**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

A special meeting (the "Meeting") of the holders (the "Shareholders") of class A common shares (the "Common Shares") of Paramount Resources Ltd. (the "Corporation") 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. The purpose of the Meeting is to:

1. approve a reduction of the stated capital of the Common Shares to enable the Corporation to make a return of capital in cash to the Shareholders; and

2. 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
December 23, 2024

# MANAGEMENT INFORMATION CIRCULAR

## GENERAL INFORMATION

### Meeting Date and Time

Paramount Resources Ltd. (the "Corporation" or "Paramount") will be holding a special meeting (the "Meeting") of holders ("Shareholders") of its class A common shares ("Common Shares") on Wednesday, January 29, 2025 at 10:00 a.m. (Mountain Time). The Meeting will be held in the Doulton Room at Bankers Hall Conference Centre, 400, 315 - 8th Avenue S.W., Calgary, Alberta.

### Date of Information

Information in this management information circular ("Information Circular") is given as of December 23, 2024 unless otherwise noted.

### Voting Shares and Principal Holders

On December 23, 2024, Paramount had 147,221,257 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 December 23, 2024 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 36,721,194 Common Shares, representing approximately 24.9% 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 14,962,098 Common Shares, representing approximately 10.2% of the outstanding Common Shares as of such date; and (iii) Ms. Brenda Riddell, who beneficially owned or controlled or directed 14,878,988 Common Shares, representing approximately 10.1% of the outstanding Common Shares as of such date.

### Meeting Materials

If your Common Shares are held in your name and you have a share certificate or direct registration statement you are a "Registered Shareholder". 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".

Registered Shareholders will receive a paper copy of the notice of meeting, this Information Circular and a form of proxy. Beneficial Shareholders, other than objecting beneficial owners as defined under *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer*, will receive a paper copy of the notice of meeting, this Information Circular and a voting instruction form. Paramount does not intend to pay for intermediaries to forward the notice of meeting, this Information Circular and a voting instruction form to objecting beneficial owners. Accordingly, an objecting beneficial owner will not receive these materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

## 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 Shareholder at the close of business on December 30, 2024 (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.

***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 below under the heading "*Business of the Meeting*" 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

***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 FOR the special resolution approving a reduction of the stated capital of the Common Shares for the purposes of making a return of capital in cash to the Shareholders.**

Registered Shareholders may vote their Common Shares by proxy delivered by mail or online 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, Calgary, Alberta T2P 5C5, Attention: Corporate Secretary; or

b. the Corporation's transfer agent, Odyssey Trust Company, Trader's Bank Building, 702, 67 Yonge Street, Toronto, Ontario M5E 1J8, Attention: Proxy Department;

no later than 10:00 a.m. (Mountain Time) on Monday, January 27, 2025 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, Odyssey Trust Company, 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, Odyssey Trust Company, 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 online, 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, Odyssey Trust Company, and your vote at the Meeting will be counted.

## Beneficial Shareholder Voting

### *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 Odyssey Trust Company 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

If you are not a Registered Shareholder or duly appointed proxyholder and 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.

## BUSINESS OF THE MEETING

### Reduction in Stated Capital and Return of Capital

***Background***

On November 14, 2024, the Corporation announced that it had entered into a purchase and sale agreement with Ovintiv Inc. and one of its wholly-owned subsidiaries (together, "Ovintiv") pursuant to which Ovintiv will acquire the Corporation's Karr, Wapiti and Zama properties for $3.325 billion in cash plus certain Horn River Basin properties of Ovintiv (the "Transaction"). The purchase price payable by Ovintiv pursuant to the Transaction will be subject to adjustments based on an effective date of October 1, 2024. Closing of the Transaction 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.

On December 19, 2024, the Corporation announced, among other matters, its intention to make a cash distribution to the Shareholders of $15.00 per Common Share (the "Special Distribution") conditional upon the closing of the Transaction and the approval by the Shareholders of the Return of Capital Resolution (as defined below). The Special Distribution is currently intended 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 (the "Special Dividend") that will be designated as an "eligible dividend" for Canadian tax purposes. Based on the number of Common Shares issued and outstanding as at December 23, 2024, the Special Distribution would amount to an aggregate payment of approximately $2.2 billion to Shareholders.

***Need for Shareholder Approval***

The ability of the Corporation to make the Return of Capital as part of the Special Distribution is subject to the Shareholders approving at the Meeting a special resolution (the "Return of Capital Resolution") under section 38(1) of the *Business Corporations Act* (Alberta) (the "ABCA") 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 "Capital Reduction"). If the Shareholders do not approve the Return of Capital Resolution at the Meeting, the Corporation 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 the Corporation. The full text of the Return of Capital Resolution is set out below under the heading "*Approval of Return of Capital Resolution*".

