee on behalf of the Board. The Compensation Committee has the full right and authority to administer the CBRSUP and to exercise all the powers and authorities either specifically granted to it under the plan or that the Committee otherwise deems necessary or advisable to properly administer the plan (provided they are not inconsistent with any of the express provisions of the plan).

Amendments

The Compensation Committee may revise or amend the terms of the CBRSUP and/or any RSUs from time to time, should business circumstances warrant. The Board and the Compensation Committee also have the discretion to terminate the CBRSUP and/or any RSUs at any time. If the CBRSUP is terminated, the provisions of the CBRSUP in force at that time will continue in effect as long as any awards of RSUs remain outstanding. Any amendment to the CBRSUP and/or any RSUs takes effect only with respect to awards granted after the date of such amendment, provided that the amendment may apply to any outstanding awards with the mutual consent of Paramount and the holders of such RSUs.

Option Plan

Purpose, Eligible Participants, Plan Limits and Administration

The purpose of the Option Plan is to recognize those persons who are responsible for the management and growth of the Corporation and advance the interests of the Corporation by encouraging and enabling the acquisition of Common Shares by participants.

The Option Plan enables the Board to grant Options to acquire Common Shares to key employees, officers and non-employee directors.

Under the Option Plan, the aggregate number of Common Shares issuable pursuant to outstanding Options together with the aggregate number of Common Shares issuable under any other security-based compensation arrangement of the Corporation (as defined in the TSX Company Manual), shall not exceed 10% of the issued and outstanding Common Shares from time to time. In addition, the number of Common Shares (i) issued to the Corporation's insiders (as defined in the TSX Company Manual) in any one-year period or (ii) issuable to insiders, at any time, under the Option Plan together with any other security-based compensation arrangement cannot, in either case, exceed 10% of the issued and outstanding Common Shares from time to time. The Option Plan is the only compensation plan under which equity securities of Paramount have been authorized for issuance from treasury and the only security-based compensation arrangement of the Corporation as defined in the TSX Company Manual.

The Board is responsible for administering the Option Plan and may delegate its administrative authority to the Compensation Committee. References to the Board in this description of the Option Plan include the Compensation Committee acting on behalf of the Board.

Exercise Price and Terms

The exercise price of an Option cannot be less than the volume weighted average trading price of the Common Shares on the TSX for the five completed trading days immediately prior to the date of grant.

Optionholders may either: (i) exercise vested Options for Common Shares or (ii) at the discretion of the Board, surrender vested Options for a cash payment in an amount equal to the positive difference, if any, between the volume weighted average trading price of the Common Shares on the TSX for the five completed trading days preceding the date of surrender and the exercise price of the Option. In order for Paramount to comply with applicable income tax and related withholding obligations with respect to stock option exercises, optionholders are required, when exercising Options, to provide Paramount with the necessary funds to satisfy such obligations and Paramount has the irrevocable right to set off any amounts required to be withheld against amounts otherwise owed to optionholders or to make such other arrangements as are satisfactory to Paramount.

No Financial Assistance and Assignment

No financial assistance is provided by Paramount to optionholders to facilitate the exercise of Options. Options may be exercised only by the optionholder and are not assignable, except on death in which case the personal representative of the optionholder may exercise such vested Options to the extent the holder was entitled at the date of death.

Term and Vesting

The Option Plan provides that Option grants may be made for a term not exceeding ten years from the date of the grant and on such vesting terms as may be approved by the Board.

Options granted under the Option Plan generally have a 5-year vesting schedule, with one 1/5th of the Options vesting annually. All currently outstanding Options have expiry dates that are approximately six months after their final vesting date and all expire no later than April 30, 2028.

For Options that would expire on or within nine business days immediately following a date upon which a holder is prohibited from exercising an Option due to a black-out period or other trading restriction imposed by the Corporation, the expiry date of such Options is automatically extended to the 10th business day following the date the black-out period or other trading restriction is removed.

Termination of Rights

Unless otherwise determined by the Board: (i) in the event an optionholder ceases to be employed with, or ceases to be a director of, Paramount for any reason, other than death, the optionholder shall have sixty days from the date of notice of such termination, or such shorter or longer period (not to exceed three years) as may be otherwise determined by the Board and specified in an Option agreement, to exercise his or her vested Options, with any unvested Options as of such date being terminated; and (ii) in the event of the death of an optionholder, his or her vested Options may be exercised or surrendered for cash by his or her personal representative at any time up to and including one year

after death, unless specified otherwise in the optionholder's Option agreement, with any unvested Options terminating at the date of death.

Adjustments

Options may be adjusted in the sole discretion of the Board as a result of a reorganization, merger or dissolution of Paramount or a sale of all or substantially all of Paramount's assets or in the event of a subdivision or consolidation of the Common Shares.

