Paramount resources ltd.

# Annual Information Form
# For the Year Ended December 31, 2024

March 4, 2025

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## DEFINITIONS

In this annual information form, capitalized terms have the following meanings:

"2024 Financial Statements and MD&A" means Paramount's audited consolidated financial statements as at and for the year ended December 31, 2024 and the accompanying Management's Discussion and Analysis, which can be found under the Company's profile on SEDAR+ at www.sedarplus.ca;

"ABCA" means the *Business Corporations Act* (Alberta);

"AER" means the Alberta Energy Regulator;

"BCER" means the British Columbia Energy Regulator;

"COGE Handbook" means the Canadian Oil and Gas Evaluation Handbook;

"Common Shares" means class A common shares in the capital of the Company;

"Credit Facility" means Paramount's senior secured revolving bank credit facility;

"ESG" means environmental, social and governance;

"Fox Drilling" means Paramount's wholly-owned limited partnership, Fox Drilling Limited Partnership;

"GHG" means greenhouse gases;

"Grande Prairie Disposition" means the disposition by the Company of its Karr, Wapiti and Zama properties completed on January 31, 2025 as described under "*Description of the Business - Grande Prairie Disposition and Special Distribution*";

"IFRS" means International Financial Reporting Standards;

"McDaniel" means McDaniel & Associates Consultants Ltd.;

"McDaniel Report" means the report of McDaniel on Paramount's oil and natural gas reserves effective as of December 31, 2024 and dated and prepared as of March 4, 2025;

"Paramount" or the "Company" means Paramount Resources Ltd. and, unless otherwise specified or the context otherwise requires, its subsidiaries and partnerships; and

"TSX" means the Toronto Stock Exchange.

Information herein is presented as at December 31, 2024 unless otherwise noted.

## OIL AND NATURAL GAS MEASURES, ABBREVIATIONS AND TERMS

Oil and natural gas measures, abbreviations and terms used in this annual information form have the meanings set forth below.

| **Liquids** | |
|---|---|
| Bbl | barrels |
| Bbl/d | barrels per day |
| MBbl | thousands of barrels |
| MMBbl | millions of barrels |

| **Natural Gas** | |
|---|---|
| Mcf | thousands of cubic feet |
| MMcf | millions of cubic feet |
| MMcf/d | millions of cubic feet per day |
| Bcf | billions of cubic feet |
| Btu | British thermal units |
| MMBtu | millions of British thermal units |
| GJ | gigajoule |

| **Oil and Gas Equivalent** | |
|---|---|
| Boe | barrels of oil equivalent |
| Boe/d | barrels of oil equivalent per day |
| MBoe | thousands of barrels of oil equivalent |
| MMBoe | millions of barrels of oil equivalent |
| Mcfe | thousands of cubic feet of natural gas equivalent |

"Abandonment and Reclamation Costs" mean the costs associated with restoring properties disturbed by oil and gas activities to the standard imposed by applicable government and regulatory authorities. Such costs are incurred in connection with abandoning, decommissioning, remediating and reclaiming wells, facilities, pipelines and associated surface leases.

"gross" means:

(i) in relation to wells, the total number of wells in which Paramount has an interest;

(ii) in relation to properties, the total area of properties in which Paramount has an interest; and

(iii) in relation to Paramount's interest in production or reserves, Paramount's working interest share before deduction of any royalties and without including Paramount's royalty interests.

"net" means:

(i) in relation to wells, the number of wells obtained by aggregating Paramount's working interest in each of its gross wells;

(ii) in relation to Paramount's interest in a property, the total area in which Paramount has an interest multiplied by the working interest it owns; and

(iii) in relation to Paramount's interest in production or reserves, Paramount's working interest share after deduction of royalty obligations, plus Paramount's royalty interests.

"NGLs" means natural gas liquids, including pentanes-plus (or condensate) ($C5^+$), ethane (C2), propane (C3) and butane (C4).

"liquids" means oil and NGLs.

Unless a specific product type is presented on a separate basis, references to natural gas include shale gas and conventional natural gas and references to oil include tight oil, light and medium crude oil and heavy crude oil.

A ratio of six thousand cubic feet of natural gas to one barrel (6:1) is used when converting natural gas to Boe and a ratio of one barrel to six thousand cubic feet of natural gas (1:6) is used when converting oil and NGLs to Mcfe. Equivalency measures such as Boe and Mcfe may be misleading, particularly if used in isolation. A conversion ratio of 6:1 for Boe or 1:6 for Mcfe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. For the year ended December 31, 2024, the value ratio between six thousand cubic feet of natural gas and one barrel of oil was approximately 72:1. This value ratio is significantly different from the energy equivalency ratio of 6:1 for Boe and using such a ratio would be misleading as an indication of value.

## RESERVES CATEGORIES AND DEFINITIONS

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable. The following definitions and assumptions form the basis of classification for reserves presented in the McDaniel Report:

Reserves are classified according to the degree of certainty associated with the estimates:

> **Proved Reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
>
> **Probable Reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories:

> **Developed Reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing as follows:
>
>> **Developed Producing Reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
>>
>> **Developed Non-producing Reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

**Undeveloped Reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved or probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions: (i) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and (ii) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

## FINANCIAL INFORMATION

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars and all references to "dollars" or "$" are to Canadian dollars and all references to "US$" are to United States dollars.

Unless otherwise indicated, all financial information included in this annual information form has been prepared in accordance with IFRS. The 2024 Financial Statements and MD&A can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

## NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this document 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 document includes, but is not limited to:

- the periods of time for which targeted levels of plateau production at certain properties can be sustained;
- exploration, development and associated operational plans and strategies, 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;
- the expected sources of funding of future development costs;
- estimated reserves and the undiscounted and discounted present value of future net revenues therefrom;
- future taxes payable or owing and the Company's tax horizon;
- plans for the development of undeveloped reserves;
- the potential expiry of leases;
- the timing and amount of future Abandonment and Reclamation Costs;
- the potential outcome and timing of any legal claims, audits, assessments or other regulatory matters and proceedings;
- the potential for the imposition of additional regulatory requirements; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document, including those set out under "*Other Oil and Gas Information – Tax Horizon*":

- future commodity prices;
- the potential scope and duration of tariffs, export taxes, export restrictions or other trade actions;
- 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, pipelines and other infrastructure;
- 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 production volumes, reserves additions, product yields and product recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the merits of legal claims, audits, assessments or other regulatory matters and proceedings;
- the provisions and application of laws and regulations;
- the timely receipt of required governmental and regulatory approvals; 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 Company and third-party 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, undue reliance should not be placed on them 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. The material risks and uncertainties include, but are not limited to:

- fluctuations in commodity prices;
- changes in political and economic conditions, including risks associated with tariffs, export taxes, export restrictions or other trade actions;
- 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, cash flows, 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, NGLs (including condensate) and oil, including the risk of spills, leaks or blowouts;
- 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, pipelines 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 and 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 amount of future Abandonment and Reclamation Costs and potential liabilities for environmental damage and contamination;
- uncertainties regarding Indigenous claims and in maintaining relationships with local populations and other stakeholders;
- the factors impacting the Company's tax horizon set out under "*Other Oil and Gas Information – Tax Horizon*";
- uncertainties and risks respecting 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 this annual information form. The forward-looking information contained in this annual information form 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.

## THE COMPANY

Paramount Resources Ltd. is incorporated under the ABCA. The Company's corporate and registered office is located at Suite 4700, 888 – 3rd Street SW, Calgary, Alberta T2P 5C5. The Common Shares are listed on the TSX under the symbol "POU".

The Company has various subsidiaries and partnerships, including Fox Drilling. The Company amalgamated with its wholly-owned subsidiary, Cavalier Energy Inc., on January 1, 2025. Unless otherwise noted, references to the Company in this annual information form refer to the Company and its subsidiaries and partnerships on a consolidated basis.

The Company's subsidiaries and partnerships, including Cavalier Energy Inc., each accounted for: (i) less than 10 percent of the Company's consolidated assets as at December 31, 2024; and (ii) less than 10 percent of the Company's consolidated revenues for the year ended December 31, 2024. In aggregate, the Company's subsidiaries and partnerships did not exceed 20 percent of the Company's total consolidated assets or total consolidated revenues as at and for the year ended December 31, 2024.

## DESCRIPTION OF THE BUSINESS

### OVERVIEW

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. Paramount commenced operations as a public company in 1978 and has adapted to a multitude of operating and economic climates over the past 45+ years.

Paramount's petroleum and natural gas properties are located primarily in Alberta and British Columbia. The Company's ongoing exploration, development and production activities are intended to discover new reserves, increase the productive capacity of existing fields and extract, process and sell the Company's natural gas, NGLs and oil economically and safely. From time to time, Paramount furthers its exploration, development and production activities through acquisitions of petroleum and natural gas assets and companies, farm-ins, farm-outs, joint ventures and dispositions.

To December 31, 2024, Paramount's operations were organized into the Central Alberta and Other Region, the Kaybob Region and the Grande Prairie Region. The Company's material properties within these regions are described under "*Oil and Gas Properties and Other Assets*".

### THREE-YEAR HISTORY

Set forth below is a brief description of the events that have influenced the general development of Paramount's business over the past three fiscal years.

***2022***

In April 2022, the Company acquired assets in the Willesden Green area for net cash consideration of approximately $38 million. The assets included approximately 90,000 net acres of Duvernay rights (after deducting near-term expiries) and 1,300 Boe/d of sales volumes (4.0 MMcf/d of shale gas, 580 Bbl/d of NGLs and 60 Bbl/d of tight oil).

In August 2022, the Company acquired additional assets in the Willesden Green area for net cash consideration of approximately $60 million. The assets included approximately 90,000 net acres of

Duvernay rights and 1,700 Boe/d of sales volumes (4.6 MMcf/d of shale gas, 700 Bbl/d of NGLs and 230 Bbl/d of tight oil).

In September 2022, sales volumes at the Wapiti property in the Grande Prairie Region exceeded 30,000 Boe/d for the first time.

In October 2022, the Company sold approximately 60 kilometers of operated resource roads in the Bigstone area of the Kaybob Region for net cash proceeds of approximately $64 million.

***2023***

In January 2023, the Company sold its Kaybob Smoky and Kaybob South Duvernay properties and certain other minor interests in the Kaybob Region for net cash proceeds of approximately $370 million. These properties had average sales volumes of approximately 4,700 Boe/d (13.8 MMcf/d of shale gas and 2,400 Bbl/d of NGLs) in the quarter prior to disposition. The disposition included approximately 65,000 net acres of land, the Smoky 6-16 gas plant and certain other infrastructure related to the properties.

Also in January 2023, Paramount paid a special cash dividend of $1.00 per Common Share and repaid all of the then outstanding drawings under the Credit Facility.

Paramount's operations in the Grande Prairie and Kaybob Regions were significantly affected by the Alberta wildfires that occurred in May 2023. The wildfires did not result in any significant damage or loss to material Company owned or third-party infrastructure, but 2023 annual average sales volumes were impacted by an estimated 3,300 Boe/d. The wildfires impacted second quarter 2023 average sales volumes by an estimated 12,000 Boe/d and third quarter average sales volumes by an estimated 1,000 Boe/d.

In December 2023, Paramount completed an expansion of the liquids handling capacity of its Leafland natural gas processing plant at Willesden Green. Following the expansion, the raw handling capacity of the plant is approximately 6,000 Bbl/d of liquids and 22 MMcf/d of natural gas.

***2024***

Paramount sold certain non-core assets in the Kaybob Region in late February 2024 for cash proceeds of approximately $45.4 million. The Company retained a 2% no-deduction gross overriding royalty on the undeveloped Montney acreage that formed part of the assets.

In September 2024, the Company announced that it had confidentially acquired approximately 167 sections of wholly-owned Montney rights in the Sinclair area of Alberta over a multi-year period at a total cost of approximately $51 million.

The Company achieved record annual average sales volumes in 2024 of 98,490 Boe/d and record quarterly average sales volumes in the fourth quarter of 102,477 Boe/d. See "*Other Oil and Gas Information – Production History*" for a complete breakdown of sales volumes for these periods by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.

## GRANDE PRAIRIE DISPOSITION AND SPECIAL DISTRIBUTION

On January 31, 2025, Paramount sold its Karr and Wapiti properties in the Grande Prairie Region as well as its Zama property in the Central Alberta and Other Region to a wholly-owned subsidiary of Ovintiv Inc. in exchange for approximately $3.3 billion in cash, after adjustments, plus certain Horn River Basin properties of the purchaser (the "Grande Prairie Disposition*")*. The Karr and Wapiti properties constituted essentially all of Paramount's Grande Prairie Region production at the time of the sale and a significant portion of the Company's reserves as at December 31, 2024. See "*Oil and Gas Properties and Other Assets – Grande Prairie Region*" and "*Reserves – Supplemental Reserves Information Excluding Karr and Wapiti".* The Zama property had no associated production or reserves at the time of its sale.

Concurrently with the completion of the Grande Prairie Disposition, the capacity of the Credit Facility was adjusted to $500 million and the maturity date was extended to January 31, 2029. Additional information concerning the Credit Facility is included in the 2024 Financial Statements and MD&A.

The Company used a portion of the proceeds from the Grande Prairie Disposition to pay a special distribution of $15.00 per Common Share on February 14, 2025, comprised of a $12.00 return of capital and a $3.00 special dividend.

## BUSINESS STRATEGY

The Company strives to generate long-term value for its stakeholders by the early identification, low-cost-capture and efficient and sustainable development of material and contiguous positions in resource plays in the Western Canadian Sedimentary Basin. The Company leverages its technical and managerial expertise and allocates capital within its portfolio of assets to maximize risk-adjusted rates of return. Paramount actively evaluates opportunities for accretive acquisitions and divestitures and organic growth, while remaining focused on capital discipline and maintaining a strong balance sheet.

Paramount's immediate development plans are primarily focused on its Duvernay properties at Willesden Green and Kaybob North where it produces liquids-rich natural gas from horizontal wells drilled on multi-well pads. The full field development plans for these properties target plateau production that can be sustained for periods ranging from more than 12 years to more than 20 years, depending on the property.

The Company's land acquisition strategy is to identify new opportunities at an early stage and capture large holdings at a low cost as well as to complement existing land positions at core properties with selective acquisitions. Paramount targets contiguous acreage blocks that are prospective for multi-zone development and have high working interests to preserve operational control.

Paramount employs multi-well pad developments to realize the benefits of economies of scale and minimize capital and operating costs. The Company enhances its horizontal wellbore economics by refining drilling techniques and completion designs. Paramount also invests in processing facilities and gathering infrastructure and enters into firm-service arrangements to secure processing and transportation capacity for its production.

Paramount's primary objectives in managing its capital structure are to: (i) ensure liquidity to fund ongoing operations and capital programs, the settlement of obligations when due and the payment of regular monthly dividends; (ii) preserve financial flexibility and access to capital markets, including for the pursuit of strategic initiatives; and (iii) maximize shareholder returns considering the risk environment.

In addition, the Company maintains a portfolio of emerging conventional and unconventional assets as longer-term prospects with the potential for future revenue generation, spin-outs or dispositions.