***Reasons for the Special Distribution and Recommendation of the Board of Directors***

At the time of initial announcement on November 14, 2024, the Corporation indicated that the Transaction would enable it to provide Shareholders with a meaningful cash distribution while retaining a portion of the proceeds to reinvest in growth opportunities. The Special Distribution represents a distribution of a significant portion of the proceeds of the Transaction to Shareholders, with the Corporation retaining cash and investments in securities of well over $1 billion to allow it to exploit its deep inventory of opportunities. Moreover, 80% of the Special Distribution is comprised of the Return of Capital and such distributions, in many cases, give rise to preferential tax treatment when compared to dividends. See "*Certain Federal Income Tax Considerations*" below.

Under section 38(3) of the ABCA, the Corporation will be prohibited from reducing its stated capital if there are reasonable grounds for believing that the Corporation is, or would after the reduction be, unable to pay its liabilities as they become due or the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities. Under section 43 of the ABCA, the Corporation will be prohibited from paying any dividend if there are reasonable grounds for believing that the Corporation is, or would after the payment be, unable to pay its liabilities as they become due or the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. The Corporation does not anticipate that section 38(3) or section 43 of the ABCA will apply to prevent the Capital Reduction and the Special Distribution, but the Capital Reduction and the declaration and payment of the Special Distribution will remain subject to satisfaction of these provisions.

In addition to being conditional upon the completion of the Transaction and the approval by the Shareholders of the Return of Capital Resolution, the making of the Special Distribution is subject to the Board of Directors of the Corporation (the "Board") formally approving and declaring the Special Distribution and setting a record date and payment date therefor. Further, the Return of Capital Resolution gives the Board the authority to modify, reduce, or abandon (but not increase the aggregate amount of) the Capital Reduction and the Return of Capital without any further approval from the Shareholders. As a result, the Board may in its sole discretion determine to, among other things, not proceed with the Special Distribution, reduce the amount of the Special Distribution, modify (but not increase) the

amount of the Return of Capital comprising part of the Special Distribution or alter the timing of the making of the Special Distribution.

**The Board has determined that the Special Distribution is in the best interests of the Corporation and unanimously recommends that Shareholders vote FOR the Return of Capital Resolution.**

***Voting Intentions of Directors, Executive Officers and Principal Shareholders***

Each of the directors and executive officers of the Corporation, as well as Ms. Brenda Riddell, a principal shareholder of the Corporation, have advised the Corporation that they intend to vote their Common Shares in favour of the Return of Capital Resolution. As of December 23, 2024, the directors and executive officers of the Corporation beneficially owned or controlled or directed a total of 53,227,139 Common Shares and Ms. Brenda Riddell beneficially owned or controlled or directed 14,878,988 Common Shares, representing, in aggregate, approximately 46.3% of the outstanding Common Shares as of that date. As holders of Common Shares, each director, executive officer and principal shareholder will be entitled to participate in the Special Distribution on the same terms as all other holders of Common Shares.

***Impact of the Special Distribution on Outstanding Options and RSUs***

As of December 23, 2024, 8,274,316 options to acquire Common Shares issued under the Corporation's Stock Option Plan ("Options") were outstanding and 375,480 restricted share units issued under the Corporation's Cash Bonus and Restricted Share Unit Plan ("RSUs") were outstanding.

In order to account for the impact of the Special Distribution on the value of the Common Shares subject to outstanding Options, conditional upon the declaration of the Special Distribution:

a. all outstanding unvested Options with an exercise price less than the amount of the Special Distribution will be deemed to be vested;

b. the holders of any vested Options, including those vested pursuant to (a) above, will be entitled to surrender them to the Corporation, effective as of the date of the declaration of the Special Distribution, in consideration for a cash payment equal to the difference between the volume weighted average trading price of the Common Shares on the TSX during the five trading days preceding the date the Special Distribution is declared and the exercise price of the applicable Option; and

c. effective immediately following the closing of the books on the record date of the Special Distribution, the exercise price of each outstanding Option with an exercise price in excess of the amount of the Special Distribution will be adjusted downwards by an amount equal to the amount of the Special Distribution.

The adjustments described in (c) above are permitted under amendments to the adjustment provisions of the Stock Option Plan that were approved by the Board on December 18, 2024. The amendments authorize the Board, subject to the approval of the TSX, to make a downward adjustment to the exercise price of any outstanding Option in the event of the declaration of any special dividend, return of capital or other distribution to the holders of the Common Shares other than in the ordinary course of business. The downward adjustment in such cases will be an amount equal to the applicable special dividend, return of capital or other distribution or such lesser amount determined by the Board. The amendments did not require shareholder approval under the terms of the Stock Option Plan or under the rules of the TSX.