Change of Control, Sale or Takeover Bid

A change of control is defined in the Option Plan as: (i) Paramount entering into an agreement resulting in a person or persons acquiring more than 50% of Paramount's then outstanding Common Shares; (ii) the passing of a resolution by the Board or Shareholders to substantially liquidate or wind up the business or significantly rearrange Paramount's affairs; or (iii) a change to the majority of the Board at a meeting in which the election of directors is contested. If a change of control occurs or there is a sale by the Corporation of all or substantially all of its assets, optionholders may be authorized, at the sole discretion of the Board, to exercise or surrender, in full or in part, any unexercised Options (including all unvested Options) during the term of the Options or within 60 days after the date of their termination of employment with Paramount. In the event of a formal take-over bid being made for the Common Shares, the Board, in their sole discretion, may accelerate the vesting of any outstanding Options so that all unvested Options vest and become exercisable.

Amendments to the Option Plan and/or Options Thereunder; Suspension or Termination of the Option Plan

The following changes to the Option Plan and/or Options granted thereunder may be made by the Board without the approval of Shareholders: (a) to the provisions of the Option Plan respecting the persons eligible to receive Options; (b) to the terms or conditions of vesting applicable to any Option; (c) to accelerate the expiry date or change the termination provisions of an Option; (d) to the adjustment provisions of the Option Plan; (e) to the Option Plan or any Options as necessary to comply with, satisfy or address applicable laws or regulatory requirements; (f) of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Option Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Option Plan or correct any grammatical or typographical errors; (g) to the mechanics of exercise of the Options; (h) respecting the administration of the Option Plan; and (h) any other amendment to the Option Plan or any Options that does not require shareholder approval under the rules, regulations and policies of the TSX.

The following changes to the Option Plan and/or Options granted thereunder may not be made without the approval of the Shareholders: (a) to increase the percentage of Common Shares issuable under the Option Plan; (b) to increase or remove the insider participation limits set out in the Option Plan; (c) add any financial assistance provision to, or change the assignment and transferability provisions of, the Option Plan; (d) to extend the expiry date of any Option(s); (e) to reduce the exercise price of any Option(s) or otherwise effectively re-price any Option(s); (f) to the amendment provisions of the Option Plan; and (g) that otherwise require shareholder approval under the rules, regulations and policies of the TSX.

The Option Plan may also be discontinued, suspended or terminated by the Board at any time, subject to any required TSX approvals; provided, however, that no such actions or amendments may adversely alter or impair any Option previously granted without the consent of the holder thereof unless it is required by applicable laws or regulations.

Shareholder Approval

The Option Plan is considered a "rolling" plan as it does not have a fixed maximum number of Common Shares that may be issued pursuant to Options. The TSX rules require that any unallocated options, rights or entitlements under a security-based compensation arrangement that does not have a fixed maximum number of securities issuable under it, such as the Option Plan, must be approved by a majority of the issuer's directors and shareholders every three years. In the case of the Option Plan, Options available for grant from time to time but not yet granted are considered unallocated. The unallocated Options under the Option Plan were last approved by the Shareholders at the annual general meeting held on May 5, 2021.

Options Outstanding and Available for Grant

As of December 31, 2022, there were 142,733,589 Common Shares and 11,347,146 Options outstanding. The details of the outstanding Options are as follows:

Number of Common Shares to be issued upon exercise of outstanding Options as at December 31, 2022	Weighted-average exercise price of outstanding Options	Number of Common Shares remaining available for future issues under equity compensation plans (excluding securities reflected in the first column) as at December 31, 2022
11,347,146 (7.95% of outstanding Common Shares)	\$13.55	2,926,212 (2.05% of outstanding Common Shares)

Burn Rate

Pursuant to TSX rules, Paramount is required to calculate and disclose the annual "burn rate" of the Option Plan for the three most recently completed financial years. The annual burn rate is equal to the number of Options granted under the Option Plan in the applicable year, divided by the weighted average number of securities outstanding in that year, expressed as a percentage. Paramount's average burn rate over the last 3 years is 2.2%.

Financial Year Ending December 31	Burn Rate (%)
2022	1.8%
2021	2.4%
2020	2.3%

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The Corporation has a policy prohibiting it from making loans to its directors and officers and no such indebtedness is outstanding.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

In January 2021, the Corporation completed a private placement of \$35.0 million of 7.5% senior unsecured convertible debentures with a maturity date of January 31, 2024. An entity controlled by James Riddell, Paramount's President and CEO and Chairman, purchased \$25.0 million of the debentures. All of the debentures held by this entity were converted to acquire an aggregate of 3,750,375 Common Shares in December 2021.

CORPORATE GOVERNANCE

Mandate of the Board

The complete text of the mandate of the Board is attached as Schedule "A" to this Information Circular. The mandate provides that the Board has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long term Shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to Shareholders, and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

Chairman and Lead Director

James Riddell, Paramount's President and CEO, is the Chairman of Board. The Chairman is responsible for the management, development and effective performance of the Board and provides leadership to the Board for all aspects of its work.