## SUMMARY INFORMATION

The Company's gross reserves volumes, average sales volumes, petroleum and natural gas sales and wells drilled for the years ended December 31, 2024 and 2023 are summarized below.

| | 2024 | 2023 |
|---|---|---|
| Reserves | | |
| Proved Developed Producing | | |
| Shale Gas (Bcf) | 489.7 | 481.9 |
| Conventional Natural Gas (Bcf) | 69.4 | 88.0 |
| NGLs (MMBbl) | 71.1 | 66.3 |
| Light and Medium Crude Oil (MMBbl) | 1.7 | 2.1 |
| Tight Oil (MMBbl) | 0.6 | 0.7 |
| Heavy Crude Oil (MMBbl) | 0.4 | 0.4 |
| Total (MMBoe) | 167.0 | 164.6 |
| Proved | | |
| Shale Gas (Bcf) | 1,260.3 | 1,188.0 |
| Conventional Natural Gas (Bcf) | 69.4 | 88.0 |
| NGLs (MMBbl) | 198.8 | 199.2 |
| Light and Medium Crude Oil (MMBbl) | 1.8 | 2.1 |
| Tight Oil (MMBbl) | 0.6 | 0.7 |
| Heavy Crude Oil (MMBbl) | 0.4 | 0.4 |
| Total (MMBoe) | 423.1 | 415.1 |
| Proved plus Probable | | |
| Shale Gas (Bcf) | 2,242.5 | 2,160.1 |
| Conventional Natural Gas (Bcf) | 103.5 | 128.8 |
| NGLs (MMBbl) | 361.6 | 374.6 |
| Light and Medium Crude Oil (MMBbl) | 2.5 | 3.1 |
| Tight Oil (MMBbl) | 0.8 | 1.1 |
| Heavy Crude Oil (MMBbl) | 0.5 | 0.5 |
| Total (MMBoe) | 756.5 | 760.7 |
| Average Sales Volumes | | |
| Shale Gas (MMcf/d) | 257.5 | 265.2 |
| Conventional Natural Gas (MMcf/d) | 49.3 | 49.9 |
| NGLs (Bbl/d) | 45,231 | 41,374 |
| Light and Medium Crude Oil (Bbl/d) | 1,296 | 1,469 |
| Tight Oil (Bbl/d) | 454 | 616 |
| Heavy Crude Oil (Bbl/d) | 371 | 424 |
| Total (Boe/d) | 98,490 | 96,393 |
| Petroleum and Natural Gas Sales ($ millions) | | |
| Shale gas revenue | 189.9 | 292.9 |
| Conventional natural gas revenue | 33.4 | 56.2 |
| NGLs revenue | 1,451.4 | 1,360.3 |
| Oil revenue | 73.0 | 85.8 |
| Royalty income and other revenue | 12.4 | 3.3 |
| Total Petroleum and Natural Gas Sales | 1,760.2 | 1,798.5 |
| Wells Drilled | | |
| Gross | 58 | 55 |
| Net | 58.0 | 50.9 |

## OIL AND GAS PROPERTIES AND OTHER ASSETS

### CENTRAL ALBERTA AND OTHER REGION

The Central Alberta and Other Region includes:

- the Willesden Green Duvernay development in central Alberta, where the Company holds 263,000 net acres of contiguous Duvernay rights;
- shale gas properties in northeast British Columbia in the Horn River Basin, where the Company holds 113,000 net acres of Muskwa rights (45,000 acres held as of December 31, 2024 plus 68,000 net acres acquired as part of the consideration for the Grande Prairie Disposition), and in the Liard Basin, where the Company holds 179,000 net acres of Besa River rights; and
- 1.31 million net acres of land in Alberta that are prospective for cold flow heavy oil and in-situ thermal oil recovery, including 297,000 net acres with Clearwater and Bluesky cold flow heavy oil potential and 71,000 net acres with thermal oil potential at the Company's Hoole Grand Rapids project.

The Central Alberta and Other Region had average sales volumes of 8,723 Boe/d in 2024 (22.6 MMcf/d of shale gas, 3.4 MMcf/d of conventional natural gas, 3,770 Bbl/d of NGLs, 19 Bbl/d of light and medium crude oil, 214 Bbl/d of tight oil and 371 Bbl/d of heavy crude oil).

Development activities in the Central Alberta and Other Region are currently primarily focused on the Willesden Green Duvernay property.

Willesden Green production is currently handled at the Paramount operated and majority-owned Leafland natural gas processing plant and at third-party processing facilities.  An expansion of the Leafland plant was completed in 2023, increasing raw handling capacity to approximately 6,000 Bbl/d of liquids and 22 MMcf/d of natural gas.

The Company commenced the construction of the first phase of its wholly-owned and operated Alhambra Plant, a second natural gas processing plant at Willesden Green, in 2024.  Start-up of the first phase is expected in the fourth quarter of 2025.  Paramount intends to commence construction of the second phase of the Alhambra Plant in 2025, with start-up of this phase expected to occur in the fourth quarter of 2026. Each phase of the Alhambra Plant will provide estimated raw handling capacity of 10,000 Bbl/d of liquids and 50 MMcf/d of natural gas upon completion.

Willesden Green production volumes are shipped via pipeline under long term, firm service arrangements

Paramount drilled 10 (10.0 net) Duvernay wells and brought onstream 5 (5.0 net) Duvernay wells at Willesden Green in 2024.  As of the date of this annual information form, Paramount plans to drill 22 (22.0 net) Duvernay wells and bring onstream 23 (23.0 net) Duvernay wells at Willesden Green.

### KAYBOB REGION

The Kaybob Region includes the Kaybob North Duvernay development and other natural gas and oil producing properties.  Paramount's land holdings in the Kaybob Region include 109,000 net acres of Duvernay rights and 179,000 net acres of Montney rights.

The Kaybob Region had average sales volumes of 22,404 Boe/d in 2024 (33.5 MMcf/d of shale gas, 45.6 MMcf/d of conventional natural gas, 7,838 Bbl/d of NGLs, 1,277 Bbl/d of light and medium crude oil and 109 Bbl/d of tight oil).

Kaybob Region production volumes are handled at the Paramount operated and majority-owned Kaybob 8-9 natural gas processing plant and the wholly-owned Kaybob 12-10 oil terminal and battery, which has sour fluid handling capacity of 20,000 Bbl/d, as well as at third-party processing facilities. Kaybob Region production volumes are shipped via pipeline under long-term, firm service arrangements.

Paramount drilled 14 (14.0 net) Duvernay wells and brought onstream 17 (17.0 net) Duvernay wells in the Kaybob Region in 2024. As of the date of this annual information form, Paramount plans to drill 8 (8.0 net) Duvernay wells and bring onstream 9 (9.0 net) Duvernay wells at Kaybob North Duvernay in 2025.

### SINCLAIR

Sinclair is an early-stage property comprised of approximately 107,000 net acres of contiguous Montney rights located west of Grande Prairie, Alberta that are prospective for high-rate gas production. The Company has drilled 2 (2.0 net) horizontal Montney appraisal wells at Sinclair, both of which were spud in the fourth quarter of 2024. Paramount has completed the wells and is testing them. The data obtained will inform the Company's development plans for the property. As of the date of this annual information form, the Company plans to drill an additional 2 (2.0 net) Montney appraisal wells at Sinclair in 2025.

### GRANDE PRAIRIE REGION

Prior to the Grande Prairie Disposition, Paramount's primary focus in its Grande Prairie Region was its Karr and Wapiti Montney properties, located south of the city of Grande Prairie, Alberta. The Karr and Wapiti properties included 109,000 net acres of Montney rights and represented essentially all of the average sales volumes in the Grande Prairie Region in 2024 of 67,363 Boe/d (201.4 MMcf/d of shale gas, 0.3 MMcf/d of conventional natural gas, 33,623 Bbl/d of NGLs and 131 Bbl/d of tight oil).

### OTHER ASSETS

#### *Investments in Securities*

Paramount holds investments in a number of publicly traded and private entities which had a carrying value of approximately $564 million as at December 31, 2024, approximately 78% of which was attributable to publicly traded securities. In February 2025, the Company sold its investment in Westbrick Energy Ltd., a private company, for cash proceeds of $33.9 million. Additional information respecting the Company's investments in securities is included in the 2024 Financial Statements and MD&A.

#### *Fox Drilling*

Fox Drilling owns six triple-sized drilling rigs, five of which are walking, that are used to drill Company wells and are also contracted to third parties. The walking rigs have the capability of moving across a lease with the derrick and drill pipe remaining vertical, significantly increasing efficiencies when drilling multi-well pads. All of the Fox Drilling rigs are bi-fuel capable, enabling the use of natural gas to save costs and reduce emissions compared to diesel engines.

#### *Other Strategic Investments*

Paramount's other land holdings include 170,000 net acres of undeveloped land in the Mackenzie Delta and Central Mackenzie in the Northwest Territories prospective for natural gas and oil production.

## RESERVES

The reserves information provided below is derived from the McDaniel Report. The McDaniel Report is effective as of December 31, 2024 and dated and prepared as of March 4, 2025. The evaluation by McDaniel was prepared in accordance with the standards included in the COGE Handbook and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. McDaniel evaluated 100 percent of the proved plus probable reserves of the Company and reported on them in the McDaniel Report. At December 31, 2024, approximately 99.1 percent of Paramount's proved plus probable reserves were located in Alberta.

**Readers are cautioned that, as the McDaniel Report is effective December 31, 2024, it includes reserves associated with the Karr and Wapiti properties that were sold by the Company on January 31, 2025 pursuant to the Grande Prairie Disposition and are no longer held by it. Certain supplemental reserves information has been presented excluding the reserves associated with the Karr and Wapiti properties to help readers assess the impact of the sale of those properties. Reserves associated with additional Horn River Basin properties acquired by Paramount as part of the Grande Prairie Disposition are not included in the supplemental reserves information. See "*Reserves – Supplemental Reserves Information Excluding Karr and Wapiti*".**

The following tables summarize, as at December 31, 2024, Paramount's estimated oil, natural gas and NGLs reserves and the net present values of future net revenues for these reserves, using forecast prices and costs prior to provision for interest, general and administrative expenses and certain other corporate costs, the impact of any hedging activities involving derivative financial instruments and Abandonment and Reclamation Costs associated with properties not evaluated in the McDaniel Report. Estimated future net revenues have been presented on a before-tax and after-tax basis. Columns and rows may not add due to rounding.

**The estimates of future net revenues presented in the tables below do not represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The estimates of oil, natural gas and NGLs reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGLs reserves may be greater or less than the estimates provided herein. See "*Risk Factors – Reserves Estimates*".**

Readers should review the definitions and information under the headings "*Oil and Natural Gas Measures, Abbreviations and Terms*" and "*Reserves Categories and Definitions*" in conjunction with the following tables and notes.

The Reserves Committee of the Board of Directors, comprised solely of independent directors, reviews the qualifications and appointment of McDaniel, Paramount's independent qualified reserves evaluator. The Reserves Committee also reviews the procedures for providing information to the evaluator. The Report on Reserves Data by McDaniel on Form 51-101F2 and the Report of Management and Directors on Reserves Data and Other Information on Form 51-101F3 are attached as Appendices A and B, respectively, to this annual information form.

## RESERVES DATA

The following table summarizes Paramount's reserves at December 31, 2024. Numbers may not add due to rounding.

| Reserves Category | Light & Medium Crude Oil Gross (MBbl) | Light & Medium Crude Oil Net (MBbl) | Tight Oil Gross (MBbl) | Tight Oil Net (MBbl) | Heavy Crude Oil Gross (MBbl) | Heavy Crude Oil Net (MBbl) |
|---|---|---|---|---|---|---|
| Proved | | | | | | |
| Developed Producing | 1,702 | 1,513 | 584 | 527 | 389 | 330 |
| Developed Non-Producing | 54 | 47 | - | - | - | - |
| Undeveloped | - | - | - | - | - | - |
| Total Proved | 1,756 | 1,560 | 584 | 527 | 389 | 330 |
| Total Probable | 746 | 637 | 264 | 216 | 153 | 122 |
| Total Proved & Probable | 2,502 | 2,197 | 849 | 743 | 543 | 452 |

| Reserves Category | NGLs Gross (MBbl) | NGLs Net (MBbl) | Conventional Natural Gas Gross (MMcf) | Conventional Natural Gas Net (MMcf) | Shale Gas Gross (MMcf) | Shale Gas Net (MMcf) |
|---|---|---|---|---|---|---|
| Proved | | | | | | |
| Developed Producing | 71,123 | 53,536 | 69,364 | 65,899 | 489,720 | 448,184 |
| Developed Non-Producing | 1 | 1 | 84 | 80 | 30,037 | 28,535 |
| Undeveloped | 127,649 | 101,671 | - | - | 740,551 | 669,882 |
| Total Proved | 198,772 | 155,208 | 69,449 | 65,979 | 1,260,309 | 1,146,601 |
| Total Probable | 162,869 | 118,697 | 34,021 | 32,050 | 982,166 | 865,983 |
| Total Proved & Probable | 361,641 | 273,905 | 103,469 | 98,028 | 2,242,474 | 2,012,583 |

| Reserves Category | Total Company Gross (MBoe) | Total Company Net (MBoe) |
|---|---|---|
| Proved | | |
| Developed Producing | 166,979 | 141,586 |
| Developed Non-Producing | 5,075 | 4,817 |
| Undeveloped | 251,074 | 213,318 |
| Total Proved | 423,128 | 359,722 |
| Total Probable | 333,397 | 269,343 |
| Total Proved & Probable | 756,525 | 629,065 |

## NET PRESENT VALUE OF FUTURE NET REVENUE

The following table summarizes the net present values of future net revenue attributable to Paramount's reserves as at December 31, 2024. The values are reported before income tax and after income tax and have been discounted using the rates set out in the table. The values do not represent fair market value. Numbers may not add due to rounding.

| | Net Present Values of Future Net Revenue Before Income Taxes Discounted at (%/year) | | | | | After Income Taxes Discounted at (%/year) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Reserves Category | @0.0% MM$ | @5.0% MM$ | @10.0% MM$ | @15.0% MM$ | @20.0% MM$ | @0.0% MM$ | @5.0% MM$ | @10.0% MM$ | @15.0% MM$ | @20.0% MM$ |
| Proved | | | | | | | | | | |
| Developed Producing | 2,540 | 2,581 | 2,308 | 2,058 | 1,860 | 2,540 | 2,581 | 2,308 | 2,058 | 1,860 |
| Developed Non-Producing | 16 | 14 | 12 | 10 | 9 | 16 | 14 | 12 | 10 | 9 |
| Undeveloped | 5,252 | 3,426 | 2,359 | 1,681 | 1,224 | 4,234 | 2,765 | 1,899 | 1,347 | 971 |
| Total Proved | 7,809 | 6,021 | 4,678 | 3,749 | 3,092 | 6,791 | 5,359 | 4,219 | 3,415 | 2,839 |
| Probable | | | | | | | | | | |
| Developed Producing | 1,331 | 822 | 581 | 449 | 367 | 1,242 | 783 | 563 | 440 | 363 |
| Developed Non-Producing | 7 | 5 | 4 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Undeveloped | 7,420 | 4,012 | 2,440 | 1,615 | 1,137 | 5,551 | 2,922 | 1,732 | 1,120 | 775 |
| Total Probable | 8,758 | 4,839 | 3,025 | 2,066 | 1,507 | 6,794 | 3,707 | 2,297 | 1,562 | 1,140 |
| Total Proved & Probable | 16,567 | 10,860 | 7,703 | 5,816 | 4,598 | 13,585 | 9,066 | 6,516 | 4,977 | 3,979 |

## FUTURE NET REVENUE

The following table summarizes the total undiscounted future net revenue attributable to Paramount's reserves as at December 31, 2024.

| Reserves Category | Revenue(1) MM$ | Royalties MM$ | Operating Costs MM$ | Development Costs MM$ | Abandonment and Reclamation Costs(2) MM$ | Future Net Revenue Before Income Taxes MM$ | Income Taxes(3) MM$ | Future Net Revenue After Income Taxes MM$ |
|---|---|---|---|---|---|---|---|---|
| Total Proved Reserves | 24,538 | 4,166 | 7,650 | 3,789 | 1,123 | 7,809 | 1,018 | 6,791 |
| Total Proved & Probable Reserves | 46,926 | 9,032 | 13,977 | 6,138 | 1,212 | 16,567 | 2,982 | 13,585 |

(1) Includes all product revenues and other revenues as forecast.
(2) See "Other Oil and Gas Information" for further information regarding Abandonment and Reclamation Costs.
(3) Estimates of the after income tax value of future net revenue have been prepared based on before income tax reserves information and include assumptions and estimates of Paramount's tax pools and the sequences of claims and rates of claim thereon.

## FUTURE NET REVENUE BY PRODUCT TYPE

The following table summarizes the net present value of future net revenue by product type and on a unit value basis, before income tax, attributable to Paramount's net reserves evaluated at December 31, 2024. Amounts have been discounted at 10 percent. Numbers may not add due to rounding.

| Reserves Category | Product Type (1) | Future Net Revenue Before Income Taxes (discounted @ 10%) MM$ | Unit Value (2) $/Mcf $/Bbl |
|---|---|---|---|
| Total Proved Reserves | Light and Medium Crude Oil | 48 | 30.94 |
| | Tight Oil | 22 | 42.59 |
| | Heavy Crude Oil | 7 | 22.44 |
| | Conventional Natural Gas | (30) | (0.51) |
| | Shale Gas | 4,630 | 4.04 |
| | Total | 4,678 | |
| Total Proved & Probable Reserves | Light and Medium Crude Oil | 67 | 30.57 |
| | Tight Oil | 29 | 39.50 |
| | Heavy Crude Oil | 11 | 25.43 |
| | Conventional Natural Gas | - | - |
| | Shale Gas | 7,596 | 3.78 |
| | Total | 7,703 | |

(1) Including solution gas and by-products in the case of light and medium crude oil, tight oil and heavy crude oil and by-products in the case of conventional natural gas and shale gas.
(2) Unit values are calculated by dividing the net present value of future net revenue by product type by net reserves for that product type.

## SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS

Pricing and inflation rate assumptions used in the McDaniel Report in calculating the net present value of future net revenue attributable to Paramount's reserves as at December 31, 2024 were an average of forecast prices and inflation rate assumptions published by Sproule Associates Ltd. as at December 31, 2024 and GLJ Ltd. and McDaniel as at January 1, 2025 (each of which is available on their respective websites at www.sproule.com, www.gljpc.com and www.mcdan.com). The average of the forecast prices are set out in the table below. An inflation rate for forecasting costs of 2.0% was applied beginning in 2026 and in each year thereafter.

| Year | U.S. Henry Hub Gas $US/MMBtu | AECO Spot $Cdn/MMBtu | WTI Crude Oil $US/Bbl | Edmonton Light Crude Oil $Cdn/Bbl | Edmonton Cond. & Natural Gasolines $Cdn/Bbl | Edmonton Ethane $Cdn/Bbl | Edmonton Propane $Cdn/Bbl | Edmonton Butane $Cdn/Bbl | Exchange Rate $US/$Cdn |
|---|---|---|---|---|---|---|---|---|---|
| 2025 | 3.31 | 2.36 | 71.58 | 94.79 | 100.14 | 7.54 | 33.56 | 51.15 | 0.712 |
| 2026 | 3.73 | 3.33 | 74.48 | 97.04 | 100.72 | 10.76 | 32.78 | 49.99 | 0.728 |
| 2027 | 3.85 | 3.48 | 75.81 | 97.37 | 100.24 | 11.32 | 32.81 | 50.16 | 0.743 |
| 2028 | 3.93 | 3.69 | 77.66 | 99.80 | 102.73 | 12.02 | 33.63 | 51.41 | 0.743 |
| 2029 | 4.01 | 3.76 | 79.22 | 101.79 | 104.79 | 12.26 | 34.30 | 52.44 | 0.743 |
| 2030 | 4.09 | 3.83 | 80.80 | 103.83 | 106.86 | 12.51 | 34.99 | 53.49 | 0.743 |
| 2031 | 4.17 | 3.91 | 82.42 | 105.91 | 109.01 | 12.77 | 35.69 | 54.56 | 0.743 |
| 2032 | 4.26 | 3.99 | 84.06 | 108.03 | 111.19 | 13.03 | 36.40 | 55.65 | 0.743 |
| 2033 | 4.34 | 4.07 | 85.74 | 110.19 | 113.42 | 13.30 | 37.13 | 56.76 | 0.743 |
| 2034 | 4.43 | 4.15 | 87.46 | 112.39 | 115.69 | 13.57 | 37.87 | 57.90 | 0.743 |

Thereafter prices are escalated at 2.0% per year and an exchange rate of $0.743 $US/Cdn is applied.

The prices of natural gas, NGLs and oil are determined by negotiations between buyers and sellers. See "*Industry Conditions – Pricing and Marketing*" and "*Industry Conditions – Export, Transportation and Curtailment*".

Paramount's 2024 weighted average realized prices, before the settlement of financially settled commodity contracts, were $1.99/Mcf for natural gas, $94.10/Bbl for oil and $87.67/Bbl for NGLs. Additional information respecting Paramount's financial commodity contracts is included in the 2024 Financial Statements and MD&A.

Paramount's natural gas portfolio primarily consists of sales priced at Alberta, California, Oregon and Eastern Canada markets, which are sold in a combination of daily, monthly, seasonal and fixed-differential physical contracts.

Paramount ships the majority of its condensate and oil production on third-party pipelines for sale in Edmonton, Alberta. A portion of the Company's production is sold at the lease when warranted by economic or operational factors. Sales prices for condensate and oil are based on West Texas Intermediate reference prices, adjusted for transportation, quality and density differentials.

NGLs (consisting of propane, butane and condensate resulting from fractionation) are sold under monthly and long-term contracts with prices based primarily on the Edmonton market, with some diversification to alternate markets, and adjusted for transportation and fractionation.

## RESERVES RECONCILIATION

The following table reconciles Paramount's gross reserves by product type for the year ended December 31, 2024. Numbers may not add due to rounding.

| | Light and Medium Crude Oil (MBbl) | Tight Oil (MBbl) | Heavy Crude Oil (MBbl) | NGLs (MBbl) | Conv. Natural Gas (MMcf) | Shale Gas (MMcf) | Total Reserves (MBoe) |
|---|---|---|---|---|---|---|---|
| PROVED | | | | | | | |
| December 31, 2023 | 2,088 | 738 | 410 | 199,223 | 87,994 | 1,188,028 | 415,128 |
| Extension / Improved Recovery | 50 | - | 86 | 18,532 | 78 | 147,408 | 43,249 |
| Technical Revisions | 465 | 106 | 29 | (1,620) | 6,666 | 35,654 | 6,034 |
| Discoveries | - | - | - | - | - | - | - |
| Acquisitions | - | - | - | - | - | - | - |
| Dispositions | (371) | (96) | - | (68) | (1,043) | (1,130) | (898) |
| Economic Factors | (2) | 3 | 1 | (740) | (6,184) | (15,414) | (4,338) |
| Production | (474) | (166) | (136) | (16,555) | (18,062) | (94,237) | (36,047) |
| December 31, 2024 | 1,756 | 584 | 389 | 198,772 | 69,449 | 1,260,309 | 423,128 |
| PROBABLE | | | | | | | |
| December 31, 2023 | 995 | 316 | 133 | 175,348 | 40,812 | 972,086 | 345,608 |
| Extension / Improved Recovery | 9 | - | 24 | 3,513 | 13 | 65,480 | 14,461 |
| Technical Revisions | (83) | - | (4) | (15,779) | (11,548) | (50,915) | (26,277) |
| Discoveries | - | - | - | - | - | - | - |
| Acquisitions | - | - | - | - | - | - | - |
| Dispositions | (163) | (49) | - | (31) | (473) | (589) | (420) |
| Economic Factors | (13) | (3) | - | (181) | 5,216 | (3,896) | 24 |
| December 31, 2024 | 746 | 264 | 153 | 162,869 | 34,021 | 982,166 | 333,397 |
| PROVED PLUS PROBABLE | | | | | | | |
| December 31, 2023 | 3,083 | 1,054 | 542 | 374,570 | 128,806 | 2,160,114 | 760,736 |
| Extension / Improved Recovery | 59 | - | 109 | 22,045 | 92 | 212,888 | 57,710 |
| Technical Revisions | 382 | 106 | 25 | (17,400) | (4,882) | (15,261) | (20,243) |
| Discoveries | - | - | - | - | - | - | - |
| Acquisitions | - | - | - | - | - | - | - |
| Dispositions | (534) | (145) | - | (99) | (1,516) | (1,719) | (1,317) |
| Economic Factors | (14) | - | 1 | (921) | (968) | (19,310) | (4,314) |
| Production | (474) | (166) | (136) | (16,555) | (18,062) | (94,237) | (36,047) |
| December 31, 2024 | 2,502 | 849 | 543 | 361,641 | 103,469 | 2,242,474 | 756,525 |

Extensions / Improved Recovery in both proved and probable reserves were primarily attributable to the successful development and further delineation of the Wapiti Montney and Willesden Green Duvernay properties. Technical revisions were attributable to a number of factors, the most material of which were positive technical revisions with respect to proved NGLs and shale gas reserves at the Kaybob and Willesden Green Duvernay properties and negative technical revisions to probable NGLs and shale gas reserves at the Karr and Wapiti Montney properties. Dispositions were attributable to properties sold in the Kaybob Region. Economic Factors were attributable to lower overall commodity price forecasts.

## ADDITIONAL INFORMATION RELATING TO RESERVES DATA

### *Developed and Undeveloped Reserves*

The following table summarizes the Company's gross proved and proved plus probable developed reserves and undeveloped reserves as at December 31, 2024 and the net present value of future net revenue of such reserves before income taxes, undiscounted and discounted at 10%. Numbers may not add due to rounding.

| | Proved | | | Proved plus Probable | | |
|---|---|---|---|---|---|---|
| Category | Gross Reserves (MBoe) | NPV @0.0% (MM$) | NPV @10.0% (MM$) | Gross Reserves (MBoe) | NPV @0.0% (MM$) | NPV @10.0% (MM$) |
| Developed | 172,054 | 2,557 | 2,320 | 229,625 | 3,895 | 2,905 |
| Undeveloped | 251,074 | 5,252 | 2,359 | 526,900 | 12,672 | 4,799 |
| Total | 423,128 | 7,809 | 4,678 | 756,525 | 16,567 | 7,703 |

### *Proved Undeveloped Reserves*

The following table summarizes the Company's gross proved undeveloped reserves that were first attributed in each of the three most recent financial years.

| | 2022 | | 2023 | | 2024 | |
|---|---|---|---|---|---|---|
| Product Type | First Attributed | Total at Year End | First Attributed | Total at Year End | First Attributed | Total at Year End |
| Light and Medium Crude Oil (MBbl) | - | - | - | - | - | - |
| Tight Oil (MBbl) | - | - | - | - | - | - |
| Heavy Crude Oil (MBbl) | - | - | - | - | - | - |
| NGLs (MBbl) | 63,098 | 152,131 | 21,033 | 132,877 | 21,850 | 127,649 |
| Shale Gas (Bcf) | 380 | 793 | 103 | 706 | 164 | 741 |
| Conventional Natural Gas (Bcf) | - | - | - | - | - | - |

Reserves are classified as proved undeveloped if they meet the requirements prescribed by the COGE Handbook, and if they are expected to be recovered from known accumulations on previously undrilled acreage or they are reserves from existing wells where significant expenditure is required to render them capable of production.

### *Probable Undeveloped Reserves*

The following table summarizes the Company's gross probable undeveloped reserves that were first attributed in each of the three most recent financial years.

| Product Type | 2022 First Attributed | 2022 Total at Year End | 2023 First Attributed | 2023 Total at Year End | 2024 First Attributed | 2024 Total at Year End |
|---|---|---|---|---|---|---|
| Light and Medium Crude Oil (MBbl) | - | - | - | - | - | - |
| Tight Oil (MBbl) | - | - | - | - | - | - |
| Heavy Crude Oil (MBbl) | - | - | - | - | - | - |
| NGLs (MBbl) | 45,688 | 139,008 | 30,746 | 153,575 | 19,549 | 140,362 |
| Shale Gas (Bcf) | 227 | 729 | 131 | 814 | 183 | 813 |
| Conventional Natural Gas (Bcf) | - | - | - | - | - | - |

Reserves are classified as probable undeveloped when they are less certain to be recovered than proved undeveloped reserves as prescribed by the COGE Handbook.

### *Plans for Developing Proved and Probable Undeveloped Reserves*

Paramount's development plans for its properties take into account a number of factors, including estimated capital expenditures, the timing for access to required transportation, processing and fractionation capacity and the course of development necessary to optimize production, cost efficiency, safety and the environment over the life of the property.

Substantially all of the proved undeveloped reserves and probable undeveloped reserves evaluated in the McDaniel Report were related to unconventional resource properties, including the Karr and Wapiti Montney properties that were sold pursuant to the Grande Prairie Disposition and the Willesden Green Duvernay and Kaybob North Duvernay properties that the Company continues to hold. Paramount's development plans for its Karr and Wapiti Montney properties prior to their disposition and its Willesden Green Duvernay and Kaybob North Duvernay properties were and are focused on their cost efficient and orderly development over time within the context of available processing, transportation and fractionation capacity and allocated drilling and development capital. The scheduled timing of the development of proved undeveloped and probable undeveloped reserves evaluated in the McDaniel Report extends past two years due to the extent of the drilling inventory associated with the resource plays, the significant levels of capital required for development and anticipated processing and transportation capacity. Proved undeveloped reserves at these properties are scheduled for development within five years and probable undeveloped reserves are scheduled for development within ten years.

The ultimate timing of the development of the Company's undeveloped reserves will be dependent on a number of factors, including prevailing commodity prices, capital expenditure levels and priorities, royalties, economic conditions, applicable regulations, costs, the evolution of development programs for key fields, changing technical conditions and the availability of processing, transportation and fractionation capacity.

### *Significant Factors or Uncertainties Affecting Reserves Data*

Estimating reserves is a complex process requiring significant judgments based on available geological, geophysical, engineering and economic data. As additional data from development activities, including production results, becomes available and as internal or external economic conditions change, reserves estimates may change substantially. Paramount's reserves can be materially affected by changes in internal and external factors, including, without limitation, commodity prices, access to processing, transportation and fractionation capacity, well performance, royalties, capital, operating, transportation and other costs, regulatory approvals and requirements and available capital.

Paramount has a significant amount of proved undeveloped and probable undeveloped reserves, which are all related to its unconventional resource plays, including its Duvernay properties at Willesden Green and Kaybob North Duvernay. Large capital expenditures, including for the construction of the Alhambra Plant at the Company's Willesden Green Duvernay property, are required to convert these undeveloped reserves into developed producing reserves. The timing of the completion of the construction of facilities can be uncertain due to a number of factors. Changes to future commodity price forecasts relative to the forecast in the McDaniel Report would also have an impact on the economics and timing of the development of undeveloped reserves.

The reserves associated with the Karr and Wapiti properties that were sold by the Company pursuant to the Grande Prairie Disposition are no longer held by it as of the date of this annual information form. Certain supplemental reserves information has been presented excluding the reserves associated with the Karr and Wapiti properties to help readers assess the impact of the sale of those properties. See "*Reserves – Supplemental Reserves Information Excluding Karr and Wapiti*".

Abandonment and Reclamation Costs affecting the reserves data are discussed under "*Other Oil and Gas Information - Abandonment and Reclamation Costs*" below.

See "*Risk Factors – Reserves Estimates*", in particular, as well as the other risk factors herein.

### *Future Development Costs*

The following table provides the undiscounted estimated future development costs deducted in the estimation of future net revenue. Numbers may not add due to rounding.

| Development Cost Forecast (MM$) | 2025 | 2026 | 2027 | 2028 | 2029 | Remaining | Total |
|---|---|---|---|---|---|---|---|
| Total Proved | 912 | 856 | 684 | 623 | 448 | 265 | 3,789 |
| Total Proved & Probable | 912 | 856 | 684 | 623 | 615 | 2,447 | 6,138 |

See "*Reserves – Supplemental Reserves Information Excluding Karr and Wapiti*" for additional information respecting the undiscounted estimated future development costs deducted in the estimation of future net revenue, excluding the Karr and Wapiti properties which were sold on January 31, 2025. Paramount expects that the estimated future development costs, excluding those associated with the Karr and Wapiti properties, will be funded primarily with cash on hand and cash from operating activities. Depending on prevailing capital requirements and market conditions, Paramount may fund portions of the future development costs from borrowings under the Credit Facility, the proceeds of the sale of non-core assets or the proceeds of capital market transactions. Additional information concerning the Credit Facility and Paramount's costs of borrowing thereunder is included in the 2024 Financial Statements and MD&A.

## SUPPLEMENTAL RESERVES INFORMATION EXCLUDING KARR AND WAPITI

### *Reserves Data*

The following table summarizes Paramount's reserves at December 31, 2024, excluding the Karr and Wapiti properties. Numbers may not add due to rounding.

| Reserves Category | Light & Medium Crude Oil | | Tight Oil | | Heavy Crude Oil | |
|---|---|---|---|---|---|---|
| | Gross (MBbl) | Net (MBbl) | Gross (MBbl) | Net (MBbl) | Gross (MBbl) | Net (MBbl) |
| Proved | | | | | | |
| Developed Producing | 1,699 | 1,511 | 584 | 527 | 389 | 330 |
| Developed Non-Producing | 54 | 47 | - | - | - | - |
| Undeveloped | - | - | - | - | - | - |
| Total Proved | 1,753 | 1,558 | 584 | 527 | 389 | 330 |
| Total Probable | 745 | 636 | 264 | 216 | 153 | 122 |
| Total Proved & Probable | 2,498 | 2,194 | 849 | 743 | 543 | 452 |

| Reserves Category | NGLs | | Conventional Natural Gas | | Shale Gas | |
|---|---|---|---|---|---|---|
| | Gross (MBbl) | Net (MBbl) | Gross (MMcf) | Net (MMcf) | Gross (MMcf) | Net (MMcf) |
| Proved | | | | | | |
| Developed Producing | 13,944 | 11,336 | 69,233 | 65,775 | 74,230 | 69,222 |
| Developed Non-Producing | 1 | 1 | 84 | 80 | 30,037 | 28,535 |
| Undeveloped | 51,749 | 43,546 | - | - | 257,861 | 237,267 |
| Total Proved | 65,694 | 54,883 | 69,317 | 65,855 | 362,128 | 335,024 |
| Total Probable | 51,160 | 37,797 | 33,980 | 32,011 | 264,991 | 234,904 |
| Total Proved & Probable | 116,854 | 92,680 | 103,297 | 97,866 | 627,119 | 569,928 |

| Reserves Category | Total Company | |
|---|---|---|
| | Gross (MBoe) | Net (MBoe) |
| Proved | | |
| Developed Producing | 40,528 | 36,203 |
| Developed Non-Producing | 5,075 | 4,817 |
| Undeveloped | 94,726 | 83,091 |
| Total Proved | 140,329 | 124,111 |
| Total Probable | 102,150 | 83,257 |
| Total Proved & Probable | 242,479 | 207,367 |

### *Net Present Value of Future Net Revenue*

The following table summarizes the net present values of future net revenue attributable to Paramount's reserves as at December 31, 2024, excluding the Karr and Wapiti properties. The values are reported before income tax and have been discounted using the rates set out in the table. The values do not represent fair market value. Numbers may not add due to rounding.

| | Net Present Values of Future Net Revenue Before Income Taxes Discounted at (%/year) | | | | |
|---|---|---|---|---|---|
| Reserves Category | @0.0% MM$ | @5.0% MM$ | @10.0% MM$ | @15.0% MM$ | @20.0% MM$ |
| Proved | | | | | |
| Developed Producing | (143) | 357 | 429 | 423 | 401 |
| Developed Non-Producing | 16 | 14 | 12 | 10 | 9 |
| Undeveloped | 2,158 | 1,411 | 971 | 688 | 495 |
| Total Proved | 2,032 | 1,782 | 1,411 | 1,121 | 905 |
| Probable | | | | | |
| Developed Producing | 430 | 267 | 190 | 148 | 121 |
| Developed Non-Producing | 7 | 5 | 4 | 3 | 2 |
| Undeveloped | 2,579 | 1,382 | 857 | 584 | 424 |
| Total Probable | 3,016 | 1,654 | 1,051 | 735 | 548 |
| Total Proved & Probable | 5,048 | 3,436 | 2,462 | 1,856 | 1,453 |

### *Future Net Revenue*

The following table summarizes the total undiscounted future net revenue attributable to Paramount's reserves as at December 31, 2024, excluding the Karr and Wapiti properties.

| Reserves Category | Revenue(1) MM$ | Royalties MM$ | Operating Costs MM$ | Development Costs MM$ | Abandonment and Reclamation Costs(2) MM$ | Future Net Revenue Before Income Taxes MM$ |
|---|---|---|---|---|---|---|
| Total Proved Reserves | 8,079 | 1,053 | 2,121 | 1,946 | 927 | 2,032 |
| Total Proved & Probable Reserves | 14,980 | 2,541 | 3,780 | 2,659 | 953 | 5,048 |

(1) Includes all product revenues and other revenues as forecast.
(2) See "Other Oil and Gas Information" for further information regarding Abandonment and Reclamation Costs.