As of December 23, 2024, 1,691,091 of the 8,274,316 outstanding Options had an exercise price less than the anticipated amount of the Special Distribution. Of these, 1,146,391 were vested and 544,700 were unvested. As the exercise price of these Options will not be adjusted to account for the impact of the Special Distribution, the Corporation anticipates that all or substantially all of these Options will either be surrendered to the Corporation as provided in (b) above or exercised by the holders thereof prior to the record date of the Special Distribution.

Following the completion of the Special Distribution, each RSU will, in accordance with its terms, be exchanged on vesting for one Common Share and an amount, payable in cash or Common Shares at the discretion of the Corporation, equal to the Special Distribution and any other cash distributions or dividends paid with respect to such Common Shares from the date of grant of the RSU.

As of December 23, 2024, the directors and executive officers of the Corporation held a total of 1,848,996 Options with exercise prices ranging from $3.84 to $29.57 and 57,351 RSUs. A total of 396,996 of the Options held by the directors and executive officers had an exercise price less than the anticipated amount of the Special Distribution, 266,996 of which were vested and exercisable and 130,000 of which were unvested. Further information respecting the holdings

of Common Shares, Options and RSUs by the individual directors and executive officers of the Corporation is available on the System for Electronic Disclosure by Insiders, which can be accessed at www.sedi.ca.

***Announcement of the Special Distribution and Due Bill Trading***

The Corporation will issue a press release announcing the declaration of the Special Distribution, if and when it is formally declared by the Board, and the record date, payment date and ex-distribution trading date for the Special Distribution. Given the relative value of the Special Distribution compared to the current trading price of the Common Shares on the TSX, the Corporation anticipates that the TSX will implement "due bill" trading with respect to the Special Distribution.

Due bills notionally represent an entitlement that will be due to a shareholder from an issuer in connection with the completion of a material corporate event such as a stock dividend, special distribution, stock split or spin-out. In the case of the Special Distribution, each due bill will represent the right to receive the cash payment comprising the Special Distribution.

If due bill trading is implemented by the TSX, a due bill will be deemed to attach to each Common Share traded in the time period between the opening of trading on the record date for the Special Distribution and the end of trading on the payment date for the Special Distribution (the "Due Bill Trading Period"). During the due bill trading period, any seller of Common Shares will also be deemed to sell and assign the right to the Special Distribution to the purchaser of the Common Shares. As a result, the Common Shares will maintain their full value through to the end of trading on the payment date of the Special Distribution. The Common Shares in such case would not commence trading on an ex-distribution basis (i.e., without the entitlement to receive the Special Distribution) until the first trading day following the payment date of the Special Distribution. The due bills will be redeemed on the ex-distribution date and payment will be made to the holders on the next trading day.

***Certain Federal Income Tax Considerations***

The summaries below are not intended to be legal or tax advice. Shareholders should consult their own tax advisors as to the tax consequences of the Special Distribution to them with respect to their particular circumstances, including the Capital Reduction and the Return of Capital.

**Certain Canadian Federal Income Tax Considerations**

In the opinion of Norton Rose Fulbright Canada LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax consequences generally applicable under the provisions of the *Income Tax Act* (Canada) (the "Tax Act") to a Shareholder who, at all relevant times, for the purposes of the Tax Act, holds the Common Shares as capital property and deals at arm's length and is not affiliated with the Corporation (a "Holder"). Generally, the Common Shares will be considered to be capital property to a Holder provided that the Holder does not use or hold the Common Shares in the course of carrying on a business and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Holders who do not hold their Common Shares as capital property should consult their own tax advisors with respect to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution" for purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iv) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; (v) that has entered into or will enter into, with respect to the Common Shares, a "derivative forward agreement", "synthetic disposition arrangement", or "dividend rental arrangement" (as those terms are defined in the Tax Act); (vi) that acquired Common Shares under or in connection with any equity based compensation arrangement; or (vii) that is exempt from tax under Part I of the Tax Act. Any such Holder should consult with their own tax advisors with respect to the tax consequences of the Special Distribution having regard to their own particular circumstances.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") published in writing by the CRA and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by way of judicial, legislative or governmental decision or action. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account other federal or any provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder, and no representations concerning the tax consequences to any particular Holder are made. The tax consequences of acquiring, holding and disposing of Common Shares will vary according to the Holder's particular circumstances. Holders should consult their own tax advisors regarding the tax considerations applicable to them having regard to their particular circumstances.