As the Chairman is not an independent director, the Board has appointed Keith MacLeod, an independent director, as Lead Director. The Lead Director is responsible for: (i) facilitating the functioning of the Board independent of management and ensuring that directors have an independent leadership contact; (ii) ensuring that the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making

requirements; (iii) assisting and providing input to the Chairman on preparation of agendas for Board meetings as required; (iv) consulting with the Chairman on the effectiveness of Board committees; (v) ensuring that independent directors have adequate opportunities to meet to discuss issues without management present; (vi) chairing Board meetings when the Chairman is not in attendance; (vii) ensuring delegated committee functions are carried out and reported to the Board, for example, the CEO performance assessment, CEO and Board succession planning, and strategic planning; and (viii) acting as a liaison between the Board and management.

Women on the Board

Paramount is committed to ensuring that its Board at all times has the required range of skills, knowledge, experience and perspectives to provide the strategic direction and leadership necessary for Paramount to achieve its business objectives. Women have comprised 25% of the directors of the Corporation since 2021. Women comprise 29% of the nominees for re-election at the Meeting. In order to promote a diversity of perspectives, the Board adopted a written policy in 2022 of seeking to ensure that at least 30% of the Corporation's directors are women. At the time the policy was adopted, the Board set an objective of identifying skilled candidates that would permit the presentation of nominees for election as director at the Meeting comprised of at least 30% women. Although certain new candidates for nomination who were women have been identified and considered, the Board has determined to continue its search for a candidate that possesses the ideal background, qualifications and skillset to complement the existing composition of the Board. The Corporate Governance Committee continues to be tasked with identifying such a candidate and presenting nominees for election as director at the next annual general meeting of Shareholders that are comprised of at least 30% women.

Independence of Board Members

A majority of the current members of the Board (six of eight) are independent as that term is defined in section 1.4 and 1.5 of *National Instrument 52-110 - Audit Committees*. The independent Board members are James Bell, Wilfred Gobert, Dirk Jungé, Kim Lynch Proctor, Robert MacDonald and Keith MacLeod. James Riddell is not independent because he is the President and CEO of the Corporation. Susan Riddell Rose has a familial relationship with the President and CEO of the Corporation.

The Corporate Governance Committee is comprised of all of the independent directors of the Corporation. The Corporate Governance Committee meets at least semi-annually. The Corporate Governance Committee also meets on an ad hoc basis where circumstances warrant. Non-independent directors and members of management, with the exception of the Corporate Secretary, are not in attendance at these meetings. The Corporate Governance Committee met twice in 2022.

The Board has a policy requiring that an in-camera meeting of independent directors be held in connection with all Board and committee meetings.

Committees of the Board

The committees of the Board are the Audit Committee, Corporate Governance Committee, the Compensation Committee, the Reserves Committee and the Environmental, Health and Safety Committee. The written charters of each Committee of the Board are available on the Corporation's website at www.paramountres.com.

The Audit Committee's main functions are to assist the Board in the discharge of its responsibilities relating to accounting principles, reporting practices and internal controls as well as to oversee the work of the external auditors. In addition, the Audit Committee is responsible for identifying and monitoring the principal risks that could impact the financial reporting of the Corporation. Additional information respecting the Audit Committee is set forth in Paramount's 2022 annual information form under the heading "Audit Committee Information" and in Appendix C thereto.

The Corporate Governance Committee's mandate is to develop and monitor Paramount's overall approach to corporate governance, and subject to the approval of the Board, to implement and administer a system of corporate governance which reflects high standards of corporate governance practices. The Corporate Governance Committee advises the Board and its committees of any corporate governance issues requiring their consideration. These include matters relating to risk management and information security. The Corporate Governance Committee conducts a periodic review of the principal risks associated with the Corporation's business and reports its findings to the Board. In addition, the Corporate Governance Committee periodically reviews the adequacy and form of compensation to directors to ensure that the level of compensation reflects the responsibilities and risks involved in being an effective director and reports and makes recommendations to the Board accordingly. Finally, the Corporate Governance Committee is responsible for identifying new candidates for nomination to the Board and recommending them to the Board when appropriate.

The Compensation Committee ensures that Paramount has programs in place to attract and develop management of the highest caliber and to ensure orderly succession of management; implements and administers compensation and general human resource policies and guidelines concerning executive compensation, contracts, stock option and other incentive plans, and proposed personnel changes involving officers reporting to the CEO; reviews the Corporation's policies and programs relating to benefits; receives the CEO's recommendations relating to annual compensation

policies and budgets for all employees; reviews the Corporation's compensation policies, including assessing such policies to ensure they do not encourage excessive risk taking; and makes regular reports to the Board on the Committee's activities and findings. See "*Compensation Discussion and Analysis – Compensation Governance*" for more detailed information.

The overall purpose of the Reserves Committee 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. In addition, the Reserves Committee is responsible for, among other things, reviewing Paramount's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the requirements of *National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities*.

The Environmental, Health and Safety Committee's mandate is to review and monitor the environmental, health and safety policies and activities of Paramount and its subsidiaries and to ensure that there are appropriate systems in place to manage the environmental, health and safety risks associated with the operations of the Corporation and its subsidiaries. See also "*Environmental and Social Governance*" for a description of the Environment, Health and Safety Committee's role in ESG matters.

