PARAMOUNT RESOURCES LTD.
Calgary, Alberta

December 18, 2024

Paramount Resources Ltd. Announces Planned Post-Transaction Special Distribution, Dividend Policy and Guidance

Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) is pleased to announce its plans, subject to shareholder approval, for a $15.00 per share special distribution to the holders (the "Shareholders") of its class A common shares (the "Common Shares") following the closing of its previously announced asset disposition to Ovintiv Inc. (the "Transaction"). The Company is also pleased to announce its expected post-Transaction monthly dividend policy and 2025 capital expenditure and production guidance.

SPECIAL DISTRIBUTION AND SHAREHOLDER MEETING

When it announced the Transaction on November 14, 2024 the Company indicated that it expected to use a portion of the $3.325 billion cash proceeds of the Transaction, which will be subject to adjustments based on an effective date of October 1, 2024, to provide Shareholders with a meaningful cash distribution. Paramount can now advise that it plans to pay a special cash distribution of $15.00 per Common Share (the "Special Distribution") out of the proceeds of the Transaction.

The declaration and payment of the Special Distribution is conditional on the closing of the Transaction (which is expected to occur in the first quarter of 2025, subject to the receipt of approval under the *Investment Canada Act* and the satisfaction of other customary closing conditions) and the receipt of the Shareholder approval described below.

The Special Distribution is expected to be comprised of a return of capital to Shareholders in the amount of $12.00 per Common Share (the "Return of Capital") and a special dividend in the amount of $3.00 per Common Share that will be designated as an "eligible dividend" for Canadian income tax purposes. Based on the number of Common Shares issued and outstanding as at the date of this press release, the Special Distribution would amount to an aggregate distribution of approximately $2.2 billion.

The ability of the Company to make the Return of Capital as part of the Special Distribution will be subject to the Shareholders approving a special resolution under section 38(1) of the *Business Corporations Act* (Alberta) authorizing a reduction in the stated capital of the Common Shares in an amount equivalent to the amount to be returned to the Shareholders pursuant to the Return of Capital (the "Shareholder Approval").

A special meeting of the Shareholders will be held on Wednesday, January 29, 2025 at 10:00 a.m. (Mountain Time) in the Doulton Room at Bankers Hall Conference Centre, 400, 315 - 8th Avenue S.W., Calgary, Alberta, for the purposes of obtaining the Shareholder Approval. The record date for Shareholders entitled to receive notice of and vote at the meeting will be December 30, 2024.

If the Shareholder Approval is not obtained, the Company will not be able to proceed with the Special Distribution as described and the amount, nature and timing of any alternative distribution to the Shareholders will need to be reconsidered and redetermined by Paramount.

In addition to being conditional on the closing of the Transaction and the receipt of the Shareholder Approval, the making of the Special Distribution is subject to the Board of Directors of Paramount formally declaring the Special Distribution and setting a record date and payment date therefor. The current intention of the Company is to declare and pay the Special Distribution as soon as possible following the later of the closing of the Transaction and the receipt of the Shareholder Approval.

POST-TRANSACTION DIVIDEND POLICY

Paramount views its regular monthly dividend as an important part of the return it provides to shareholders. As previously disclosed, the Company intends to maintain its monthly dividend at the current level of $0.15 per share until the closing of the Transaction. Paramount anticipates adjusting its monthly dividend to $0.05 per share following closing of the Transaction. This new monthly dividend amount is expected to apply to the first monthly dividend declared following closing of the Transaction.

POST-TRANSACTION 2025 CAPITAL EXPENDITURE AND PRODUCTION GUIDANCE

Following closing of the Transaction and payment of the Special Distribution, Paramount will have:

- no debt and expected cash and investments in securities of well over $1 billion;
- a deep inventory of opportunities at various stages in the development lifecycle, including:
    - near-term growth at its Willesden Green Duvernay and Kaybob North Duvernay properties;
    - low-decline legacy conventional production in the Kaybob Region;
    - early-stage potential at its Sinclair Montney property;
    - additional optionality at both its Liard and Horn River Basin natural gas properties; and
    - assets held in its wholly-owned Cavalier Energy subsidiary, which encompass over 1.3 million net acres of land, including 293,000 net acres prospective for cold flow heavy oil in the Clearwater and Bluesky formations as well as five significant thermal oilsands development opportunities, the most material of which is the Hoole Grand Rapids project; and
- a fleet of six triple-sized drilling rigs owned and operated by its wholly-owned Fox Drilling subsidiary.