Capital Reduction and Return of Capital

Where the Return of Capital Resolution is passed, the Return of Capital will be made pursuant to a reduction of the paid-up capital (as defined in the Tax Act) ("PUC") of the Common Shares equal to the Capital Reduction. PUC, determined in respect of a particular class of shares, is the aggregate of all amounts received by a corporation upon the issuance of shares of that class, adjusted in certain circumstances in accordance with the Tax Act. PUC differs from the adjusted cost base of shares to any particular shareholder because adjusted cost base is calculated based on the amount paid or deemed paid (whether in cash or other property) by a shareholder to acquire shares of a corporation, whether on issuance by the corporation or through the marketplace.

An amount paid by a public corporation as defined for the purposes of the Tax Act to its shareholders on a reduction of the PUC in respect of any class of its shares is generally deemed to be a dividend for purposes of the Tax Act, subject to certain important exceptions contained in section 84 of the Tax Act. Having regard to the nature of the Transaction, management of the Corporation is of the view that such exceptions should apply to that portion of the Special Distribution which constitutes the Return of Capital, such that the Return of Capital should not be deemed to be a dividend and should be treated as a return of PUC for purposes of the Tax Act. However, this determination is not free from doubt and no advance tax ruling has been sought or obtained in this regard. If the Return of Capital is deemed to be a dividend under the Tax Act, the provisions of the Tax Act regarding taxable dividends from a taxable Canadian corporation would apply and the summary below regarding the Return of Capital would not be applicable.

Resident Holders

The following portion of this summary is applicable to a Holder who, for purposes of the Tax Act and any applicable tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada (a "Resident Holder"). A Resident Holder to whom the Common Shares might not constitute capital property may make, in certain circumstances, the irrevocable election permitted by subsection 39(4) of the Tax Act to have the Common Shares, and all other Canadian securities held by such person in the year of the election or in any subsequent taxation year, treated as capital property. Resident Holders considering making such an election should first consult their own tax advisors.

*Return of Capital*

Where the Return of Capital Resolution is passed, the Corporation will distribute a portion of the cash proceeds from the Transaction as the Return of Capital. As discussed above under "*Capital Reduction and Return of Capital*", the Return of Capital should be treated as a return of PUC for purposes of the Tax Act to Resident Holders and on this basis will not be included in computing the Resident Holder's income for purposes of the Tax Act, provided that such amount does not exceed the PUC attributable to the Common Shares held by such Resident Holder. Management of the Corporation intends that the amount of the return of PUC should be less than the PUC of the Common Shares. In the event that the cash to be received by a Resident Holder on the Return of Capital exceeds the PUC of the Common Shares held by such Resident Holder, such excess amount should be treated as a dividend received by the Resident Holder from a taxable Canadian corporation. The taxation of dividends is described below under the heading "*Resident Holders - Dividends on Common Shares*".

A Resident Holder who receives the Return of Capital will be required to reduce the adjusted cost base of the Common Shares held by such Resident Holder by the lesser of the amount of the Return of Capital and the PUC of the Common Shares held by such Resident Holder immediately prior to the Special Distribution. If, as a result of such reduction, the adjusted cost base of the Common Shares held by the Resident Holder becomes negative (i.e., the amount of the reduction exceeds the adjusted cost base of the Resident Holder's Common Shares), such negative amount will be deemed to be a gain that is a capital gain realized by the Resident Holder in the taxation year that includes the Special Distribution and the adjusted cost base of such Common Shares will be nil immediately after the Special Distribution.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of any capital gain (a "Taxable Capital Gain") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder must deduct one-half of the amount of any capital loss (an "Allowable Capital Loss") realized in a taxation year from Taxable Capital Gains realized by the Resident Holder in the year. Allowable Capital Losses in excess of Taxable Capital Gains for the year generally may be carried back and deducted against net Taxable Capital Gains arising in any of the three preceding taxation years or any subsequent taxation year.

Tax Proposals contained in a Notice of Ways and Means Motion tabled September 23, 2024 propose to increase the amount required to be included in income as a Taxable Capital Gain of a Resident Holder from one-half to two-thirds of a capital gain realized by such Resident Holder in a taxation year for (i) all of the capital gains realized by corporations or trusts; and (ii) the portion of capital gains realized by individuals (including capital gains realized indirectly through a trust or partnership) in a taxation year (or the portion of the taxation year beginning on June 25, 2024 in the case of the 2024 taxation year) in excess of an annual $250,000 threshold. These Tax Proposals would make corresponding changes to the amount of an Allowable Capital Loss of a Resident Holder for a taxation year. These Tax Proposals, if enacted, would be effective as of June 25, 2024. For tax years that begin before and end on or after June 25, 2024, two different inclusion rates will apply and transitional rules are proposed to apply to separately identify capital gains and losses realized before the effective date of these Tax Proposals and capital gains and losses realized on or after the effective date of these Tax Proposals. Resident Holders are advised to consult their own tax advisors with regard to these Tax Proposals.