Committee Membership

The table below sets out the membership of each of the committees of the Board. All of the committees are comprised entirely of independent directors except the Environmental, Health and Safety Committee which has a majority of independent directors and is chaired by an independent director.

Director	Audit	Corporate Governance	Compensation	Reserves	Environmental, Health and Safety
James Riddell	-	-	-	-	✓
James Bell	✓	✓	Chair	-	-
Wilfred Gobert	-	✓	✓	✓	-
Dirk Jungé	-	✓	-	-	Chair
Kim Lynch Proctor	Chair	✓	-	✓	-
Robert MacDonald	✓	Chair	✓	-	-
Keith MacLeod	-	✓		Chair	✓
Susan Riddell Rose	-	-	-	-	-

Meetings of the Board and Committees in 2022

Five meetings of the Board, four meetings of the Audit Committee, two meetings of the Corporate Governance Committee, two meetings of the Compensation Committee, three meetings of the Reserves Committee and two meetings of the Environmental, Health and Safety Committee were held in 2022. In each case, the attendance level of directors at each meeting was 100%.

Position Descriptions

Written position descriptions have been developed for the Chairman, the Lead Director and for the Chair of each Board committee. A written position description has also been developed for the CEO and CFO by the Corporate Governance Committee of the Board. The written position descriptions for the Chairman and the Lead Director are available on the Corporation's website at www.paramountres.com.

Orientation and Continuing Education

The Board has delegated to the Corporate Governance Committee the responsibility of ensuring there is in place an education and comprehensive orientation program for new members of the Board and a continuing education program for all directors. Under the guidance of the Lead Director, the Corporate Governance Committee has developed and maintains a Corporate Governance Manual to assist new and existing Board members in understanding the role of the Board, its committees and the contribution individual Board members are expected to make. The Corporate Governance Manual contains a historical profile of Paramount, a discussion on the nature and objectives of corporate governance, copies of all relevant corporate, board and committee policies, mandates and charters as well as reference material relating to the legal duties and obligations of a director in a publicly held company. New directors are made aware of the nature and operation of Paramount's business through interviews and meetings with the CEO, other directors, officers and management personnel during which they are briefed on Paramount and its business. If requested, an experienced director will be assigned to mentor and coach any new Board member during their initial months of service. In May and November each year, a comprehensive review of Paramount's operations is presented to the Board.

Directors are provided with any available information that will facilitate the maintenance of their industry knowledge and professional skills. Directors are regularly updated on the business operations of Paramount at Board meetings, particularly through the semi-annual sessions to review operations, and through regular communications from management. These updates are conducted by senior management and other invited Paramount employees and include discussions on strategic issues affecting Paramount and any other developments that could materially affect Paramount's business. Directors are also updated on developments in best corporate governance practices through reports from the Corporate Governance Committee. Significant developments in legislation, policy or case law are discussed at Board and applicable committee meetings. Directors are updated on changes to financial reporting requirements through presentations from management and Paramount's auditors, either at regularly scheduled Audit Committee meetings or at special meetings arranged for the Board for that purpose. Directors are invited to suggest to the Corporation other means of maintaining the skills and knowledge necessary for them to fulfill their responsibilities and steps are taken to implement such suggestions when feasible. In 2022: (i) the directors requested and received, at Board meetings with all directors in attendance, specific presentations from internal subject matter experts respecting emissions reduction technologies, opportunities and initiatives and a presentation from third party consultants respecting environmental and social governance in the Canadian oil and gas sector and (ii) the independent directors requested and received, at Corporate Governance Committee meetings with all members in attendance, specific presentations from internal subject matter experts respecting cybersecurity preparedness and workplace human resource policies and procedures.

The Corporation uses a secure board portal to distribute information to the Board of Directors. Information on the board portal includes both current and historic board and committee meeting materials, minutes and resolutions, and the Corporate Governance Manual. All existing board members have received, and all new board members will receive, training on the use of the board portal.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct for all directors, officers, employees and consultants. There is also a written Code of Ethics for the CEO, CFO, Controller and any person performing similar functions. The Board has also adopted a Whistleblower Policy and a Disclosure and Insider Trading Policy.

The Code of Business Conduct, the Disclosure and Insider Trading Policy and the Whistleblower Policy are available to officers, employees and consultants on Paramount's intranet site. Additionally, the Code of Ethics, the Code of Business Conduct and the Whistleblower Policy are available on the Corporation's website at www.paramountres.com. The Code of Ethics and the Code of Business Conduct are also filed on SEDAR. A hard copy of any of these policies may be obtained on request from the Corporate Secretary at 4700, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

Compliance is monitored by the Audit Committee receiving, annually, certificates from Paramount's officers and senior management confirming their compliance with the Code of Business Conduct and where applicable, the Code of Ethics. The Audit Committee reviews the certifications and reports to the Board. In addition to the annual certification of the officers, each employee and consultant receives annually a communication from management or People Operations reiterating the need to comply with the Code of Business Conduct and reminding them that the Whistleblower Policy facilitates anonymous disclosure of any breach. The Corporation's website at www.paramountres.com contains directions outlining how anonymous reports may be made under the Whistleblower Policy and provides a link to a separate, stand-alone website through which anonymous reports may be made.