Subject to closing of the Transaction, Paramount is budgeting 2025 capital expenditures of between $760 million and $790 million, not including abandonment and reclamation activities (the "Post-Transaction Budget"). This includes approximately $200 million of accelerated capital deployment at Willesden Green. Although the exact timing of closing of the Transaction is not known at this time, Paramount has assumed for the purposes of the Post-Transaction Budget and the 2025 production guidance provided in this press release that the Transaction closes on February 1, 2025.

Paramount's production immediately following closing of the Transaction will be approximately 30,000 Boe/d (46% liquids), substantially all of which flows through Company owned and operated infrastructure. The Company expects that the Post-Transaction Budget will result in average 2025 sales volumes of 37,500 Boe/d to 42,500 Boe/d (48% liquids), driven primarily by fourth quarter production growth at Willesden Green, and a 2025 exit rate in excess of 45,000 Boe/d. [(1)]

Approximately $560 million of the Post-Transaction Budget, at the midpoint, is allocated to the Willesden Green Duvernay development. Capital activities will include the completion of the first phase of the Company's new Alhambra Plant, with start-up expected in the fourth quarter of 2025, as well as the continued execution of the drilling program to feed the plant on start-up. In addition, Paramount is, conditional upon completion of the Transaction, accelerating the second phase of the Alhambra Plant, with start-up of this phase expected to occur in the fourth quarter of 2026. Each phase of the Alhambra Plant will provide 18,000 Boe/d of raw handling capacity (comprised of 50 MMcf/d of raw gas handling and 10,000 Bbl/d of raw liquids handling) upon completion.

Expenditures in the Kaybob Region, primarily related to development at Kaybob North Duvernay, constitute the majority of the remaining portion of the Post-Transaction Budget. Capital has also been allocated to ongoing appraisal activities at the Company's early-stage assets, including Sinclair.

The Company expects that similar levels of capital expenditures in 2026 to those contemplated in the Post-Transaction Budget would enable it to exit 2026 with production in excess of 60,000 Boe/d (50% liquids).

ABOUT PARAMOUNT

Paramount is an independent, publicly traded, liquids-rich natural gas focused Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas, including longer-term strategic exploration and pre-development plays, and holds a portfolio of investments in other entities. The Company's principal properties are located in Alberta and British Columbia. Paramount's class A common shares are listed on the Toronto Stock Exchange under the symbol "POU".

For further information, please contact:

Paramount Resources Ltd.
James H.T. Riddell, President and Chief Executive Officer and Chairman
Paul R. Kinvig, Chief Financial Officer
Rodrigo R. Sousa, Executive Vice President, Corporate Development and Planning
www.paramountres.com
Phone: (403) 290-3600

(1) See the "Product Type Information" in the Advisories section for a breakdown of sales volumes disclosed in this press release by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil. See also "Oil and Gas Measures and Definitions" in the Advisories section.

ADVISORIES

Forward-looking Information

Certain statements in this press release constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "schedule", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward-looking information in this press release includes, but is not limited to:

- the expected closing of the Transaction and the expected timing thereof;
- the intended declaration and payment of the Special Distribution, including the amount thereof and the portion of which will be comprised of a return of capital;
- Paramount's intentions to maintain the current monthly dividend amount until the closing of the Transaction and to adjust the monthly dividend to $0.05 per Common Share following the closing of the Transaction;
- planned capital expenditures in 2025 under the Post-Transaction Budget and the allocation thereof;
- expected average sales volumes for 2025 and the 2025 exit rate of production under the Post-Transaction Budget;
- planned and potential exploration, development and production activities, including the expected timing of completion of phase one and phase two of the Alhambra Plant and the expected capacity of the Alhambra Plant upon completion of each phase; and
- the Company's expectation that similar levels of capital expenditures in 2026 to those contemplated in the Post-Transaction Budget would enable it to exit 2026 with production in excess of 60,000 Boe/d (50% liquids).

Such forward-looking information is based on a number of assumptions which may prove to be incorrect.

All of the forward-looking information is based on the assumption that the closing conditions to the Transaction will be satisfied and the closing of the Transaction will occur as and when anticipated. In addition, the payment of the Special Distribution is subject to the receipt of the Shareholder Approval and the payment of the Special Distribution and any other future dividend or other distribution to shareholders is subject to final approval by the Board of Directors of the Company and the need to comply with requirements under debt agreements and applicable laws respecting the declaration and payment of dividends and distributions.