A Resident Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation" or a "substantive CCPC" (each as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including dividends, deemed dividends, taxable capital gains and deemed taxable capital gains. Resident Holders that are corporations are advised to consult their own tax advisors regarding their particular circumstances.

A capital gain or dividend realized or received or deemed to be realized or received by a Resident Holder who is an individual (including certain trusts) may give rise to liability for alternative minimum tax under the Tax Act. Resident Holders who are individuals (or trusts) should consult their own tax advisors in this regard.

*Dividends on Common Shares*

In the case of a Resident Holder who is an individual, dividends received or deemed to be received on the Common Shares, including the Special Dividend, should be included in computing the Resident Holder's income and should be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends from taxable Canadian corporations. If the Corporation designates such dividend or deemed dividend to be an "eligible dividend" for the purposes of the Tax Act, the enhanced gross-up and dividend tax credit rules normally applicable to taxable dividends that are eligible dividends should apply.

A Resident Holder that is a corporation will be required to include in income the Resident Holder's share of dividends received or deemed to be received on the Resident Holder's Common Shares but will generally be entitled to deduct such amounts in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on its Common Shares, to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year. A "subject corporation" is generally a corporation (other than a private corporation) resident in Canada and controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts). Resident Holders that are corporations should consult their own tax advisors in this regard.

Non-Resident Holders

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable tax treaty or convention and at all relevant times, is not resident or deemed to be resident in Canada and who does not use or hold (and is not deemed to use or hold) the Common Shares in connection with a business carried on in Canada by the Holder (a "Non-Resident Holder"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada or elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

*Return of Capital*

Where the Return of Capital Resolution is passed, the amount of the cash distributed to a Non-Resident Holder as the Return of Capital should be treated as a return of PUC for the purposes of the Tax Act to such Non-Resident Holder and will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act, provided the amount of such cash does not exceed the PUC of the Common Shares held by such Non-Resident Holder, as discussed above under "*Capital Reduction and Return of Capital*", and "*Resident Holders – Return of Capital*". Management of the Corporation intends that the amount of the Return of Capital should be less than the PUC of the Common Shares.

To the extent that the cash received by a Non-Resident Holder as the Return of Capital exceeds the PUC of the Common Shares held by such Non-Resident Holder, such excess amount would be deemed to be a dividend to such Non-Resident Holder. The taxation of dividends is described below under the heading "*Non-Resident Shareholders – Dividends on Common Shares*". Provided that no portion of the Return of Capital is deemed to be a dividend for purposes of the Tax Act, there should be no withholding tax applicable to the payment thereof to a Non-Resident Holder under Part XIII of the Tax Act.

A Non-Resident Holder who receives the Return of Capital will be required to reduce the adjusted cost base of the Common Shares held by such Non-Resident Holder by the lesser of the amount of the Return of Capital and the PUC of the Common Shares held by such Non-Resident Holder immediately prior to the Special Distribution. If, as a result of such reduction, the adjusted cost base of the Common Shares held by the Non-Resident Holder becomes negative (i.e., the amount of the reduction exceeds the adjusted cost base of the Non-Resident Holder's Common Shares), such negative amount will be deemed to be a gain that is a capital gain realized by the Resident Holder in the taxation year that includes the Special Distribution and the adjusted cost base of such Common Shares will be nil immediately after the Special Distribution.

A Non-Resident Holder will not be subject to Canadian income tax under the Tax Act on any capital gain realized on any deemed disposition of Common Shares that results from the Return of Capital unless such Common Shares constitute "taxable Canadian property" (as defined by the Tax Act) to the Non-Resident Holder and such Non-Resident Holder is not provided relief from Canadian taxation under an applicable tax treaty or convention. Generally, the Common Shares will not be taxable Canadian property of a Non-Resident Holder at a particular time provided that the Common Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSX) at that particular time, unless, at any time during the 60-month period that ends at the particular time: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length, within the meaning of the Tax Act, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds an interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series in the capital stock of the Corporation; and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property existed), and the Common Shares are not, at the particular time, otherwise deemed under the Tax Act to be taxable Canadian property.