### *Future Development Costs*

The following table provides the undiscounted estimated future development costs deducted in the estimation of future net revenue, excluding those associated with the Karr and Wapiti properties. Numbers may not add due to rounding.

| Development Cost Forecast (MM$) | 2025 | 2026 | 2027 | 2028 | 2029 | Remaining | Total |
|---|---|---|---|---|---|---|---|
| Total Proved | 573 | 415 | 299 | 267 | 163 | 229 | 1,946 |
| Total Proved & Probable | 573 | 415 | 299 | 267 | 239 | 866 | 2,659 |

## OTHER OIL AND GAS INFORMATION

### OIL AND GAS WELLS

The table below sets out the producing and non-producing oil and natural gas wells in which Paramount had a working interest as at December 31, 2024. Non-producing wells are wells that have previously produced oil or natural gas or are expected to produce oil or natural gas in the future but exclude wells that have been abandoned or converted to water disposal, water injection or service wells.

| | Producing | | Non-producing | |
|---|---|---|---|---|
| | Gross | Net | Gross | Net |
| Oil wells | | | | |
| Alberta | 152 | 141 | 456 | 429 |
| Natural gas wells | | | | |
| Alberta | 1,122 | 894 | 848 | 630 |
| British Columbia | 65 | 31 | 66 | 37 |
| Northwest Territories | - | - | 15 | 10 |
| Subtotal | 1,187 | 925 | 929 | 677 |
| Total | 1,339 | 1,066 | 1,385 | 1,106 |

The table below sets out the producing and non-producing oil and natural gas wells in which Paramount had a working interest as at December 31, 2024, excluding the wells associated with the Karr, Wapiti and Zama properties sold pursuant to the Grande Prairie Disposition.

| | Producing | | Non-producing | |
|---|---|---|---|---|
| | Gross | Net | Gross | Net |
| Oil wells | | | | |
| Alberta | 151 | 140 | 299 | 278 |
| Natural gas wells | | | | |
| Alberta | 851 | 650 | 653 | 462 |
| British Columbia | 65 | 31 | 66 | 37 |
| Northwest Territories | - | - | 15 | 10 |
| Subtotal | 916 | 681 | 734 | 509 |
| Total | 1,067 | 821 | 1,033 | 787 |

### TOTAL LAND HOLDINGS, PROPERTIES WITHOUT ATTRIBUTED RESERVES AND EXPIRIES

As at December 31, 2024, Paramount's land base encompassed 4.3 million gross (3.1 million net) acres in Western Canada. 3.6 million gross (2.6 million net) acres of this land had no attributed reserves as at December 31, 2024.

As at December 31, 2024, Paramount held 245,000 gross (161,000 net) acres of land due to expire in 2025. The actual acreage that will expire in 2025 may be less than this amount to the extent leases are continued through drilling, farm outs or other activities prior to their expiry.

In this annual information form, gross acreage is calculated only once per lease or license of petroleum and natural gas rights regardless of whether a working and/or royalty interest is held and whether or not the lease or license includes multiple prospective formations. If interests in different formations are held under the same surface area pursuant to separate leases or licenses, the acreage set out in each lease or license is counted.

## FACTORS OR UNCERTAINTIES RELEVANT TO PROPERTIES WITH NO ATTRIBUTED RESERVES

Paramount has properties with no attributed reserves, including its holdings in the Mackenzie Delta and Central Mackenzie in the Northwest Territories, that are located in remote areas and may experience operational challenges and higher development costs due to the geographic location, weather conditions, wildlife restrictions and limited infrastructure. In addition, the Company has properties with no attributed reserves that are in an early stage of appraisal or development, including its Sinclair Montney property, its Liard Basin property and certain of its lands that are prospective for cold flow heavy oil and in-situ thermal oil recovery, that will require significant capital to develop. There are no assurances that they will ever be significantly developed and, if they are, whether they will operate profitably or provide a return on investment. See "*Oil and Gas Properties and Other Assets".*

## ABANDONMENT AND RECLAMATION COSTS

Abandonment and Reclamation Costs are estimated by incorporating assumptions respecting the expected costs of particular activities and the expected timing thereof. Costs are estimated for individual assets and then aggregated to determine total estimated Abandonment and Reclamation Costs. In making such estimates, reference is made to historical costs and values, internal estimates, third-party reports and assessments and information provided by provincial regulatory authorities, industry organizations and third-party engineering firms. See "*Risk Factors - Abandonment and Reclamation Cost Estimates*".

## FORWARD CONTRACTS AND TRANSPORTATION COMMITMENTS

The nature of Paramount's operations results in exposure to fluctuations in commodity prices, foreign exchange rates and interest rates. Paramount monitors and, from time to time, utilizes derivative financial instruments and/or physical forward delivery contracts to hedge its exposure to these risks. Paramount's derivative contracts and/or future commitments are disclosed in the 2024 Financial Statements and MD&A.

In order to secure the transportation of its sales volumes to market, the Company enters into firm-service arrangements for the transportation of natural gas, NGLs and oil in the ordinary course of business. The volumes contracted for transport are based on the forecast transportation capacity required to accommodate existing production and anticipated future growth. These arrangements can vary in length from short term trucking contracts to longer term major pipeline transportation commitments.

Paramount's transportation commitments relating to the Karr and Wapiti properties sold pursuant to the Grande Prairie Disposition were assumed by the purchaser of those assets. With respect to the remaining properties of the Company assigned reserves in the McDaniel Report, for the years 2025 to 2035, inclusive, the Company's remaining transportation commitments for natural gas as at December 31, 2024 exceeded the forecast production volumes of: (i) proved reserves of natural gas estimated in the McDaniel Report by an average of 41.6 MMcf/d at a value in fees of approximately $3.9 million per year and (ii) proved plus probable reserves of natural gas estimated in the McDaniel Report by an average of approximately 21.9 MMcf/d at a value in fees of approximately $2.0 million per year. For all other product types estimated in the McDaniel Report, the Company's transportation commitments did not materially exceed the total forecast production volumes of proved reserves or proved plus probable reserves.

The Company has also secured long term downstream transportation capacity that would enable the first phase of production from the Sinclair property to commence as early as the fourth quarter of 2027. No reserves were assigned at Sinclair in the McDaniel Report. Additional information related to Paramount's transportation commitments can be found in the 2024 Financial Statements and MD&A.

## TAX HORIZON

After giving effect to the Grande Prairie Disposition and based on: (i) the current tax regime, (ii) the Company's tax pools, (iii) assumptions as to commodity prices, production and capital expenditures and the resulting anticipated future net revenue and (iv) assumptions regarding the allocation of free cash flow, Paramount forecasts that no significant Canadian income taxes will be payable until 2028. Taxable income varies depending on total income and expenses and Paramount's estimate is sensitive to assumptions regarding, among other factors, commodity prices, production, cash from operating activities, capital spending levels, the allocation of free cash flow and acquisition and disposition transactions. Changes in these and other factors could result in the Company paying income taxes earlier or later than forecasted.

Additional information concerning Paramount's tax pools is included in the 2024 Financial Statements and MD&A. Also, see "*Risk Factors – Government Regulation and Taxes*".

## COSTS INCURRED

The following table summarizes the costs incurred by Paramount for property acquisitions and exploration and development activities in 2024. Numbers may not add due to rounding.

| Cost Type (MM$) | 2024 |
|---|---|
| Acquisitions | |
| Proved properties | 0.3 |
| Unproved properties | 14.0 |
| Exploration | 28.4 |
| Development (including facilities) | 826.3 |
| Total | 869.0 |

## EXPLORATION AND DEVELOPMENT ACTIVITIES

The following table summarizes Paramount's drilling activity for the year ended December 31, 2024. All natural gas and oil wells drilled were development wells, meaning wells drilled within or in close proximity to a discovered pool of petroleum or natural gas, with the exception of two wells drilled at Sinclair. The wells drilled at Sinclair were exploratory wells.

| | Gross | Net |
|---|---|---|
| Natural Gas | 58 | 58.0 |
| Oil | - | - |
| Dry Hole | - | - |
| Service (Water Disposal) | - | - |
| Total | 58 | 58.0 |

For a description of the Company's currently planned exploration and development activities for 2025, see "*Oil and Gas Properties and Other Assets*".

## PRODUCTION ESTIMATES IN THE MCDANIEL REPORT

The following table summarizes the volume of production estimated for 2025 reflected in the estimates of gross proved reserves and gross probable reserves in the McDaniel Report, in total and for the Karr and Wapiti properties separately. The Karr and Wapiti properties were sold on January 31, 2025 pursuant to the Grande Prairie Disposition.

| | Total | | Karr | | Wapiti | |
|---|---|---|---|---|---|---|
| | Proved | Probable | Proved | Probable | Proved | Probable |
| Shale Gas (MMcf) | 101,432 | 9,044 | 49,127 | 4,487 | 28,987 | 2,210 |
| Conventional Natural Gas (MMcf) | 15,755 | 1,680 | - | - | - | - |
| Light and Medium Crude Oil (MBbl) | 442 | 32 | - | - | - | - |
| Tight Oil (MBbl) | 92 | 6 | - | - | - | - |
| Heavy Crude Oil (MBbl) | 96 | 12 | - | - | - | - |
| NGLs (MBbl) | 18,026 | 1,599 | 8,120 | 895 | 4,073 | 333 |
| Total Production (MBoe) | 38,187 | 3,436 | 16,308 | 1,643 | 8,904 | 701 |

## PRODUCTION HISTORY

The following table summarizes average daily gross production volumes for Paramount on a quarterly and annual basis for 2024.

| Average Daily Sales Volumes | 2024 | Q4 | Q3 | Q2 | Q1 |
|---|---|---|---|---|---|
| Shale Gas (MMcf/d) | 257.5 | 269.2 | 249.0 | 243.1 | 268.5 |
| Conventional Natural Gas (MMcf/d) | 49.3 | 48.1 | 45.5 | 53.7 | 50.2 |
| Light and Medium Crude Oil (Bbl/d) | 1,296 | 792 | 1,235 | 1,566 | 1,595 |
| Tight Oil (Bbl/d) | 454 | 393 | 368 | 466 | 592 |
| Heavy Crude Oil (Bbl/d) | 371 | 407 | 337 | 349 | 389 |
| NGLs (Bbl/d) | 45,231 | 47,996 | 43,875 | 43,753 | 45,286 |
| Total (Boe/d) | 98,490 | 102,477 | 94,892 | 95,609 | 100,977 |

The following table summarizes the Company's total gross production for the year ended December 31, 2024, as well as for its Karr and Wapiti properties separately.

| | Shale Gas (MMcf) | Conventional Natural Gas (MMcf) | NGLs (MBbl) | Light and Medium Oil (MBbl) | Tight Oil (MBbl) | Heavy Oil (MBbl) | Total Company (MBoe) |
|---|---|---|---|---|---|---|---|
| Total: | 94,237 | 18,062 | 16,555 | 474 | 166 | 136 | 36,047 |
| Karr | 45,642 | - | 7,726 | - | 27 | - | 15,361 |
| Wapiti | 28,069 | 95 | 4,580 | - | 21 | - | 9,294 |

### PRICES RECEIVED AND RESULTING NETBACK

The following table summarizes by principal product (including by-products) Paramount's average prices received, royalties expense, operating costs and transportation and NGLs processing costs and the resulting netback on a quarterly and annual basis for 2024.

| | 2024 | Q4 | Q3 | Q2 | Q1 |
|---|---|---|---|---|---|
| **Shale gas ($/Mcfe)** (1) | | | | | |
| Prices received | 8.43 | 8.48 | 8.07 | 8.73 | 8.45 |
| Royalties | (1.07) | (0.91) | (0.90) | (1.35) | (1.15) |
| Operating costs (2) | (2.04) | (2.02) | (2.08) | (2.12) | (1.96) |
| Transportation and NGLs processing costs | (0.63) | (0.67) | (0.66) | (0.60) | (0.58) |
| Resulting netback | 4.69 | 4.88 | 4.43 | 4.66 | 4.76 |
| **Conventional natural gas ($/Mcfe)** (1) | | | | | |
| Prices received | 3.48 | 3.41 | 2.96 | 3.28 | 4.25 |
| Royalties | (0.30) | (0.10) | (0.26) | (0.30) | (0.51) |
| Operating costs (2) | (2.90) | (2.90) | (2.82) | (2.68) | (3.20) |
| Transportation and NGLs processing costs | (0.47) | (0.42) | (0.51) | (0.46) | (0.48) |
| Resulting netback | (0.19) | (0.01) | (0.63) | (0.16) | 0.06 |
| **Light and Medium Crude Oil ($/Boe)** (1) | | | | | |
| Prices received | 100.68 | 104.22 | 98.68 | 101.02 | 100.13 |
| Royalties | (18.74) | (17.30) | (21.52) | (19.36) | (16.67) |
| Operating costs (2) | (31.01) | (41.13) | (34.00) | (20.91) | (33.50) |
| Transportation and NGLs processing costs | (9.69) | (19.95) | (6.86) | (8.92) | (7.52) |
| Resulting netback | 41.24 | 25.84 | 36.30 | 51.83 | 42.44 |
| **Tight Oil ($/Boe)** (1) | | | | | |
| Prices received | 96.56 | 99.03 | 92.17 | 109.26 | 87.82 |
| Royalties | (13.01) | (12.61) | (14.40) | (11.85) | (13.36) |
| Operating costs (2) | (16.05) | (20.36) | (22.69) | (11.69) | (12.43) |
| Transportation and NGLs processing costs | (3.50) | (4.74) | (3.19) | (4.12) | (2.39) |
| Resulting netback | 64.00 | 61.32 | 51.89 | 81.60 | 59.64 |
| **Heavy Crude Oil ($/Boe)** (1) | | | | | |
| Prices received | 81.33 | 80.18 | 84.36 | 88.58 | 73.39 |
| Royalties | (14.56) | (14.75) | (18.84) | (13.53) | (11.55) |
| Operating costs (2) | (8.57) | (15.33) | (8.52) | (5.38) | (4.32) |
| Transportation and NGLs processing costs | (8.98) | (10.68) | (8.02) | (9.37) | (7.67) |
| Resulting netback | 49.22 | 39.42 | 48.98 | 60.30 | 49.85 |

(1) The Company's production volumes are generally gathered, processed and transported through common gathering systems, processing facilities and transportation pipelines. As a result, by-product sales volumes, royalties and operating and other costs have been allocated to each product type based on volume equivalencies and other reasonable methods of allocation. See "*Oil and Natural Gas Measures, Abbreviations and Terms*".

(2) Operating costs include all costs related to the operation of wells and Paramount's facilities and gathering systems. Processing revenue earned from Company facilities has been deducted from these costs.

The Company realized a net gain of $36.4 million on the settlement of financially settled commodity contracts and foreign currency exchange contracts in 2024. This gain has not been reflected in the amounts above.