No material change reports were filed by Paramount during 2022 relating to a director's or executive officer's departure from the Code of Business Conduct or the Code of Ethics.

Conflicts of Interest

Potential conflicts of interest between the Corporation and directors or officers of the Corporation may arise from time to time, including as a result of such directors or officers being directors, officers or significant shareholders of other companies or entities engaged in the oil and natural gas business. Any conflicts of interest that arise will be resolved in accordance with Paramount's governing corporate statute, the *Business Corporations Act* (Alberta) ("**ABCA**"), Paramount's Code of Business Conduct and the Company's Associated Party Transaction Policy.

The ABCA requires that a director or officer of a corporation who is party to a material contract or proposed material contract with the corporation, or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the corporation, disclose in writing to the corporation or request to have entered into the minutes of meetings of directors the nature and extent of the director's or officer's interest; and, if a director, that he or she not vote on any resolution to approve the contract, except in certain circumstances. The ABCA also requires that a corporation's directors and officers act honestly and in good faith with a view to the best interest of the corporation.

Paramount's Code of Business Conduct requires that directors and officers of Paramount avoid putting themselves in a conflict of interest and, if such a position arises, that disclosure of such position be made so that Paramount can approve or disapprove such position, with disapproved conflicts of interest requiring immediate cessation by the director or officer.

The Corporation's Associated Party Transaction Policy, which was adopted in 2022, requires that certain specified transactions involving directors, officers, significant shareholders and their family members ("**Associated Parties**") be reviewed and approved by the independent members of the Corporate Governance Committee. The specified transactions consist of any transaction between the Corporation or any subsidiary of the Corporation and an Associated Party, other than: (a) a transaction involving consideration or value, when aggregated with all similar transactions, not exceeding \$100,000; (b) a transaction entered into in the ordinary course of business by participants in the oil and natural gas industry and not involving: (i) the provision of goods or services to the Corporation or a subsidiary of the Corporation; (ii) the acquisition or disposition of any interest in any asset by the Corporation or a subsidiary of the Corporation, including through a farm-out, lease or royalty; or (iii) the entering into of a joint venture or general partnership; (c) a transaction whose material terms have been determined in a competitive bidding process; (d) a transaction involving the exercise or fulfillment of any existing contractual or statutory right or obligation, including rights of first refusal and earning rights; (e) a transaction involving any compensation, incentive or employment benefit payable to an Associated Party; (f) a transaction involving a security of the Corporation in which the Associated Party is participating or entitled to participate on the same basis as other securityholders of the same class of securities; or (g) a transaction involving the provision of indemnification or insurance to the Associated Party in their capacity as a director or officer of the Corporation or a subsidiary of the Corporation.

Nomination of Directors

The Corporate Governance Committee, which is comprised of all of the independent directors of the Corporation, is responsible for identifying new candidates for nomination to the Board and recommending them to the Board when appropriate. Upon there being a vacancy on the Board or a determination being made that the Board should be expanded, the CEO and the chair of the Corporate Governance Committee meet to review whether there are particular competencies needed by the Board and to set forth criteria in the selection process. Once a suitable candidate(s) is identified, the CEO and/or chair of the Committee meet with the nominee(s) to discuss his or her interest and ability to devote sufficient time and resources to the position. If the nominee agrees to the appointment or to stand for election, he or she is presented to the Corporate Governance Committee. If the proposed nominee is acceptable to the Corporate Governance Committee, the Corporate Governance Committee then makes a recommendation to the Board.

The Corporate Governance Committee is responsible for considering the appropriate size of the Board, establishing the criteria for Board membership, assessing the competencies and skills of each existing director and any new nominees with a view to achieving competencies and skills that the Board as a whole should possess, proposing candidates for election or re-election and ensuring there is an orientation program in place for new Board members and a continuing education program in place for all directors.