*Dividends on Common Shares*

The gross amount of dividends paid or credited, or deemed to be paid or credited, by the Corporation, including the Special Dividend, to a Non-Resident Holder or a partnership that is not a "Canadian partnership" of which a Non-Resident Holder is a member (as defined in the Tax Act) on its Common Shares will generally be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable tax treaty or convention. Under the Canada–United States Income Tax Convention (1980) (the "Canada-US Treaty"), the rate of withholding tax on dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder who is resident in the United States for purposes of the Canada-US Treaty, is the beneficial owner of the dividends, and is fully entitled to benefits under the Canada-US Treaty is generally limited to 15% of the gross amount of the dividend, or deemed dividend. Non-Resident Holders should consult their own tax advisors to determine their entitlement to relief under any applicable tax treaty or convention.

**Certain United States Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax consequences of the Special Distribution to U.S. Holders (as defined below). You are a U.S. Holder if, for U.S. federal income tax purposes, you are a beneficial owner of a Common Share and are:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This summary is limited to U.S. Holders that hold Common Shares as a capital asset within the meaning of section 1221 of the *Internal Revenue Code* of 1986, as amended (the "Revenue Code"). This summary does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax and Medicare contribution tax consequences, as well as differing tax consequences that may apply if you are, for instance:

- a financial institution;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- holding Common Shares as part of a "straddle" or integrated transaction;
- a holder whose functional currency is not the U.S. dollar;
- a holder that owns, directly, indirectly or constructively, 10% or more by voting power or value, of the Common Shares of the Corporation;
- an accrual method taxpayer who is required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements;
- a tax-exempt entity; or
- an entity classified as a partnership for U.S. federal income tax purposes.

If you are an entity classified as a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities.

This summary is based on the Revenue Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations as of the date hereof, changes to any of which subsequent to the date of this proxy statement may affect the tax consequences described herein. This summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. You should consult your tax advisor with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Except as provided at "*Passive Foreign Investment Company*" and to the limited extent discussed under "*Return of Capital*" below, this summary assumes that the Corporation has not been, and will not become for the taxable year of the Special Distribution, a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. The PFIC rules are complex and are in many important respects unclear. The Corporation does not believe it is a PFIC; however, if the Corporation is classified as a PFIC for any taxable year during which a U.S. Holder held Common Shares, such holder may be subject to materially adverse U.S. federal income tax consequences. Each U.S. Holder should consult its own tax advisor regarding the determination of whether or not the Corporation is a PFIC and the application of the PFIC rules should the Corporation be, or become, a PFIC.

U.S. Taxation of Distributions

The gross amount of distributions in a year, including the Special Distribution, that will be paid by the Corporation to a U.S. Holder (including the amount of taxes withheld therefrom, if any) generally will be includable in a U.S. Holder's gross income as dividend income on the date of receipt by the U.S. Holder, but only to the extent that such amount would be paid out of the Corporation's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that the amount paid would exceed the Corporation's current and accumulated earnings and profits, such excess will be treated first as a tax-free return of a U.S. Holder's tax basis in its Common Shares, and to the extent such excess would be greater than such U.S. Holder's tax basis, the balance of such excess will be treated as a capital gain. If the aggregate distributions exceed current earnings and profits for the year, a pro-rata portion of each distribution is treated as coming from current earnings and profits. Accumulated earnings and profits are allocated among distributions in chronological order. The Corporation believes that all or a substantial portion of the Special Distribution will likely be treated as having been made out of current or accumulated earnings and profits; however, the Corporation has not made a final determination of its current or accumulated earnings and profits for U.S. federal income tax purposes at this time.

Any such capital gain will be treated as a long-term capital gain if the U.S. Holder's holding period in its Common Shares exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gains at preferential rates. Any gain recognized by a U.S. Holder generally will be treated as U.S.-source income for foreign tax credit purposes, unless the gain is subject to tax in Canada and is resourced as foreign-source under the provisions of the Canada-US Treaty.

Any dividend income will generally be foreign-source for foreign tax credit purposes. Any dividend income will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from U.S. corporations. Any dividend income that is paid to certain non-corporate U.S. Holders may be taxable at favorable rates as opposed to being taxable at ordinary income rates; provided that (i) the Corporation is eligible for the benefits of the Canada-US Treaty, (ii) the U.S. Holder satisfies certain holding period requirements, and (iii) the U.S. Holder is not

under an obligation to make related payments with respect to positions in substantially similar or related property. If the Corporation is a PFIC for the taxable year in which the Special Distribution is paid or was a PFIC in the immediately preceding taxable year, such distribution will not be taxable at favorable rates that may be available to certain non-corporate U.S. Holders. Each U.S. Holder should consult its own tax advisor regarding the availability of the reduced tax rate on dividends on Common Shares.