## INDUSTRY CONDITIONS

### TRADE ENVIRONMENT

On February 1, 2025, the United States announced that it was imposing import tariffs on goods from certain major trading partners effective February 4, 2025. With respect to Canada, these consisted of a 25% tariff on Canadian-origin imports other than energy products and a 10% tariff on energy products (including crude oil, natural gas, lease condensates, natural gas liquids, refined petroleum products, uranium, coal, biofuels, geothermal heat, the kinetic movement of flowing water and critical minerals). In response, Canada announced its intention to implement retaliatory tariffs of 25% on imports of certain products of the United States. On February 3, 2025, the United States and Canada agreed to delay the imposition of the tariffs and retaliatory tariffs for a period of 30 days. On March 4, 2025, the 25% tariff imposed by the United States on Canadian-origin imports other than energy products and the 10% tariff on energy products came into effect. Also on March 4, 2025, retaliatory tariffs of 25% on imports of certain products of the United States worth approximately $30 billion per annum were imposed by Canada with further retaliatory tariffs of 25% to be imposed on an additional $125 billion per annum of products of the United States to become effective on March 25, 2025.

On February 4, 2025 the United States imposed a 10% tariff against Chinese goods. On March 4, 2025, the United States doubled the tariff to 20%. China has announced retaliatory tariffs against certain products of the United States and other trade actions in response to each announcement of tariffs against it.

An additional tariff of 25% on global imports of aluminum and steel has been announced by the United States to become effective March 12, 2025.

Risks exist as of the date of this annual information form that: (i) the tariffs and retaliatory tariffs imposed to date will remain in place for an extended period; (ii) additional tariffs and retaliatory tariffs will be implemented between the United States and Canada or between the United States and other nations; (iii) other actions will be taken to restrict or tax the trade of goods between the United States and Canada or between the United States and other nations; and/or (iv) action will be taken to amend or terminate existing trade agreements, including the United States-Mexico-Canada Agreement.

See "*Risk Factors – Tariffs and Other Trade Actions*" for a description of the risks to the Company associated with announced or potential tariffs, export restrictions and/or export taxes. In addition, the existence of the conditions described above increases the Company's exposure to the risks described in the Risk Factors section under "*Volatility of NGLs, Natural Gas and Oil Prices and Price Differentials*", "*Uncertainty as to Costs*", "*Availability of Equipment, Materials and Services*", "*Market Price of Common Shares*", "*Investment Risk*" and "*Hedging, Interest Rates and Foreign Currency Exchange Rates*".

### COMPETITIVE CONDITIONS

The oil and natural gas industry is highly competitive. Paramount competes with other industry participants in, among other things, searching for, acquiring and developing reserves and prospective properties, entering into processing, transportation and marketing arrangements and accessing sources of capital. Producers compete to develop technological advancements to enhance well productivity and reduce costs. Paramount also competes for qualified and experienced personnel, third-party services and equipment and materials. See "*Risk Factors – Availability of Equipment, Materials and Services*" and "*Risk Factors – Industry Competition*" for a description of the risks to the Company associated with these competitive conditions.

## SEASONALITY

The development and exploration of oil and natural gas reserves, including the drilling, completion and tie-in of wells, and road, lease, facility and pipeline construction, is dependent on access to areas where operations are to be conducted. Seasonal wildlife related restrictions, winter-access areas, seasonal weather variations, including freeze-up, break-up and wet ground conditions, and other restrictions can affect access. In addition, the seasonal accessibility of certain locations increases competition for equipment and personnel during those periods. See "*Risk Factors – Surface Access*".

## PRICING AND MARKETING

Negotiations between buyers and sellers determine the price of oil. As a result, macroeconomic and microeconomic market forces determine the price of oil. Worldwide supply and demand factors are the primary determinant of oil prices; however, regional market and transportation factors also influence prices. The specific price depends, in part, on oil quality, prices of competing fuels, distance to market, availability of transportation, value of refined products, supply/demand balance and contractual terms of sale.

Negotiations between buyers and sellers determine the price of natural gas sold in intra-provincial, interprovincial and international trade. The price received by a natural gas producer depends, in part, on the price of competing natural gas supplies and other fuels, distance to market, availability of transportation, length of contract term, weather conditions, supply/demand balance within local, regional and larger interconnected markets and other contractual terms. Spot and future prices are also influenced by supply and demand fundamentals with respect to specific delivery points. Natural gas prices in Western Canada are currently impacted by the absence of material liquified natural gas export infrastructure in Canada that would allow access to overseas markets and pricing, although this may be mitigated in the future by the anticipated completion and bringing into service of the LNG Canada project and the potential advancement of other liquified natural gas export initiatives.

The pricing of condensate and other NGLs sold in intra-provincial, interprovincial and international trade is determined by negotiation between buyers and sellers. Such prices depend, in part, on the quality of the NGLs, price of competing chemical stock, distance to market, access to downstream transportation, length of contract term, supply/demand balance within local, regional and larger interconnected markets and other contractual terms.

## EXPORT, TRANSPORTATION AND CURTAILMENT

Oil, natural gas and NGLs exports from Canada are subject to the *Canadian Energy Regulator Act* (Canada) and its associated regulations. Oil, natural gas and NGLs exports are authorized by short term orders or long-term licenses granted under such legislation by the Canadian Energy Regulator. Oil, natural gas and NGLs exports from Canada are subject to international trade agreements and treaties that have been entered into by Canada. Following the imposition in March 2025 by the United States of tariffs on Canadian-origin imports, it is possible that Canada may seek to introduce measures such as import tariffs, export restrictions and/or export taxes or charges pursuant to existing legislation, including the *Export and Import Permits Act* or *the Canadian Energy Regulator Act,* or pursuant to new or revised legislation that could restrict or otherwise affect imports or exports of oil and gas products.

Producers negotiate with pipeline operators and other transportation providers to transport their products to market on a firm or interruptible basis. Transportation availability is highly variable across different areas and regions. This variability can determine the nature of transportation capacity available, the number of potential customers that can be reached in a cost-effective manner and the price received. From time to time, a lack of sufficient pipeline and transportation capacity and the absence of material liquified natural gas export infrastructure has resulted in producers in Western Canada experiencing lower commodity pricing relative to other markets. Major pipeline, transportation and liquified natural gas export infrastructure projects typically require a significant length of time to complete once all regulatory approvals have been obtained. Although the likelihood of completion of potential future projects remains uncertain, certain pipeline, transportation and liquified natural gas export projects have recently been completed, including the Trans Mountain pipeline expansion and the Coastal GasLink pipeline, or are nearing completion, including the LNG Canada project, that will increase export capacity for oil, condensate and natural gas produced in Western Canada.

Governments may order the curtailment or restriction of production of oil, NGLs or natural gas. For instance, on December 2, 2018, the Government of Alberta announced that, commencing January 1, 2019, it would order a short-term reduction in provincial oil and bitumen production. The curtailment order was suspended in December 2020.

## REGULATORY AUTHORITIES

The AER is the principal regulator responsible for all oil and natural gas resource development in Alberta. It derives its authority from the *Responsible Energy Development Act* and a number of related statutes including the *Oil and Gas Conservation Act*, the *Oil Sands Conservation Act*, the *Pipeline Act*, the *Environmental Protection and Enhancement Act* and the *Public Lands Act*. The AER is responsible for ensuring the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources, including allocating and conserving water resources, managing public lands, and protecting the environment.

The BCER is the provincial regulatory agency responsible for regulating energy activities in British Columbia. Regulatory responsibility is delegated by the Province of British Columbia to the BCER through the *Energy Resource Activities Act* and specified enactments under the *Forest Act*, *Heritage Conservation Act*, *Land Act*, *Environmental Management Act* and *Water Sustainability Act*. The mission of the BCER is to protect public safety and safeguard the environment through the sound regulation of energy activities in British Columbia, while balancing a broad range of environmental, economic and social considerations.

## ROYALTIES

Alberta and British Columbia have legislation and regulations in place establishing the royalties payable on production from mineral rights granted by the provincial Crown. These royalty regimes are in addition to applicable federal and provincial taxes. Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the freehold mineral owner and the lessee, although certain provincial taxes and other charges on production or revenues may also be payable. Producers and working interest owners of mineral rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests and net carried interests, through private transactions, the terms of which are subject to negotiation. The following is a description of key Crown royalty programs in effect in Alberta and British Columbia.

On January 1, 2017, the Government of Alberta implemented a modernized royalty framework (the "Modernized Framework"). The Modernized Framework applies to all oil and natural gas wells spud on or after January 1, 2017. All oil and natural gas wells currently subject to the previous royalty framework will become subject to the Modernized Framework after December 31, 2026.

Under the Modernized Framework, royalties are determined on a "revenue-minus-costs" basis, with the cost component based on a drilling and completion cost allowance formula for each well, which is dependent on the vertical depth and horizontal length of the well and the amount of proppant placed. The formula is based on the industry's average drilling and completion costs as determined by Alberta's Ministry of Energy and Minerals ("MEM") on an annual basis. The cost component attempts to incentivize innovation to reduce costs by allowing wells with below average costs to remain at a lower royalty rate even after recovering actual costs. Producers pay a flat royalty rate of five percent of gross revenue from each well that is subject to the Modernized Framework until the well reaches payout. Payout for a well is the point at which cumulative revenues from the well equals the drilling and completion cost allowance for the well determined by the MEM. After payout, producers pay an increased royalty rate on revenues determined by reference to commodity prices of the various hydrocarbons and rates of production from the well. Royalty rates for crude oil, condensate and pentanes range from 5 to 40 percent and royalty rates for methane, ethane, propane and butane range from 5 to 36 percent. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate is adjusted downward to a minimum of five percent as the mature well's production declines.

As part of the Modernized Framework, the Alberta government implemented two strategic royalty programs to encourage oil and natural gas producers to increase production and explore resources in new areas: the Enhanced Hydrocarbon Recovery Program and the Emerging Resources Program. These programs take into account the higher costs associated with the use of enhanced recovery methods and the development of emerging resources when calculating royalty rates.

The *Royalty Guarantee Act* (Alberta) went into effect on July 18, 2019. The legislation provides that no fundamental restructuring of the legislative framework generally applicable to Crown royalties in Alberta shall be implemented for a period of 10 years and, when a well starts producing, it will be under the same royalty structure for a period of 10 years.

In British Columbia, the royalty rate payable on crude oil depends, among other factors, on the type and vintage of the crude oil, the quantity of crude oil produced in a month, the value of that crude oil and any applicable royalty exemptions. The royalty rate payable on natural gas depends, among other factors, on a sliding scale formula based on a reference price, which is the greater of the average price obtained by the producer, net of transportation and processing charges, and a prescribed minimum price. The royalties payable on NGLs are levied at a fixed rate of 20 percent.

For new oil wells spud on or after September 1, 2024, a 5% royalty rate applies for the first six production months. At the end of this period, the standard royalty rates applies.

For new gas wells spud on or after September 1, 2024, a 5% royalty rate applies for the first 12 production months. At the end of this period, the wells are evaluated and recategorized based on liquids content, with dry gas wells being granted an additional five production months at a 5% royalty rate before the standard royalty rates apply and with liquids-rich wells being immediately subject to the standard royalty rates.

A new oil and gas royalty system will take effect in British Columbia on January 1, 2027 that will function on a revenue-minus-cost basis with price-sensitive royalty rates. New wells will be subject to a flat royalty rate of 5% until the capital spent on drilling and completions is recovered, which will then move to price-sensitive royalty rates (proposed to be between 5% and 40%) that will vary by commodity type.

**LICENSING AND LIABILITY MANAGEMENT**

In Alberta, the AER administers regulatory requirements respecting the eligibility of companies to hold licenses for wells, pipelines and facilities.

In December 2021, the AER implemented Directive 088: Licensee Life-Cycle Management in support of the Government of Alberta's new liability management framework which is intended to better identify companies that might be unable to meet their abandonment, reclamation and other regulatory obligations. Directive 088: (i) provides for a holistic assessment of a licensee's capabilities and performance across the energy development life-cycle, supported by a new Licensee Capability Assessment; (ii) introduced the Licensee Management Program, which determines how licensee management will occur across the energy development life-cycle; (iii) introduced the Inventory Reduction Program, which sets mandatory closure spend quotas for closure activities by licensees; and (iv) describes the first phase of changes to the AER's financial assurance system as the AER transitions to a broader security framework to replace the existing security collection system. The AER revised Directive 088 in February 2023 to introduce the closure nomination component of the Inventory Reduction Program, which provides an ability for eligible requesters (e.g., private landowners, Indigenous groups, municipalities, disposition holders, ministers) to request the closure of a site. See "*Risk Factors – Environmental, Health and Safety Laws and Regulations*".

Paramount voluntarily exceeded its mandatory closure spend quota under the AER's Inventory Reduction Program in 2024 of 6.6 percent of its inactive liabilities. The mandatory closure spend quota under the Inventory Reduction Program in 2025 is 6.2 percent of inactive liabilities. Although the spend quota as a percentage of inactive liabilities decreased, an increase by the AER in the estimated liability costs for well abandonments in 2025 will result in a higher effective spend quota on a dollar basis.

In British Columbia, the BCER administers regulatory requirements respecting the eligibility of companies to hold permits for wells, pipelines and facilities.

The BCER implemented the Permittee Capability Assessment (the "PCA") on April 1, 2022 as a replacement to the Liability Management Rating program. The purpose of the PCA is to allow the BCER to make a more holistic assessment of the capabilities of permit holders by assessing each permit holder's corporate health against the liabilities associated with certain sites. The corporate health of a permit holder is assessed based on its: (i) assets to liabilities ratio; (ii) net profit margin; (iii) interest coverage ratio; (iv) cash flow to debt ratio; and (v) debt to equity ratio. The magnitude of a permit holder's liabilities is based on the deemed abandonment, assessment, remediation, and reclamation liability associated with the permit holder's dormant, inactive, and marginal sites.

If the BCER deems a permit holder to be high-risk under the PCA based on its corporate health and the magnitude of its liabilities, it may require the permit holder to engage in corrective action. Corrective action could include the submission of security deposits and/or the completion of liability reduction work.

Regulations and AER directives require licensees in Alberta to contribute to the Orphan Well Fund to fund the costs of suspending, abandoning, remediating and reclaiming wells, pipelines and facilities when licensees becomes defunct or insolvent. British Columbia's Orphan Site Reclamation Fund is a similar industry-funded program.

## LAND TENURE

In Alberta and British Columbia, the provincial governments own most of the mineral rights to the petroleum and natural gas located within their provinces. Provincial governments grant rights to explore for and produce petroleum and natural gas pursuant to leases, licences, and permits (collectively, "leases") for varying terms, and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. Alberta and British Columbia conduct land sales where energy companies bid for the leases necessary to explore for and produce petroleum and natural gas owned by the respective provincial governments. These leases generally have fixed terms, but they can be continued beyond their initial terms if the necessary conditions are satisfied.

Alberta and British Columbia have implemented legislation providing for the reversion to the Crown of mineral rights to deep, non-productive geological formations at the conclusion of the primary term of a disposition. In addition, Alberta has a policy of "shallow rights reversion" which provides for the reversion to the Crown of mineral rights to unproven petroleum and natural gas rights above the top of the shallowest productive zone at the conclusion of the primary term of a disposition. British Columbia has a policy of "zone specific retention" that allows a lessee to continue a lease for zones in which it can demonstrate the presence of crude petroleum or natural gas, with the remainder reverting to the Crown.

To develop petroleum and natural gas rights, it is also necessary for the mineral estate owner to have access to the surface lands. Alberta and British Columbia have developed processes for granting and regulating surface access for petroleum and natural gas operations within their provinces. Operators must comply with these regulatory requirements throughout the lifespan of a development and must compensate affected persons for the use of the surface of their land and any surface damage.

## INDIGENOUS RIGHTS

Paramount's properties in Alberta and British Columbia 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.

The federal and provincial governments have a duty to consult with Indigenous peoples when contemplating actions that may adversely affect their asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of litigation.

In June 2021, the Supreme Court of British Columbia decided in the case of *Yahey* v. *British Columbia* that the cumulative effect of oil, gas, timber and other industrial development in the traditional territory of the Blueberry River First Nation ("BRFN") infringed BRFN's treaty rights under Treaty 8 and that the Government of British Columbia breached its obligations to BRFN by failing to adequately consider the cumulative effect of permitting those various development activities. The Court declared that the Government of British Columbia could not continue to authorize activities that breached the promises included in Treaty 8 or that unjustifiably infringed BRFN's exercise of its treaty rights. The Court suspended this declaration for six months to allow BRFN and the Government of British Columbia to work together to change the regulatory authorization regime to recognize and respect BRFN's treaty rights.