The forward-looking information concerning: (i) planned capital expenditures in 2025 under the Post-Transaction Budget and the allocation thereof, (ii) expected average sales volumes for 2025 and the 2025 exit rate of production under the Post-Transaction Budget, (iii) planned and potential exploration, development and production activities, including the expected timing of completion of phase one and phase two of the Alhambra Plant and the expected capacity of the Alhambra Plant upon completion of each phase and (iv) the Company's expectation that similar levels of capital expenditures in 2026 to those contemplated in the Post-Transaction Budget would enable it to exit 2026 with production in excess of 60,000 Boe/d (50% liquids) is, additionally, based on assumptions that have been made with respect to the following matters, in addition to any other assumptions identified in this press release:

- future commodity prices;
- the impact of international conflicts, including in Ukraine and the Middle East;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;
- the availability to Paramount of the funds required for exploration, development and other operations and the meeting of commitments and financial obligations;
- the ability of Paramount to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs to carry out its activities;
- the ability of Paramount to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms and the capacity and reliability of facilities;
- the ability of Paramount to obtain the volumes of water required for completion activities;
- the ability of Paramount to market its production successfully;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated sales volumes, reserves additions, product yields and product recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals;
- the application of regulatory requirements respecting abandonment and reclamation; and

- anticipated timelines and budgets being met in respect of: (i) drilling programs and other operations, including well completions and tie-ins, (ii) the construction, commissioning and start-up of new and expanded third-party and Company facilities, pipelines and other infrastructure, including the first and second phases of the Alhambra Plant, and (iii) facility turnarounds and maintenance.

Although Paramount believes that the expectations reflected in such forward-looking information are reasonable based on the information available at the time of this press release, undue reliance should not be placed on the forward-looking information as Paramount can give no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Paramount and described in the forward-looking information.

There is a risk that the Transaction will not be completed on the terms anticipated or at all, including due to a closing condition not being satisfied. Further, even if the Transaction closes as anticipated, Shareholder Approval may not be obtained to permit the Special Distribution. In addition, the Board of Directors of the Company retains the discretion to determine how to use the proceeds of the Transaction, not to declare or approve the Special Distribution or any other future dividend or other distribution to shareholders and, if a dividend or other distribution to shareholders is declared or approved, determine the amount thereof. There are no assurances as to the continuing declaration and payment of future dividends or other distributions to shareholders or the amount or timing of any such dividends or other distributions to shareholders.

With respect to the forward-looking information concerning: (i) planned capital expenditures in 2025 under the Post-Transaction Budget and the allocation thereof, (ii) expected average sales volumes for 2025 and the 2025 exit rate of production under the Post-Transaction Budget, (iii) planned and potential exploration, development and production activities, including the expected timing of completion of phase one and phase two of the Alhambra Plant and the expected capacity of the Alhambra Plant upon completion of each phase and (iv) the Company's expectation that similar levels of capital expenditures in 2026 to those contemplated in the Post-Transaction Budget would enable it to exit 2026 with production in excess of 60,000 Boe/d (50% liquids), the material risks and uncertainties also include, but are not limited to:

- fluctuations in commodity prices;
- changes in capital spending plans and planned exploration and development activities;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, free cash flow, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks or blowouts;
- risks associated with wildfires, including the risk of physical loss or damage to wells, facilities, pipelines and other infrastructure, prolonged disruptions in production, restrictions on the ability to access properties, interruption of electrical and other services and significant delays or changes to planned development activities and facilities maintenance;
- the ability to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities, pipeline and other infrastructure, including third-party facilities and phase one and phase two of the Alhambra Plant;
- processing, transportation, fractionation, disposal and storage outages, disruptions and constraints;
- potential limitations on access to the volumes of water required for completion activities due to drought, conditions of low river flow, government restrictions or other factors;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities and meet current and future commitments and obligations (including asset retirement obligations, processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to obtain and maintain leases and licenses, including those required for phase one and phase two of the Alhambra Plant;

- the effects of weather and other factors including wildlife and environmental restrictions which affect field operations and access;
- uncertainties as to the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- uncertainties regarding Indigenous claims and in maintaining relationships with local populations and other stakeholders;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "*Risk Factors*" in Paramount's annual information form for the year ended December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca or on the Company's website at www.paramountres.com. The forward-looking information contained in this press release is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Oil and Gas Measures and Definitions

This press release contains disclosures expressed as "Boe" (meaning barrels of oil equivalent). Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil when converting natural gas to Boe. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. For the nine months ended September 30, 2024, the value ratio between crude oil and natural gas was approximately 73:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

Product Type Information

This press release includes references to sales volumes of "liquids". "Liquids" refers to condensate, light and medium crude oil, tight oil, heavy crude oil and Other NGLs combined. "Other NGLs" refers to ethane, propane and butane.

Paramount's production immediately following closing of the Transaction will be approximately 30,000 Boe/d (54% shale gas and conventional natural gas combined, 38% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 8% other NGLs).

The Company expects that the Post-Transaction Budget will result in average 2025 sales volumes of 37,500 Boe/d to 42,500 Boe/d (52% shale gas and conventional natural gas combined, 40% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 8% other NGLs).