The amount of income includible as a result of a distribution paid in foreign currency will be equal to the U.S. dollar value of such currency on the date such distribution is includible in income by the recipient, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any gain or loss on a subsequent conversion or other disposition of the currency for a different U.S. dollar amount generally will be U.S.-source ordinary income or loss.

The Corporation intends that the Special Dividend will not be distributed from "paid-up capital" for Canadian tax purposes and on that basis will be subject to Canadian withholding taxes, and that the Return of Capital will be distributed from "paid-up capital" for Canadian tax purposes and on that basis will not be subject to Canadian withholding taxes. Although not expected, any portion of the Return of Capital that is in excess of Canadian "paid-up capital" will be treated as a dividend and will be subject to Canadian withholding taxes. Subject to certain conditions and limitations (including specific holding period and at-risk rules), non-U.S. taxes withheld from a payment made by the Corporation to U.S. Holders on the Special Distribution may be eligible for credit against the U.S. Holder's U.S. federal income tax liability. If a refund of the tax withheld is available to the U.S. Holder under the laws of Canada or under the Canada-US Treaty, the amount of tax that will be withheld that is refundable will not be eligible for such credit against the U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against the U.S. Holder's U.S. federal taxable income). The rules relating to the determination of the U.S. foreign tax credit are complex, and each U.S. Holder should consult its own tax advisor to determine whether and to what extent a credit would be available with respect to non-U.S. taxes imposed on a distribution.

Passive Foreign Investment Company

The Corporation would be classified as a PFIC for any taxable year if either: (i) at least 75% of the Corporation's gross income is passive income, or (ii) at least 50% of the value of the Corporation's assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For this purpose, the Corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which the Corporation owns, directly or indirectly, at least 25% (by value) of the stock. Under the PFIC rules, if the Corporation were classified as a PFIC at any time during which a U.S. Holder held Common Shares, it would continue to be treated as a PFIC with respect to such holder's investment unless the Corporation ceased to be a PFIC and the U.S. Holder has made certain elections under the PFIC rules.

The determination as to whether the Corporation will be a PFIC for the current taxable year or for future years is a factual determination that must be made annually at the end of the taxable year and is dependent on the assets and income of the Corporation and its subsidiaries. The PFIC rules are complex and in many important respects are unclear. The Corporation believes it should not be a PFIC for the current taxable year or in future years. However, there can be no assurance that the Corporation will not be classified as a PFIC for the current taxable year or for any future taxable year.

If the Corporation is classified as a PFIC for any taxable year during which a U.S. Holder holds Common Shares, such holder may be subject to materially adverse U.S. federal income tax consequences. Specifically, to the extent that the Special Distribution constitutes "excess distributions" (defined below) received by the U.S. Holder, the amount of such excess distribution would be allocated ratably over the U.S. Holder's holding period for its Common Shares. The amounts allocated to the taxable year of receipt of an excess distribution and to any year before the Corporation became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on its Common Shares exceeds 125% of the average of the annual distributions on its Common Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter. If the Corporation were a PFIC, similar tax rules would apply to U.S. Holder's indirect interest in any lower-tier PFIC of the Corporation, including adverse U.S. federal income tax consequences relating to distributions by, and disposition of the stock of, such lower-tier PFIC. Each U.S. Holder should consult its tax advisor regarding the application of the PFIC rules to any subsidiaries of the Corporation.

A "qualified electing fund" or "mark-to-market" election may be available that would result in alternative treatments of Common Shares if the Corporation is classified as a PFIC. The Corporation is not obligated to provide information to enable U.S. Holders to make a qualified electing fund election and there can be no assurance that such information will be provided.

If the Corporation is classified as a PFIC, a U.S. Holder will also be subject to annual information reporting requirements. Dividends paid in a taxable year for which the Corporation is a PFIC, or in a taxable year for which the Corporation was a PFIC in the prior year, will not be taxable at favorable rates that may be available to certain non-corporate U.S. Holders. Each U.S. Holder should consult its tax advisor about the potential application of the PFIC rules with respect to its Common Shares.