On January 18, 2023, the Government of British Columbia and BRFN signed the Blueberry River First Nations Implementation Agreement. The agreement aims to address cumulative effects of development on BRFN's claim area through restoration work, establishment of areas protected from industrial development, and a constraint on development activities. Such measures will remain in place while a long-term cumulative effects management regime is implemented. The agreement includes, among other measures, an ecosystem-based management approach for future land-use planning in culturally important areas, limits on new crude oil and natural gas development and a new planning regime for future crude oil and natural gas activities.

In late January 2023, the Government of British Columbia and four Treaty 8 First Nations - Fort Nelson, Salteau, Halfway River, and Doig River First Nations - reached consensus on a collaborative approach to land and resource planning that implements various initiatives, including a cumulative effects management system linked to natural resource landscape planning and restoration initiatives, new land-use plans and protection measures and a new revenue-sharing approach to support the priorities of Treaty 8 First Nations communities.

On May 30, 2024, the Government of British Columbia moved to implement the Gundy High Value 1 Plan, that supports restoration and land protection measures, while enabling limited petroleum and natural gas developed under new rules and conditions. Of the plan area, 68% is protected from new disturbances from oil and gas activities, with the remainder subject to a robust 3-year pilot framework for additional development. BRFN has disputed the approval of the Gundy Plan and has filed legal action to prevent its implementation.

On September 1, 2024, the Government of British Columbia issued Order in Council 255 on Cumulative Impacts (Treaty 8). The Order in Council is in force from September 1, 2024 to December 31, 2026 and mandates that a person who exercises power to issue or amend an instrument authorizing an industry or commercial activity in the northeast district must make a written record of the impacts on treaty rights (geographic, duration, and cumulative impacts) and the measures taken to mitigate those impacts.

In Alberta, Duncan's First Nation filed a lawsuit against the Government of Alberta in July 2022 relying on similar arguments to those advanced successfully by BRFN in *Yahey* v. *British Columbia*. Duncan's First Nation claims in its lawsuit that Alberta has failed to uphold its treaty obligations by authorizing development without considering the cumulative impacts on the First Nation's treaty rights. Similar claims have also been filed by Athabasca Chipewyan First Nation in March 2024 and Siksika Nation in April 2024. All of this litigation is ongoing.

Although the only assets of Paramount that are currently directly affected by the agreements and claims described above concerning cumulative effects are in the Horn River Basin and Liard Basin, which are located within Treaty 8 in northeast British Columbia, the ultimate impact of these matters on oil and natural gas development in Treaty 6, 7 and 8 territories remains uncertain.

Canada is a signatory to the United Nations Declaration of the Rights of Indigenous Peoples ("UNDRIP"). In November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("DRIPA") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("UNDRIP Act") came into force in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives. The means and timing of the implementation of the UNDRIP principles by these governments, and the ultimate impact of implementation on regulatory approval processes and requirements, remains uncertain.

## GREENHOUSE GAS EMISSIONS

### *Carbon Pricing*

Paramount's operated facilities in Alberta in 2024 were regulated as an aggregate facility under the *Technology Innovation and Emission Reduction Regulation* (the "TIER Regulation"). The TIER Regulation currently meets the federal government's equivalency criteria for carbon-pollution pricing systems for the emission sources covered by the regulation. Accordingly, facilities governed by the TIER Regulation, including Paramount's aggregate facility, may apply for an exemption from the federal output-based carbon pricing system for large industry under the federal *Greenhouse Gas Pollution Pricing Act* (Canada). The Company's aggregate facility in 2024 received such an exemption. Paramount applied in February 2025 to register a revised aggregate facility that excludes the assets sold pursuant to the Grande Prairie Disposition.

Under the TIER Regulation, Paramount is subject to an annual target for reducing the GHG emission intensity of stationary fuel combustion and flaring emissions from its aggregate facility relative to the aggregate facility's historical baseline emissions calculated in accordance with the regulation. The initial reduction target was set in 2022 at 10 percent of historical baseline emissions and is subject to an annual tightening of a further two percent. If emissions from the aggregate facility exceed the annual allowable GHG emissions intensity target, Paramount will be required to pay an amount per tonne of carbon dioxide equivalent ("$tCO_{2e}$") of excess emissions into the TIER Fund or, subject to applicable limits, retire emission offsets, emission performance credits or sequestration credits. If emissions from the aggregate facility are below the annual allowable GHG emissions intensity target, Paramount may receive an emission performance credit for each $tCO_{2e}$ of emissions below the target.

Payments into the TIER Fund for excess emissions in 2024 were set at $80 per $tCO_{2e}$ and will increase by a further $15 per $tCO_{2e}$ each year through to 2030 to reach $170 per $tCO_{2e}$.

Paramount is required to pay a federal fuel charge under the *Greenhouse Gas Pollution Pricing Act* (Canada) with respect to fossil fuels it consumes in Alberta other than at its aggregate facility. The charge was $80 per $tCO_{2e}$ in 2024 and will increase by a further $15 per $tCO_{2e}$ each year through to 2030 to reach $170 per $tCO_{2e}$.

In British Columbia, a provincial carbon tax on fuel consumed and gas flared and vented in the province was assessed at $80 per $tCO_{2e}$ in 2024 and will increase by a further $15 per $tCO_{2e}$ each year through to 2030 to reach $170 per $tCO_{2e}$.

British Columbia's carbon tax for large industrial emitters was replaced with an output-based pricing system (the "BC OBPS") effective April 1, 2024. The new output-based pricing system is mandatory for facilities that emit over 10,000 $tCO_{2e}$ per year. Industrial operations within regulated sectors that emit less than 10,000 $tCO_{2e}$ per year are able to opt-in to the system on a voluntary basis. As at December 31, 2024, Paramount was not actively operating any facilities in British Columbia subject to the BC OBPS, either on a mandatory or voluntary basis.

### *Methane Emissions*

The Alberta government committed to a target of reducing methane emissions from the oil and natural gas industry by 45 percent from 2014 levels by 2025 and has disclosed that it reached that target three years early. Under AER Directive 060: Upstream Petroleum Industry Flaring, Incinerating and Venting, oil and gas companies are required to address the primary sources of methane emissions from Alberta's upstream oil and natural gas industry. These are fugitive emissions and venting, which include emissions from compressors, pneumatic devices, glycol dehydrators and other equipment. The Directive 60 requirements also focus on improved measurement, monitoring and reporting of methane emissions.

In British Columbia, methane emission regulations came into effect on January 1, 2020 that targeted a 45 percent reduction in methane emissions from the oil and natural gas industry relative to 2014 levels by 2025. These regulations address the primary sources of methane emissions from B.C.'s upstream oil and gas industry, which are pneumatic devices, equipment leaks, compressor seals, glycol dehydrators, storage tanks and surface casing vents. Amended regulations came into effect on January 1, 2025 that are intended to achieve further reductions in methane emissions from the province's upstream oil and gas sector. These amended regulations are designed to support British Columbia's targets of reducing methane emissions from the oil and gas sector by 75 per cent by 2030, relative to 2014 levels, and to nearly eliminate them by 2035. The amended regulations focus on key areas and sources of emissions, such as compressor seals, pneumatic pumps and devices, dehydrators, surface casing vent flows, and leak detection and repair requirements. They require automated monitoring systems on equipment with the highest rate of leakage, increase the number of leak detection and repair surveys required for large facilities, tighten venting limits for certain operations, and impose stricter design and operating standards for new and modified facilities.

The federal government has also enacted methane emission regulations that apply to both existing and new sources of vented and fugitive methane emissions. However, in 2020 each of Alberta and British Columbia negotiated a five-year equivalency agreement on methane emission reductions with the federal government pursuant to which the federal government has agreed that Alberta and British Columbia's requirements are equivalent to the federal requirements. Accordingly, the federal requirements do not apply in Alberta and British Columbia as long as the respective equivalency agreements remain in place. Alberta's equivalency agreement expires in October 2025. British Columbia's has negotiated a new equivalency agreement that will expire on December 31, 2029.

In October 2021, the federal government confirmed its support for the Global Methane Pledge and committed to developing regulations to reduce oil and natural gas methane emissions by at least 75 percent below 2012 levels by 2030. In December 2023, the federal government announced proposed regulatory amendments (the "Proposed Federal Methane Regulations") intended to ensure a reduction of methane emissions in the upstream oil and natural gas sector by at least 75 percent below 2012 levels by 2030.

As described by the federal government, the Proposed Federal Methane Regulations would target the following emissions in the oil and natural gas sector:

> Venting Emissions - The Proposed Federal Methane Regulations would prohibit the venting of hydrocarbon gas to the environment with limited exceptions. All pressurized equipment (e.g., pneumatic devices, product tanks, separators, dehydrators and compressors) would be required to be physically connected to conservation or destruction equipment. An explicit exclusion would apply when safe operations would be compromised, especially in response to unplanned events and in situations where gas supply to the public would be adversely affected. Additionally, operators would be required to take measures to minimize venting of hydrocarbon gas during planned equipment maintenance or temporary depressurization. The Proposed Federal Methane Regulations would allow for venting of hydrocarbon gas where its heating value or flowrate would be insufficient to sustain stable combustion.
>
> Emissions Associated with Combustion of Hydrocarbon Gas - Combustion systems used to comply with the Proposed Federal Methane Regulations would be required to operate with a pilot flame, an automatic ignition device and an automatic flame failure detection system, and when hydrocarbon gas is routed to the system, it would be required to achieve

a minimum carbon conversion efficiency of 98 percent. An exception to this rule would allow the use of catalytic oxidation systems (efficiency of at least 85 percent) for small gas volumes, not to exceed 60 m3 per day.

Flaring, other than to avoid serious risk to human health or safety arising from an emergency, would be required to be supported by an engineering study examining options for the use of hydrocarbon gas to produce useful heat or energy.

Fugitive Emissions - The Proposed Federal Methane Regulations would introduce a risk-based approach to fugitive emissions management. Facilities that are more likely to emit methane, such as natural gas processing plants, would need to maintain a more frequent inspection schedule (12 times per year for screening and 4 times per year for comprehensive assessments) conducted using instruments with a standard minimum detection limit. Lower risk sites such as single wells would require yearly assessments. Upon detection of emissions, the permitted repair timeline would be emissions rate-dependent, with the possibility of extensions. Also, all facilities would need to undergo one annual inspection conducted by an auditor.

If the Proposed Federal Methane Regulations are implemented as currently planned, the requirements related to managing fugitive emissions would come into force for all facilities in 2027. Also starting in 2027, facilities increasing natural gas production would need to design and operate systems to eliminate venting and to follow other new requirements such as limits on flaring. All facilities in the oil and natural gas sector would be subject to all of the requirements in 2030.

As the Proposed Federal Methane Regulations remain in draft form and their application may be subject to amendment, delay or the entering into of equivalency agreements between the federal and provincial governments, their ultimate impact on Paramount remains uncertain. See "*Risk Factors – Climate Change and GHG Emissions*".

***GHG Emissions Caps***

In November 2021, the federal government announced its intention to cap emissions from Canada's oil and natural gas sector and to require reductions in emissions from the sector to achieve net zero GHG emissions by 2050, with five-year targets set to achieve this goal commencing in 2025. In December 2023, the federal government released the *Regulatory Framework for an Oil and Gas Sector Greenhouse Gas Emissions Cap*. On November 4, 2024, the federal government announced the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations* (the "Proposed Emissions Cap Regulations").

The Proposed Emissions Cap Regulations would cap emissions from certain activities carried out in the oil and gas sector. The Proposed Emissions Cap Regulations would set the emissions cap for each year of the first compliance period (January 1, 2030 to December 31, 2032) at 27% below emissions levels reported for 2026. The emissions cap would remain at this level for subsequent compliance periods until regulatory amendments are made.

The obligations under the Proposed Emissions Cap Regulations would be at the "operator" level. Paramount would be considered to be an operator under the Proposed Emissions Cap Regulations.

Operators of all existing facilities would be required to register prior to January 1, 2026.

Operators would be required to report prescribed information regarding their GHG emissions. Operators would be required to submit their first reports on emissions by June 1, 2027 for the calendar year 2026. After first reporting, all operators would be required to continue to report for each calendar year in which GHGs are emitted as a result of an industrial activity that is carried out at their facility.

Beginning in 2029, emissions allowances (for 2030) would be distributed free of charge to operators, with the total number of allowances equal to the emissions cap. The distribution would occur annually and would be based on operators' historical production and the distribution rate for the applicable industrial activity, pro-rated such that the emissions cap is fully distributed each year.

Starting in 2030, operators would be prohibited from emitting any GHG from an industrial activity unless they remit sufficient eligible compliance units to cover their GHG emissions. In addition to emissions allowances, operators with remittance obligations would be able to remit a limited quantity of compliance flexibility units (eligible offset credits and decarbonization units).

Thirteen months after the end of each of the first and second years of each three-year compliance period, operators would have to remit emissions allowances or other eligible compliance units equal to 30% of the GHGs they emitted during those years (expressed as tonnes of CO2e). Thirteen months after the end of the third year, they would have to remit emissions allowances or other eligible compliance units for all of the GHGs that they emitted during the full three-year compliance period, net of what was remitted for the first and second years.

Public consultations with respect to the Proposed Emissions Cap Regulations closed on January 8, 2025 and final regulations have not been published as of the date of this annual information form. The form of the final regulations, the timing of their implementation, their constitutionality if implemented and their ultimate impact on Paramount remain uncertain. See "*Risk Factors – Climate Change and GHG Emissions*".

On March 14, 2023, British Columbia announced its intention to put an emissions cap in place for the oil and natural gas industry. On March 28, 2024, British Columbia further announced that it intended to implement a backstop to the proposed federal cap on emissions from the oil and gas sector. British Columbia indicated that it would introduce regulatory measures in 2025, to take effect in 2026. British Columbia has not published draft regulations respecting such a cap as at the date of this annual information form.

# ENVIRONMENT, HEALTH, SAFETY AND SUSTAINABILITY

## REGULATION

Paramount's operations are governed by environmental requirements under Canadian federal, provincial, territorial and municipal laws and regulations that, among other things, restrict and/or prohibit the release of emissions or pollutants, regulate the storage, handling, transportation and disposal of various substances produced or utilized in association with oil and natural gas industry operations, and require Paramount to remedy the effect of its activities on the environment at current and former operating sites (including through the proper abandonment and decommissioning of wells, pipelines and facilities and the remediation and reclamation of associated lands). Paramount is also required to comply with a wide range of regulatory requirements designed to ensure the health and safety of its workers and other stakeholders who may be impacted by its operations. See "*Risk Factors – Environmental, Health and Safety Laws and Regulations*".

## GOVERNANCE

Paramount's environmental, health and safety policies and programs are overseen by the Environmental, Health and Safety Committee of the Board of Directors. The members of the Environmental, Health and Safety Committee are Dirk Jungé (Chairman), Keith MacLeod and Jill McAuley. The duties and responsibilities of the Environmental, Health and Safety Committee include:

- reviewing and monitoring the environmental, health and safety policies and activities of Paramount on behalf of the Board of Directors and recommending actions for further developing policies, programs and procedures;

- reviewing and monitoring on behalf of the Board of Directors the policies and activities of the Company relating to sustainability and to the identification and management of climate-related risks and opportunities;

- reviewing with management any material environmental, health and safety issues that have arisen in the course of the Company's operations; and

- reviewing and reporting to the Board of Directors on the sufficiency of the resources available to fulfill the environmental, health and safety responsibilities of the Company.

The Environmental, Health and Safety Committee meets at least semi-annually each year and receives reports from management with respect to the above matters and, in particular, relative to Paramount's compliance with health, safety and environmental laws and regulations and the Company's management of its ongoing abandonment, reclamation, remediation and similar obligations. The written charter of the Environmental, Health and Safety Committee is available on the Company's website at www.paramountres.com.

Paramount has formed an ESG Committee comprised of a multidisciplinary team of senior officers and subject matter experts from across the Company. The ESG Committee 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.

## ESG REPORTING

The Environmental, Health and Safety Committee reviews Paramount's approach to ESG reporting and is mandated to review any ESG report prior to issuance. Paramount published its 2024 ESG report in December 2024.

## POLICIES AND PROCEDURES

### *Corporate*

Paramount's Health, Safety and Environment Policy (the "HSE Policy") sets out the Company'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 Company's website at www.paramountres.com.

The Paramount Operations Excellence Management System ("POEMS") provides the framework pursuant to which the Company 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 the Company'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 Paramount. 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 Paramount's 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.

### *Safe Work Practices*

Paramount has adopted comprehensive written safe work practices applicable to all employees, contractors and visiting personnel working on Paramount premises and work sites, including practices respecting training and orientation, sour gas handling, the use of personal protective equipment, the assessment, elimination and control of hazards, noise exposure, wildlife awareness, handling of hazardous materials, fire prevention and control and vehicle operation. In addition, Paramount maintains a written safe work practice that establishes the authority and obligation of any individual to suspend a work task or group operation when the control of health, safety and environmental risk is not clearly established or understood.