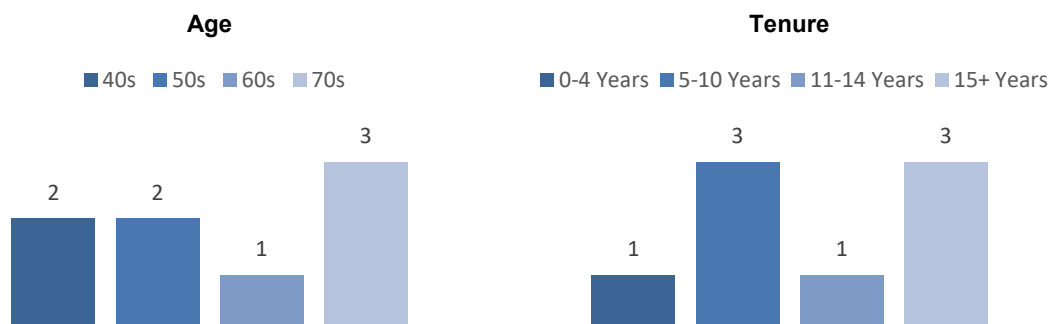
Assessments

The Board is responsible for making regular assessments of its effectiveness as well as the effectiveness and contribution of each Board committee and each individual director. The Corporate Governance Committee establishes and administers a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole, each of the Board committees and individual directors. A Board assessment and evaluation questionnaire is included in the Corporate Governance Manual and each director, as part of the overall assessment process, completes a confidential questionnaire on an annual basis. This questionnaire asks directors to evaluate, among other things: the size and structure of the Board and each of its committees; the knowledge, understanding and diversity of the directors; the effectiveness of the Chairman, the Chief Financial Officer, the chair of each committee and the Lead Director; the effectiveness of each committee; preparation for meetings, including the setting of agendas and the adequacy and timeliness of information provided to the Board and committees; overall Board operations; and ability to function independently of management. The questionnaire also includes a peer-assessment whereby each director is asked to answer a series of questions evaluating the skills, performance and contributions of each of the other Board members. The Corporate Governance Committee analyzes the directors' responses to these questionnaires and presents them to the full Board for consideration each year.

In addition to the detailed evaluation and assessment mentioned above, each Board committee conducts annual reviews and assessments of its performance, including compliance with its charter and its role, duties and responsibilities and submits a report to the Board for consideration and recommendations.

Director Term Limits and Board Renewal

The Board monitors the age tenure and age of its members as a part of the process of ensuring that the Board, at all times, has the appropriate mix of skills, expertise and knowledge and that ample time is available to identify qualified replacements for departing Board members. The graphs below illustrate the age and tenure of the current members of the board.



The Board has not adopted formal term limits or a formal retirement policy as it believes that such formal limits or policies might adversely impact the composition of the Board by requiring the premature departure of Board members with the greatest amount of industry experience and deepest understanding of Paramount's business and its strategic and operational objectives.

ENVIRONMENTAL AND SOCIAL GOVERNANCE

Oversight

The Environmental, Health and Safety Committee of the Board oversees Paramount's environmental policies and programs, including those pertaining to sustainability, emissions tracking, reduction and reporting, water use and environmental and climate-related risk assessment and management. The Environmental, Health and Safety Committee also reviews Paramount's approach to environmental and social governance ("ESG") reporting and is mandated to review any ESG report prior to issuance. The CEO serves as a member of the Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee meets and reports to the Board at least semi-annually.

Paramount has formed an ESG Committee comprised of a multidisciplinary team of senior officers and subject matter experts from across the Corporation. The ESG Committee is scheduled to meet at least monthly and is responsible for preparing Paramount's ESG reporting, keeping abreast of ESG related developments and trends and considering sustainability-related opportunities, risks and initiatives. The ESG Committee has formed a GHG Task Force to assist it in developing strategies to further improve GHG performance, including evaluating and implementing specific projects and initiatives to reduce GHG emissions and improve GHG emissions intensity.

Environment, Health, Safety and Sustainability

Paramount's Health, Safety and Environment Policy (the "HSE Policy") sets out the Corporation's governing principles respecting health, safety and the environment, including a commitment to the prevention of incidents in all phases of operations that could cause harm to people, property loss or an adverse impact on the environment. The HSE Policy is available on the Corporation's website at www.paramountres.com.

The Paramount Operations Excellence Management System ("POEMS") provides the framework pursuant to which the Corporation has developed a comprehensive operations management system. POEMS contains specific policies and procedures to address environmental, health and safety matters.

The HSE Policy and POEMS emphasize Paramount's responsibility to make environmental protection and health and safety a consistent component of decision-making processes and require compliance from management, employees, contractors, consultants and other parties performing work on behalf of the Corporation. Paramount's managers and supervisors are required to assess the potential effects of their projects and to integrate protective measures to prevent environmental, health and safety incidents from occurring as a result of business activities. Managers and supervisors also are expected to provide training and to be prepared to respond safely and effectively to environmental, health and safety incidents. An HSE Steering Committee, comprised of Paramount operations management and reporting to the Executive Vice President, Operations, has been established to ensure the proper implementation and functioning of the environmental, health and safety components of POEMS and to endeavor to achieve continuous improvement on such matters.

Additional details concerning Paramount's practices, policies and procedures relating to the environment, health, safety and sustainability are provided in the Corporation's 2022 annual information form, which is available at www.paramountres.com, under the heading "*Environment, Health, Safety and Sustainability*". In addition, certain risks associated with environmental, health and safety matters are described in the 2022 annual information form under the headings "*Risk Factors – Operating Risks and Insurance*", "*Risk Factors – Environmental, Health and Safety Laws and Regulations*" and "*Risk Factors – Hydraulic Fracturing*".

Identification of Climate-Related Risks and Opportunities

Climate-related risks are identified through Paramount's integrated risk assessment and management processes. These include a Board-reviewed risk matrix and risk assessments conducted by the Corporation's leadership team and Board in conjunction with the annual budgeting process, the quarterly review of operating and financial results and long-term strategic planning.