U.S. Information Reporting and Backup Withholding

For purposes of U.S. federal income tax, payments of dividends, such as any portion of the Special Distribution to the extent it is treated as having been made out of current or accumulated earnings and profits, that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Each U.S. Holder should consult its own tax advisor regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

***Approval of Return of Capital Resolution***

At the Meeting, Shareholders will be asked to consider, and if thought advisable, pass the Return of Capital Resolution in the following form:

> Be it resolved as a special resolution that:
>
> 1. Pursuant to section 38(1)(b) of the *Business Corporations Act* (Alberta) (the "ABCA"), the Corporation is hereby authorized to reduce the stated capital account of its class A common shares ("Common Shares") by an amount equal to $12.00 for each Common Share issued and outstanding on the Return of Capital Record Date (as defined below) (the "Capital Reduction") for the purposes of distributing to the holders of Common Shares (the "Shareholders") on the Return of Capital Record Date an amount equal to $12.00 per Common Share (the "Return of Capital").
>
> 2. The Board of Directors of the Corporation (the "Board") shall be authorized in its sole discretion, subject to the requirements of section 38(3) of the ABCA, to determine whether to proceed with the Capital Reduction and the Return of Capital and, if the Board does determine to so proceed, to: (i) set a date and time of close of business on such date for the purposes of determining the Shareholders entitled to receive the Return of Capital (the "Return of Capital Record Date"), (ii) set a payment date for the Return of Capital and (iii) cause the Corporation to make the payment of the Return of Capital to the Shareholders on the payment date.
>
> 3. Notwithstanding the approval by the shareholders of the Corporation of the foregoing resolutions, the Board is hereby authorized, without further approval from the Shareholders and in its sole discretion, to modify, reduce, or abandon (but not increase) the Capital Reduction and the Return of Capital.
>
> 4. Any officer or director of the Corporation is authorized, in the name and on behalf of the Corporation, to do all such things and execute all such documents as may be necessary or advisable to implement the foregoing resolutions.

In order for this resolution to be passed, it must be approved by a majority of no less than 2/3 of the votes cast by Shareholders in person or represented by proxy at the Meeting.

## Other Matters to Be Acted Upon

Management knows of no matters to come before the Meeting other than the matters referred to in the notice of meeting 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.

## AUDITORS OF THE CORPORATION

Ernst & Young LLP, Chartered Professional Accountants, Calgary City Centre, 2200, 215 – 2nd Street S.W., Calgary, Alberta T2P 1M4, are auditors of the Corporation. Ernst & Young LLP have been Paramount's auditors since its inception in 1978.

## ADDITIONAL INFORMATION

Additional information concerning Paramount, including consolidated comparative interim and annual financial statements, related management's discussion and analysis and the 2023 annual information form, is available through the internet on SEDAR+ which may be accessed at www.sedarplus.ca. 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 2023 annual information form, Paramount's consolidated comparative financial statements for fiscal 2023 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

## CAUTION RESPECTING FORWARD-LOOKING INFORMATION

Certain statements in this Information Circular 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 Information Circular 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 the Return of Capital;
- the statement that the Corporation does not anticipate that section 38(3) or section 43 of the ABCA will apply to prevent the Capital Reduction and the Special Distribution; and
- the potential tax consequences of the Special Distribution to Shareholders.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including assumptions that have been made with respect to the following matters, in addition to any other assumptions identified in this Information Circular:

- that all closing conditions to the Transaction will be satisfied and the closing of the Transaction will occur as anticipated;
- that the Shareholders approve the Return of Capital Resolution at the Meeting;
- that no circumstances arise between the date of this Information Circular and the declaration of the Special Distribution that would cause section 38(3) or section 43 of the ABCA to apply to prevent the Capital Reduction and the Special Distribution;
- that the Special Distribution receives final approval from the Board and is declared and paid as expected; and
- that the views and assumptions of management impacting certain of the potential tax consequences of the Special Distribution described in this Information Circular are correct.

Although the Corporation believes that the expectations reflected in such forward-looking information are reasonable based on the information available at the time of this Information Circular, undue reliance should not be placed on the forward-looking information as the Corporation 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 the Corporation and described in the forward-looking information. Among other risks and uncertainties, 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 of the Return of Capital Resolution may not be obtained to permit the Special Distribution. In addition, the Board retains the discretion to determine how to use the proceeds to the Transaction, not to declare or approve the Special Distribution or any other distribution to shareholders and, if the Special Distribution or other distribution to Shareholders is declared or approved, to determine the amount thereof and the amount to be comprised of a Return of Capital. Finally, there is a risk that the views and assumptions of management impacting certain of the potential tax consequences of the Special Distribution described in this Information Circular may be considered to be incorrect by applicable taxation authorities or that the outcome of any proceeding or audit respecting the tax consequences of the Special Distribution may result in consequences inconsistent with those described in this Information Circular.

The forward-looking information contained in this Information Circular is made as of December 23, 2024 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.