### *Emergency Response*

Paramount maintains corporate and property specific emergency response plans. In addition, all new drilling and construction projects are accompanied by site specific emergency response plans. The Company maintains a designated emergency support team and conducts regular field and tabletop emergency response exercises. After-action reviews are conducted following incidents and exercises to determine any required modifications to emergency response plans and preparedness.

### *Spill Management and Control*

Paramount has adopted written spill management and control practices applicable to all employees, contractors and visiting personnel working on Paramount premises and work sites. The purpose of the practices is to reduce the number and potential impacts of spills on the environment through the implementation of spill prevention, initial spill reporting, timely response and long-term management.

### *Incident Response*

Paramount maintains policies, practices and procedures respecting environmental and safety incidents designed to ensure that: (i) incidents and near misses are registered in a standardized format and centralized location and are tracked from investigation until closure; (ii) standard incident investigation practices are in place and followed; (iii) the level of leadership involved in incident investigations, including external representation where appropriate, is assigned based on the actual and potential severity of the incident; (iv) incident investigation data is periodically reviewed to identify and address emerging trends and potential weaknesses; and (v) any required preventive and corrective actions are implemented and lessons learned are communicated throughout the organization.

### *Management of Contractors and Visiting Personnel*

Paramount's safe work practices and other relevant environmental, health and safety policies are expressly applicable to third-party contractors and visiting personnel working on Paramount premises and work sites. Paramount's safe work practice respecting orientation is designed to ensure that: (i) contractor staff at supervisory and management levels fully understand Paramount's polices, expectations and guidelines and individual responsibilities when on Paramount premises and work sites, (ii) contractors at all levels are orientated to site specific requirements prior to conducting work at a site, (iii) all workers and visitors are given a safety orientation; and (iv) the environmental, health and safety performance of contractors is monitored during the execution of their work. Paramount utilizes a third-party portal to register third-party contractors, confirm their regulatory status and validate that such contractors are compliant with permitting and insurance requirements. Paramount undertakes selective evaluations and audits of the environmental, health and safety management systems of contractors.

### *Asset Integrity*

Paramount utilizes its Paramount Enterprise Asset Management system to monitor, maintain and track its assets, and undertake preventive and predictive maintenance on safety critical equipment as part of the Company's overall risk management practices and processes. Paramount's Pipeline Integrity Management Program seeks to ensure the safe, environmentally responsible and reliable operation of Paramount's pipelines, in compliance with the requirements of provincial and federal regulations. Paramount's Pressure Equipment Integrity Management Program provides for the integrity management of pressure equipment and facilities owned and operated by the Company.

### *Greenhouse Gases and Air Quality*

Paramount tracks GHG emissions, flared and vented natural gas volumes and fugitive emissions and reports the data to the Environmental, Health and Safety Committee.

Paramount has a written environmental work practice respecting flaring, incinerating and venting designed to comply with provincial air quality requirements and a Fugitive Emissions Management Plan designed to detect, manage and reduce fugitive emissions. In 2024, the Company completed planned work under its Methane Reduction Retrofit Plan to reduce methane emissions by replacing, retrofitting or modifying high-vent pneumatic devices, chemical pumps, compressor seals, glycol dehydrators and other equipment.

Paramount has implemented an emission management database to aid in tracking and reporting air emissions to provincial and federal governments.

### *Water Management*

Paramount's Water Management personnel are responsible for developing short-term water management plans and long-term strategies to support Paramount's development plans. This includes identifying water sources and opportunities for reduced usage and recycling, acquiring necessary regulatory approvals, determining storage requirements, organizing and overseeing transportation and logistics and interacting with stakeholders. Paramount tracks water usage and reports usage data to the Environmental, Health and Safety Committee.

### *Waste Management*

Paramount has a written environmental work practice respecting waste management and control that applies to all Paramount employees, contractors and visiting personnel working on Paramount premises and work sites. The practice is designed to achieve compliance with applicable regulations respecting the tracking and handling of wastes, including practices aimed at ensuring that: (i) the waste is correctly characterized and classified; (ii) the capabilities and limitations of possible waste treatment and/or disposal facilities are known; (iii) appropriate waste documentation and manifesting is maintained; (iv) waste carriers and receivers are informed of the waste properties; and (v) requisite approvals and operations are in place for any on-site handling, treatment and disposal method.

## 2024 ABANDONMENT AND RECLAMATION ACTIVITIES

In 2024, Paramount spent $38.1 million on abandonment and reclamation activities. In the year, the Company abandoned 44 wells, decommissioned 123 pipeline segments and received 119 reclamation certificates.

## RISKS

Paramount is subject to numerous risks associated with environmental, health and safety matters, including those described under "*Risk Factors – Access to Water*", "*Risk Factors – Operating Risks and Insurance*", "*Risk Factors – Climate Change and GHG Emissions*", "*Risk Factors – Environmental, Health and Safety Laws and Regulations*" and "*Risk Factors – Hydraulic Fracturing*".

## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

The following information is provided for each director and executive officer of Paramount as at the date of this annual information form. Each director will serve until the next annual meeting of shareholders or until his or her respective successor is elected or appointed.

### DIRECTORS

| Name and Municipality of Residence | Director Since | Principal Occupation for Past Five Years |
|---|---|---|
| James H.T. Riddell (Chairman) (6)<br>Calgary, Alberta, Canada | 2000 | President and Chief Executive Officer of Paramount |
| James G.M. Bell (1) (2) (3) (7)<br>Calgary, Alberta, Canada | 2011 | Executive Vice President, Corporate and Chief Legal Officer of Dominion Lending Centres Inc., a TSX listed mortgage brokerage company, and various executive officer positions at that issuer and its predecessor prior thereto |
| Wilfred A. Gobert (1) (2) (3)<br>Calgary, Alberta, Canada | 2017 | Independent Businessman |
| Dirk Jungé (3) (4)<br>Bryn Athyn, Pennsylvania, United States | 2000 | Independent Businessman |
| Kim Lynch Proctor (2) (3) (5)<br>Calgary, Alberta, Canada | 2021 | Independent Businesswoman |
| Jill McAuley (3) (4) (5)<br>Calgary, Alberta, Canada | 2023 | Independent Businesswoman since 2022. Prior thereto, Senior Vice President of Deltastream Energy Corporation, a privately held energy producer |
| R. Keith MacLeod (Lead Director) (1) (3) (4) (5) (8)<br>Calgary, Alberta, Canada | 2017 | Independent Businessman |
| Susan L. Riddell Rose<br>Calgary, Alberta, Canada | 2000 | President and Chief Executive Officer of Rubellite Energy Corp., a TSX listed energy producer, and its predecessor companies |

(1) Member of the Compensation Committee.
(2) Member of the Audit Committee.
(3) Member of the Corporate Governance Committee.
(4) Member of the Environmental, Health and Safety Committee.
(5) Member of the Reserves Committee.
(6) Mr. Riddell was a director of Great Prairie Energy Services Inc. ("Great Prairie"), a public oil and gas company, within one year of 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.
(7) 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.
(8) Mr. MacLeod was a Director of Manitok Energy Inc., a public oil and gas company, within one year of it filing a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).

## EXECUTIVE OFFICERS

| Name and Municipality of Residence | Office | Principal Occupation for Past Five Years |
|---|---|---|
| James H.T. Riddell<br>Calgary, Alberta, Canada | President and Chief Executive Officer and Chairman | Executive officer of Paramount |
| Paul R. Kinvig<br>Calgary, Alberta, Canada | Chief Financial Officer | Executive officer of Paramount |
| Bernard K. Lee<br>Calgary, Alberta, Canada | Executive Vice President, Finance | Executive officer of Paramount |
| D. Blake Reid<br>Calgary, Alberta, Canada | Executive Vice President, Operations | Executive officer of Paramount |
| Rodrigo R. Sousa<br>Calgary, Alberta, Canada | Executive Vice President, Corporate Development and Planning | Executive officer of Paramount |
| Garth W.J. Stotts<br>Calgary, Alberta, Canada | Executive Vice President, Development and Reserves | Executive officer of Paramount |
| John B. Williams<br>Calgary, Alberta, Canada | Executive Vice President, Kaybob Region | Executive officer of Paramount |

As at December 31, 2024, the directors and executive officers of the Company as a group beneficially owned, controlled or directed, directly or indirectly, 53,227,139 Common Shares, representing approximately 36 percent of the 147,266,227 Common Shares outstanding at such date.

Potential conflicts of interest between the Company and directors or officers of the Company 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 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 Company’s Associated Party Transaction Policy requires that certain transactions involving directors, officers, significant shareholders and their family members be reviewed and approved by the independent members of the Corporate Governance Committee of the Board of Directors.

## EMPLOYEES

At December 31, 2024, Paramount had 286 head office employees and 180 field employees. In addition, Fox Drilling had 100 employees at December 31, 2024.

# AUDIT COMMITTEE INFORMATION

## AUDIT COMMITTEE CHARTER

The full text of the charter of the Audit Committee of the Board of Directors is included in Appendix C of this annual information form.

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of three members, all of whom are independent and financially literate. The relevant education and experience of each Audit Committee member is outlined below:

***Kim Lynch Proctor (Chair)***

Ms. Lynch Proctor has been a director of the Company since 2021. She is an independent businesswoman and an experienced lawyer, accountant and private equity executive with over 25 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 equity financing to private companies, a director of MEG Energy Corp., a TSX listed energy company, and a director of Freehold Royalties Ltd., a TSX listed energy royalty company. She also serves on the board of several non-profit organizations. Ms. Lynch Proctor obtained both a Bachelor of Commerce and a Bachelor of Laws degree from the University of Calgary, 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.

***James G. M. Bell***

Mr. Bell has been a director of the Company since 2011. Mr. Bell is currently Executive Vice President, Corporate and Chief Legal Officer of Dominion Lending Centres Inc., a TSX listed mortgage brokerage company, and served in various executive officer positions prior thereto, including President and Chief Executive Officer of its predecessor company Founders Advantage Capital Corp. 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 Partner at an international law firm until December 31, 2009. Mr. Bell graduated from the University of Saskatchewan with a Bachelor of Laws degree in 1999. He has completed the Canadian Securities Course and the Partners, Directors and Senior Officers course of the Canadian Securities Institute.

***Wilfred Gobert***

Mr. Gobert has been involved in the oil and gas industry in Calgary since 1976. Mr. Gobert worked with Peters & Co. Limited, a full service investment dealer, from 1979 until his retirement as Vice Chairman in 2006. 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.  Mr. Gobert is a Senior Fellow, Energy Studies, Centre for Energy Policy Studies with The Fraser Institute.

## PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted a policy with respect to the pre-approval of audit and permitted non-audit services to be provided by its independent auditor. Pursuant to the policy, the Audit Committee has identified certain services that have been granted pre-approval and which the independent auditors may provide.  The policy also establishes procedures by which permitted audit and permitted non-audit services proposed to be performed by the Company's independent auditors may be pre-approved.

The Audit Committee has delegated authority to the Chair of the Audit Committee to pre-approve permitted audit and permitted non-audit services to be provided by the independent auditor that have not otherwise been pre-approved by the full Audit Committee, including the fees and terms of the proposed services. All pre-approvals granted pursuant to this delegated authority must be presented by the Chair of the Audit Committee to the full Audit Committee at its next meeting.

All fees payable in connection with services provided by the independent auditor must be pre-approved by either the full Audit Committee or the Chair of the Audit Committee pursuant to the Chair's delegated authority.

## EXTERNAL AUDITOR SERVICE FEES

The following table provides information about the fees billed to the Company for professional services rendered by Ernst & Young LLP in respect of the financial years ended December 31, 2024 and December 31, 2023:

| ($ thousands) | 2024 | 2023 |
|---|---|---|
| Audit Fees (1) | 364 | 337 |
| Audit-Related Fees (2) | 6 | - |
| Tax Fees (3) | 230 | - |
| All Other Fees (4) | 13 | 11 |
| Total | 613 | 348 |

(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 professional services rendered by the Company's auditors for tax compliance services.
(4) Represents the aggregate fees billed for products and services provided by the Company's auditors other than those services reported under "Audit Fees", "Audit Related Fees" and "Tax Fees".

## CAPITAL STRUCTURE

The Company's authorized share capital as of the date hereof consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series.

The holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors. The holders of Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company. Holders of Common Shares are entitled to one vote in respect of each Common Share held at all meetings of the shareholders of the Company (except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series at such meeting) provided that if the Company fails to pay the full amount of any dividend declared by the Board of Directors on the Common Shares on the date specified for payment of such dividend, then, for so long as any dividends remain in arrears on the Common Shares, the holders of Common Shares shall be entitled to two votes in respect of each Common Share held at all meetings of the shareholders of the Company. In the event of liquidation, dissolution or winding up of the Company or other distributions of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Common Shares will be entitled, subject to preferences accorded to holders of any class or series of preferred shares, to participate ratably in any distribution of the assets of the Company. As of December 31, 2024, 147,266,227 Common Shares were issued and outstanding.

Preferred shares are non-voting and may be issued in one or more series. The Board of Directors may determine the designation, rights, privileges, restrictions and conditions attached to each series of preferred shares before the issue of such series. As of December 31, 2024, no preferred shares were issued and outstanding.

## MARKET FOR SECURITIES

Paramount's Common Shares are listed on the TSX under the trading symbol "POU". The following table outlines the trading price range and volume of the Common Shares traded by month in 2024.

| | Price Range ($ per share) | | |
|---|---|---|---|
| 2024 | High | Low | Trading Volume |
| January | 27.18 | 24.75 | 4,094,141 |
| February | 30.07 | 24.59 | 4,833,648 |
| March | 31.54 | 26.14 | 6,643,245 |
| April | 32.40 | 27.29 | 6,518,690 |
| May | 33.06 | 30.15 | 4,350,317 |
| June | 32.91 | 29.95 | 4,315,051 |
| July | 32.04 | 28.61 | 4,094,339 |
| August | 30.14 | 26.36 | 4,999,665 |
| September | 27.78 | 24.51 | 8,004,724 |
| October | 28.67 | 25.92 | 10,017,166 |
| November | 32.23 | 25.90 | 13,413,565 |
| December | 31.94 | 28.86 | 10,054,618 |

## DIVIDENDS

Paramount commenced the payment of a regular monthly cash dividend of $0.02 per Common Share in July 2021. The regular monthly dividend was raised to $0.06 per Common Share in November 2021, $0.08 per Common Share in March 2022, $0.10 per Common Share in May 2022, $0.125 per Common Share in November 2022 and $0.15 per Common Share in May 2024. The Company paid a special cash dividend of $1.00 per Common Share in January 2023.

The Company used a portion of the proceeds of the Grande Prairie Disposition to pay a special cash distribution of $15.00 per Common Share on February 14, 2025, comprised of a $12.00 return of capital and a $3.00 special dividend. The regular monthly dividend was adjusted following the closing of the Grande Prairie Disposition to $0.05 per Common Share commencing in February 2025.

The table below outlines the dividends per Common Share paid in the last three completed fiscal years.

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| January | $0.125 | $1.125 | $0.06 |
| February | $0.125 | $0.125 | $0.06 |
| March | $0.125 | $0.125 | $0.08 |
| April | $0.125 | $0.125 | $0.08 |
| May | $0.15 | $0.125 | $0.10 |
| June | $0.15 | $0.125 | $0.10 |
| July | $0.15 | $0.125 | $0.10 |
| August | $0.15 | $0.125 | $0.10 |
| September | $0.15 | $0.125 | $0.10 |
| October | $0.15 | $0.125 | $0.10 |
| November | $0.15 | $0.125 | $0.125 |
| December | $0.15 | $0.125 | $0.125 |
| Total | $1.70 | $2.50 | $1.13 |

The amount and timing of any future dividends or distributions will be subject to the discretion of the Board of Directors and may vary depending on a number of factors and conditions, including changes to free cash flow, operating results, capital requirements, financial position, market conditions or corporate strategy. There are no assurances as to the continuing declaration and payment of any future dividends or distributions or the amount or timing of any such dividends or distributions. The payment of any dividends or distributions is subject to the satisfaction of solvency tests imposed by the ABCA. In addition, the Credit Facility contains a covenant requiring prior lender consent for the payment of dividends and other distributions if the "Senior Secured Debt" to "Consolidated EBITDA" ratio is greater than 2.50 to 1.00 pro forma the payment of the distribution. Further, until the Company achieves average quarterly production of at least 55,000 Boe/d for two consecutive fiscal quarters, prior lender consent is required for distributions other than: (i) any regular monthly dividend approved by the Board of Directors or (ii) any repurchase by the Company of its Common Shares pursuant to a normal course issuer bid. The 2024 Financial Statements and MD&A, which can be found under the Company's profile on SEDAR+ at www.sedarplus.ca, contain a description of the definitions of Senior Secured Debt, Consolidated EBITDA and Special Distribution. See also "*Risk Factors – Dividends and Distributions*".