Paramount considers short-term climate-related risks to be those with a time horizon of less than one year. Short-term risks include acute physical risks to the Corporation's assets and operations, such as forest fires, flooding or drought, and risks associated with compliance with current regulatory requirements. These risks are primarily managed through specific policies and procedures implemented under POEMS and overseen by senior management. Through such policies and procedures, these risks are assessed and ranked based on likelihood and impact.

The Corporation considers medium-term climate-related risks to be those with a time horizon of between one and five years. This time horizon generally includes risks that have the potential to impact, or that have been factored into, medium-term development plans and financial modelling or that are associated with potential regulatory and tax changes under consideration, or that may be reasonably anticipated to come under consideration, by applicable authorities. Medium-term climate-related risks include chronic physical risks, such as changes in precipitation patterns impacting water availability, as well as emerging regulations and policies. These risks are managed by teams of management and operating personnel, together with subject matter experts, who, under the oversight of the Environmental, Health and Safety Committee of the Board, are charged with developing strategies and policies to assess and address these risks.

Paramount considers long-term climate-related risks to be those with a time horizon of greater than five years. This time horizon includes risks that have the potential to impact the Corporation's ability to fully develop and market its resources over the anticipated lifespan of its fields and risks that are associated with shifts in consumption patterns, investment practices and public perception. Long-term climate-related risks include market-related and reputational risks that are strategic risks which are identified and assessed the Board in conjunction with senior management

A description of climate-related risks that may impact the Corporation is set forth in Paramount's 2022 annual information form under the heading "*Risk Factors – Climate Change and GHG Emissions*". In addition, a description of laws and regulations that the Corporation is subject to or may become subject to in connection with carbon pricing and the regulation of greenhouse gas emissions is provided in the 2022 annual information form under the heading "*Industry Conditions – Greenhouse Gas Compliance and Reporting Obligations*".

Climate-related opportunities are identified on both an operational and strategic level. Operational opportunities, such as the generation of carbon credits through emission reduction projects and improvements to efficiency, are primarily identified by responsible operational personnel, including the ESG Committee and GHG Task Force. Strategic opportunities, such as those associated with the potential of natural gas and liquified natural gas to act as a low emissions energy alternative, are considered by our senior management and Board as part of Paramount's overall strategic planning processes.

Community Relations

Being a respected partner and contributor to the communities where it operates and where its employees live and work is critical to Paramount's success. Without the understanding and support of these communities, the Corporation risks damage to its reputation and regulatory and operational disruptions or delays that could prevent the efficient execution of development plans.

Paramount works together with communities and stakeholders through participation in local operator and community groups, open houses and individual stakeholder meetings and discussions. The Corporation maintains stakeholder engagement plans for all of its core areas that are regularly updated to ensure that stakeholder concerns are addressed as operations evolve. Paramount registers significant stakeholder concerns and tracks them through their lifecycle until resolution. No community disputes were experienced in the last three fiscal years that disrupted or delayed any of the Corporation's operations.

In addition to contributing to the communities where it operates by providing employment, utilizing local services and paying taxes, Paramount directly supports community not-for-profit organizations and events through donations and sponsorships.

Human Rights and Indigenous Relations

All of Paramount's assets and operations are located in Western Canada. Canada is a jurisdiction free from risk of armed conflict and subject to comprehensive laws protecting labour and employment rights and guarding against abuse of human rights. With the exception of a single producing well, none of Paramount's lands that have net proved reserves attributed to them are located on either a First Nations reserve or on Métis Settlement lands. However, the areas of Alberta and British Columbia where Paramount has active production operations are located on the traditional territories of certain First Nations groups (as recognized under Treaty 6, 7 or 8) or on lands where Métis communities have asserted traditional use rights. Paramount proactively engages and consults with these groups in accordance with applicable legislation, regulations and policies. These communities often have their own policies regarding consultation and engagement that Paramount also strives to respect. This engagement and consultation not only increases the Corporation's understanding of the current and historical use of affected lands by these communities, but often leads to mutually beneficial collaboration on development and asset retirement and reclamation activities. These same principles apply in the Northwest Territories and the Yukon where Paramount has inactive assets that lie either within settled land claim areas or traditional territories of certain Indigenous groups.

ESG Reporting

Paramount released its 2022 ESG report in August 2022. The ESG report can be viewed on Paramount's website at www.paramountres.com.

COMMITMENT TO A RESPECTFUL WORKPLACE AND WORKFORCE COMPOSITION

Commitment to a Respectful Workplace

Paramount's Respectful Workplace Policy sets out its commitment to providing a work environment where all employees and contractors can function with mutual respect, and without fear of harassment or threatening or violent behavior. This includes a prohibition on any conduct or comment which detrimentally affects the work environment or leads to adverse job-related consequences for another individual and is related to age, race, gender, gender identity, gender expression, religious beliefs, ancestry, place of origin, colour, physical or mental disability, marital status, source of income, family status or sexual orientation. This prohibition on discrimination is enforced by means of a formal complaint resolution process and a provision for disciplinary action for violation up to and including termination for cause.

Headcount and Voluntary Turnover

The below table sets out the number of full and part-time employees of the Corporation as at the end of the last three completed financial years as well as the rate of voluntary turnover rate in each of those years.

	2022	2021	2020
Employees – full time	436	397	416
Employees – part time	5	5	7
Contractors	82	85	70
Total Staff	523	487	493
Voluntary turnover rate	9%	8%	5%

Women in the Workforce

Paramount considers its executive officers to be the five NEOs, as well as John Williams, the Executive Vice President, Kaybob and Garth Stotts, the Executive Vice President, Development and Reserves. None of these officers are women. Paramount believes that all employees, including its executive officers, should be hired and promoted based solely on their professional qualifications, accomplishments and merit. Accordingly, the level of representation of women in executive officer positions is not specifically considered in making executive officer appointments and Paramount has not adopted a target regarding women in executive officer positions.

The table below sets out the percentages of the Corporation's total workforce, supervisory and professional positions and management positions that are comprised of women as at the end of the last three completed financial years.

	2022	2021	2020
Total workforce	34%	32%	33%
Supervisory and professional	41%	41%	34%
Management	21%	21%	23%

Workforce Age

The table below sets out the composition of the Corporation's total workforce by age as at the end of the last three completed financial years.

	2022	2021	2020
30 and under	7%	5%	5%
31 to 50	51%	55%	57%
Over 50	42%	40%	37%

SCHEDULE "A" – BOARD OF DIRECTORS MANDATE

The Board of Directors' Mandate was adopted by the Board on May 19, 2005. The Mandate is set out in its entirety below.

A. Introduction

The Board of Directors (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long term Shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chairman and President & Chief Executive Officer, shall set the standards of conduct for the Corporation.

B. Procedures and Organization

The Board operates by delegating certain of its powers to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining Director compensation. Subject to the Articles and By-Laws of the Corporation and the Business Corporations Act, Alberta (the "Act"), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

C. Duties and Responsibilities

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

1. Legal Requirements

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
 - (i) manage the business and affairs of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the Business Corporations Act, Alberta and the regulations thereto, the Corporation's Articles and By-Laws, securities legislation of each province and territory of Canada, and other relevant legislation and regulations;
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
 - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the directors or in the office of auditor;
 - (iii) the issuance of securities;
 - (iv) the declaration of dividends;
 - (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;

- (vii) the approval of management proxy circulars;
- (viii) the approval of the annual financial statements of the Corporation, MD&A and AIF; and
- (ix) the adoption, amendment or repeal of By-Laws of the Corporation.

2. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to facilitate the Board to function independently of management. In this regard, the Board shall consist of a majority of "independent directors"², as that term is defined in Section 1.4 of Multilateral Instrument 52-110, Audit Committee or such guidelines as may hereafter replace the same. The independent board members should hold separate, regularly scheduled meetings at which members of management are not in attendance. In as much as the chair of the Board of Paramount Resources Ltd. is not independent, an independent director has been appointed as "lead director."

3. Strategy Determination

The Board has the responsibility to ensure there are long term goals and a strategic planning process in place for the Corporation and to participate with management directly or through its committees in developing and approving, as required, the mission of the business of the Corporation and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Corporation's business.

4. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. Division of Responsibilities

The Board has the responsibility to:

- (a) appoint and delegate responsibilities to committees where appropriate to do so; and
- (b) develop position descriptions for:
 - (i) the Chairman;
 - (ii) the lead director;
 - (iii) the President and Chief Executive Officer; and
 - (iv) the Chief Financial Officer.

6. Appointment, Training and Monitoring Senior Management

The Board has the responsibility to:

- (a) appoint the Chief Executive Officer, to monitor and assess the Chief Executive Officer's performance, to determine and approve the Chief Executive Officer's compensation, and to provide advice and counsel in the execution of the Chief Executive Officer's duties;
- (b) approve the appointment and remuneration of all other designated corporate officers, acting upon the advice of the Chief Executive Officer;
- (c) the extent feasible, to satisfy itself as to the integrity of the Chief Executive Officer and other corporate officers and that the Chief Executive Officer and other corporate officers create a culture of integrity throughout the organization;

² Definitions have been omitted.

- (d) ensure that adequate provision has been made to train and develop management and for the orderly succession of management; and
- (e) ensure that management is aware of the Board's expectations of management.

7. Policies, Procedures and Compliance

The Board has the responsibility to:

- (a) ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) ensure the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (d) ensure the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace.

8. Reporting and Communication

The Board has the responsibility to:

- (a) ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) ensure that the financial performance of the Corporation is adequately reported to shareholders, other securityholders and regulators on a timely and regular basis;
- (c) ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- (e) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- (f) develop appropriate measures for receiving shareholder feedback.

9. Monitoring and Acting

The Board has the responsibility to:

- (a) monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) ensure that the Corporation has implemented adequate internal control and management information systems which ensure the effective discharge of its responsibilities; and
- (d) make regular assessments of the Board's effectiveness, as well as the effectiveness and contribution of each Board Committee. This responsibility has been delegated to the Corporate Governance Committee working in conjunction with the Chairman.