# LEGAL PROCEEDINGS

The Company is involved in various legal proceedings arising in the normal course of business, both as a plaintiff and defendant. Paramount does not anticipate that these proceedings will have a material impact on the Company's financial position. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty. See "*Risk Factors – Litigation*".

# RISK FACTORS

**Investors should carefully consider the risk factors set out below and consider all other information contained herein and in Paramount's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with Paramount's business and the oil and natural gas business generally.**

## TARIFFS AND OTHER TRADE ACTIONS

On February 1, 2025, the United States announced that it was imposing import tariffs on goods from certain major trading partners effective February 4, 2025. With respect to Canada, these consisted of a 25% tariff on Canadian-origin imports other than energy products and a 10% tariff on energy products (including crude oil, natural gas, lease condensates, natural gas liquids, refined petroleum products, uranium, coal, biofuels, geothermal heat, the kinetic movement of flowing water and critical minerals). In response, Canada announced its intention to implement retaliatory tariffs of 25% on imports of certain products of the United States. On February 3, 2025, the United States and Canada agreed to delay the imposition of the tariffs and retaliatory tariffs for a period of 30 days. On March 4, 2025, the 25% tariff imposed by the United States on Canadian-origin imports other than energy products and the 10% tariff on energy products came into effect. Also on March 4, 2025, retaliatory tariffs of 25% on imports of certain products of the United States worth approximately $30 billion per annum were imposed by Canada with further retaliatory tariffs of 25% to be imposed on an additional $125 billion per annum of products of the United States to become effective on March 25, 2025.

On February 4, 2025 the United States imposed a 10% tariff against Chinese goods. On March 4, 2025, the United States doubled the tariff to 20%. China has announced retaliatory tariffs against certain products of the United States and other trade actions in response to each announcement of tariffs against it.

An additional tariff of 25% on global imports of aluminum and steel has been announced by the United States to become effective March 12, 2025.

Risks exist as of the date of this annual information form that: (i) the tariffs and retaliatory tariffs imposed to date will remain in place for an extended period; (ii) additional tariffs and retaliatory tariffs will be implemented between the United States and Canada or between the United States and other nations; (iii) other actions will be taken to restrict or tax the trade of goods between the United States and Canada or between the United States and other nations; and/or (iv) action will be taken to amend or terminate existing trade agreements, including the United States-Mexico-Canada Agreement. Trade restrictions might include limits on the amount or type of energy products that may be exported from Canada to the United States.

The extent and/or duration of any tariffs, export restrictions, export taxes or other trade actions that have been implemented or may be implemented remains uncertain, but they may: (i) materially adversely affect the prices received by Paramount for its products, (ii) decrease the available markets for the Company's products, (iii) require reductions in production, (iv) increase the cost of the goods purchased by Paramount,

(v) disrupt the supply chains on which the Company's operations are dependent, (vi) result in the termination or suspension of marketing or transportation contracts and (vii) increase volatility in exchange rates or interest rates or result in adverse changes in exchange rates or interest rates. In addition, any prolonged and broad-based tariffs, export restrictions, export taxes or other trade actions would be expected to have a substantial negative impact on overall economic activity and the financial markets in general. Any of these potential circumstances or impacts may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The existence of the conditions described above increases the Company's exposure to the risks described in the Risk Factors section under "*Volatility of NGLs, Natural Gas and Oil Prices and Price Differentials*", "*Uncertainty as to Costs*", "*Availability of Equipment, Materials and Services*", "*Market Price of Common Shares*", "*Investment Risk*" and "*Hedging, Interest Rates and Foreign Currency Exchange Rates*".

**VOLATILITY OF NGLS, NATURAL GAS AND OIL PRICES AND PRICE DIFFERENTIALS**

Paramount's financial performance and condition are highly dependent on the prices received by it for NGLs, natural gas and oil and declines in such prices may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Any substantial and extended decline in the price of NGLs, natural gas and oil would have an adverse effect on the Company's revenues, profitability, cash flows and borrowing capacity. The economics of producing from some wells may change because of lower prices, which could result in reduced production of NGLs, natural gas or oil and a reduction in the volumes and the value of the Company's reserves, which in turn could require a write down of the carrying value of the Company's assets on its balance sheet and the recognition of an impairment charge in its income statement.

Prices for NGLs, natural gas and oil are volatile and affected by factors outside of Paramount's control. These include, but are not limited to:

- international and domestic supply and demand;
- tariffs and other trade actions or restrictions;
- the actions of the Organization of Petroleum Exporting Countries ("OPEC") and other major exporters;
- world economic conditions, including the prevailing rate of economic growth and activity;
- interest rates, the rate of inflation and foreign currency exchange rates;
- transportation and infrastructure constraints;
- storage levels of NGLs, natural gas and oil and their by-products;
- government regulation and policy, including determinations to release or add to strategic oil reserves and government ordered production curtailments;
- geopolitical tension and hostilities, including the conflicts in Ukraine and the Middle East;
- the imposition of international sanctions;
- speculative positioning;

- the price of foreign imports;
- the availability and pricing of alternate fuel sources and energy supplies; and
- weather conditions.

In addition, condensate is purchased for blending with bitumen and heavy oil as a diluent and technological developments that reduce the demand for condensate as a diluent may adversely impact the prices the Company receives for the condensate it produces. In the longer term, prices for fossil fuels could be impacted by global climate change initiatives that have the stated goal of transitioning the world to a low or no carbon energy system.

Canadian producers of NGLs, natural gas and oil currently receive discounted prices for their production relative to certain international prices due to constraints on their ability to access international markets arising from the lack of transportation capacity and the absence of material liquified natural gas export infrastructure. The magnitude of these discounts is highly variable. Canadian producers will continue to be subject to discounted commodity prices to the extent these constraints remain. In addition, the prices individual producers, including Paramount, receive could be subject to additional discounts as a result of various factors, including location, quality, regional supply and demand and regional infrastructure capacity and transportation constraints.

NGLs, natural gas and oil prices and the discounts against international prices received by Canadian producers may remain volatile due to a number of factors, including global economic conditions and uncertainty as to rates of economic growth, potential tariffs and other trade actions or restrictions, market uncertainty over supply and demand, regulatory and political uncertainty, growth of production in the United States and other countries, the actions of OPEC and other major exporters, sanctions imposed on certain energy producing nations by other countries (including on Russia in connection with the conflict in Ukraine) and uncertainty respecting the progress of major pipeline and infrastructure projects. Volatility in NGLs, natural gas and oil prices makes it difficult to estimate the value of producing properties for acquisitions and may cause disruption in the markets for NGLs, natural gas and oil producing properties if buyers and sellers have difficulty determining price. Price volatility may also make it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

**ACCESS TO NECESSARY INFRASTRUCTURE AND INFRASTRUCTURE COMMITMENTS**

Paramount's ability to produce and sell its NGLs, natural gas and oil requires it to have access to both Company and third-party infrastructure, including gathering systems, compression and dehydration facilities, processing facilities, pipelines and NGLs fractionation facilities.

Paramount relies on certain key facilities to be able to process its production. Unexpected outages at, or unexpected constraints on the availability of, facilities, gathering systems and pipelines will adversely impact Paramount's production and cash flow and may, depending on duration and severity, have a material adverse effect on Paramount's business, financial condition and results of operations.

The costs and timing of constructing, expanding and maintaining facilities, pipelines and other infrastructure (including third-party facilities, pipelines and other infrastructure) are often uncertain. Construction projects may experience unexpected cost increases, overruns and delays as a result of numerous factors, including, but not limited to, tariffs and other trade actions or restrictions, labour shortages, increased labour costs, higher costs of inputs, weather conditions, required compliance with laws and regulations, the ability to obtain stakeholder support and regulatory approvals and shortages or delays in the delivery of equipment and services. Unexpected delays in constructing or expanding facilities, pipelines and other infrastructure, including at Paramount's Willesden Green property where the construction of a significant additional natural gas processing facility is underway, can result in material revisions to reserves, development plans and operating and financial forecasts and have a material adverse effect on Paramount's business, financial condition, results of operations and cash flows.

There is also the risk that facilities, pipelines and other infrastructure may not operate as designed or at expected capacity levels and that actual operating and other costs are materially higher than estimated due to maintenance issues or for other reasons. In addition, there is a risk that commodities delivered to processing facilities may not meet the specifications of the facility, that processing facilities may be unable to produce products that meet the specification requirements of pipelines or interconnected facilities or that there is a limited or no market for products produced. Maintenance of, or repairs to, Company and third-party facilities, pipelines and other infrastructure (as well as apportionments and other capacity constraints) may result in unbudgeted or unexpected costs and lower production and cash flow.

Paramount has entered into, or enters into from time to time, firm-service processing, transportation and NGLs fractionation commitments that cover or may cover a substantial portion of its production. If Paramount is unable to meet its obligations under these firm-service agreements, it will be required to pay for the unutilized capacity thereunder and may be exposed to other liabilities or consequences, including the claw-back of firm-service volumes. To the extent Paramount does not either currently, or in the future, have sufficient Company-owned or firm-service capacity in place, it will have to attempt to rely on interruptible capacity on third-party infrastructure (and/or in the case of insufficient liquids transportation capacity, trucking or rail options). There is no guarantee that such interruptible capacity, or other liquids transportation options, will be available or, if they are, that they can be obtained or utilized at a reasonable cost. For additional information, see "*Other Oil and Gas Information*".

**UNCERTAINTY AS TO COSTS**

Paramount has experienced instances of inflationary cost pressures across its operations in recent years. These pressures may re-emerge and the Company's actual capital costs, operating costs and economic returns may differ significantly from those it has anticipated.

The cost of drilling, completing and operating wells is often uncertain. The Company may experience unexpected cost increases, overruns, delays or cancellations of projects as a result of numerous factors, many of which are beyond its control, including, but not limited to, tariffs and other trade actions or restrictions, increased labour costs, higher costs of inputs, technical complexities, weather conditions, required compliance with laws and regulations, the need to obtain stakeholder support and approvals and shortages or delays in the delivery of equipment, materials and services.

If the Company's actual costs are higher than its current estimates this may adversely affect the Company's financial position, results of operations and cash flows and may require it to revise forecasts of planned capital expenditures.

**AVAILABILITY OF EQUIPMENT, MATERIALS AND SERVICES**

The Company's operations and exploration and development plans are dependent on the availability of equipment and materials for the drilling, completion and operation of wells and the construction and operation of facilities, pipelines and infrastructure. Certain of the equipment and materials required by the Company is highly specialized or can only be sourced from a limited number of suppliers or with significant lead times between order and delivery. Shortages of necessary equipment and materials or delays in the delivery of necessary equipment and materials may arise as a result of supply chain disruptions or constraints (including in connection with general economic conditions or the imposition of international sanctions or trade restrictions), industry competition and other factors.

The Company's operations and exploration and development plans are also dependent on the availability of essential services from third parties, including the providers of drilling and service rigs, hydraulic fracturing equipment and engineering, construction and environmental services. Shortages of such services may arise as a result of industry competition, lack of specialized equipment, lack of skilled labour and other factors.

An inability to secure necessary equipment, materials or services on a timely basis and at expected prices may result in changes to, or the delay of, planned operations, activities and capital expenditures and may adversely affect the Company's business, financial position, results of operations and cash flows.

**ACCESS TO WATER**

The Company relies on government licenses to obtain the quantities of water required for certain of its operations. There can be no assurance that such licenses to withdraw or divert water will not be suspended, rescinded or adversely amended or, even if licenses are in place, that there will be sufficient water available to withdraw or divert. New projects or the expansion of existing projects may be dependent on securing licenses for additional water withdrawal, and there can be no assurance that these licenses will be granted on terms favourable to the Company, or at all. The Company's inability to obtain water or secure water licenses in the future or any suspension, recission or amendment to its licenses may materially disrupt its business, including by delaying the drilling and completion of new wells, and have a material adverse effect on its results of operations, financial position and cash flows.

**OPERATING RISKS AND INSURANCE**

There are many operating hazards in exploring for, developing and producing NGLs, natural gas and oil, including, but not limited to, unexpected formations, blowouts, accidents, equipment failures (including computer hardware and software systems), spills, releases, pipeline failures, environmental damage or other unexpected or dangerous conditions that could result in damage to Paramount, injury or death (including to employees, contractors or third parties), damage to equipment and facilities, suspension or revocation of regulatory approvals, environmental contamination, potential liability to third-parties (including government bodies), lost or delayed production and lost revenue and/or profit. Similar operating hazards and the potential for loss to Paramount, including lost or delayed production and lost revenue and/or profit, exist with respect to gathering systems, equipment, facilities and pipelines owned or operated by third parties and utilized or relied upon by Paramount.

Weather events pose a physical risk to Paramount's assets and operations and those of third-parties upon which it relies, including processors, transporters and suppliers of power and other goods and services. Paramount's wells, facilities, pipelines and infrastructure and the facilities, pipelines and infrastructure of third-parties upon which it relies are generally located in forested areas and are, accordingly, susceptible to damage, loss or prolonged service interruption due to wildfires. Some of these facilities, pipelines and infrastructure, including Company and third-party owned facilities, pipelines and other infrastructure in the Central Alberta and Other Region and the Kaybob Region, are critical to sustaining and growing significant portions of Paramount's production. Wildfires can result in physical loss or damage to wells, facilities, pipelines and other infrastructure, prolonged disruption in the ability to access properties, interruption of electrical and other services and significant delays or changes to planned development activities and facilities maintenance. These, in turn, could have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

The Company has historically maintained insurance against some, but not all, of its business risks. For risks that are insured, the Company's insurance may not be adequate to cover all losses or liabilities it may suffer or coverage may be denied altogether in certain circumstances. Also, insurance may no longer be available to the Company or, if it is, its availability may be at premium levels or subject to deductibles and other conditions that do not justify its purchase. The costs of maintaining insurance may increase, which may adversely affect Paramount's financial position. The Company may not be able to secure additional insurance or bonding that might be required by governmental regulations that may be introduced in the future. This may cause the Company to restrict its operations, which might adversely impact its financial position. The Company may also be liable for environmental damage or claims caused by previous owners of properties purchased by the Company that is not covered by insurance. There may be significant delays between the occurrence of an insured loss and the recovery of insurance proceeds. The occurrence of a significant uninsured loss, a loss in excess of the insurance coverage limits maintained by the Company or a loss at a time when the Company is not able to obtain insurance could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

**REPLACEMENT OF RESERVES**

Paramount's future success depends upon its ability to successfully find and develop NGLs, natural gas and oil reserves that are economically recoverable. If Paramount is unable to add reserves, the Company's business will be adversely affected because it will eventually deplete its reserves.

There is a risk that Paramount's exploration activities will not encounter commercially productive reservoirs, that Paramount will not recover all or any portion of its investment, and that Paramount's reserves, revenues and cash flows will decline. Paramount cannot provide any assurances that it will be able to find and develop additional reserves at an acceptable cost or at all.

The successful development of natural gas and oil properties requires an assessment of recoverable reserves, future NGLs, natural gas and oil prices, operating and capital costs, potential environmental and other liabilities, the ability to obtain stakeholder support and regulatory approvals and the expected productivity of future wells. These assessments are inexact and, if actual results differ materially from these assessments, the Company may not recover the purchase price or development costs of a property.

**CLIMATE CHANGE AND GHG EMISSIONS**

Paramount faces direct and indirect risks from climate change that may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. These risks include the impact of regulations aimed at reducing the emission of GHGs, increased carbon taxes, the potential for reduced future demand for NGLs, natural gas and oil, the potential for a shift of investment capital away from NGLs, natural gas and oil producers, physical risks to Paramount's assets and operations from extreme weather events and changes in precipitation patterns, litigation and reduced public support for pipelines and other infrastructure projects.

As discussed under "*Industry Conditions - Greenhouse Gas Emissions*", the Company is subject to current provincial and federal regulations aimed at taxing and reducing emissions of GHGs. Provincial and federal laws and regulations respecting GHG emissions, carbon pricing and carbon credits continue to evolve and there is a risk that additional laws and regulations will be implemented in the future that have a material adverse impact on Paramount's business, assets, financial condition and results of operations. In particular, the federal government has announced the Proposed Federal Methane Regulations and the

Proposed Emissions Cap Regulations. The final nature and timing of implementation of these regulations, their constitutionality if implemented and their ultimate impact on Paramount and the Canadian energy sector remain highly uncertain. These regulations, once finalized and implemented, may materially adversely affect the Company's business, assets, financial condition and results of operations by, among other things, restricting the scope and nature of development activities, increasing capital and operating costs, increasing competition for required equipment and technologies, reducing the global competitiveness of Canada's energy sector and subjecting the Company to increased regulatory compliance costs.

Global efforts to reduce GHG emissions through the adoption of energy sources that are alternatives to NGLs, natural gas and oil or through the imposition of restrictions or standards designed to curb the consumption of NGLs, natural gas and oil may reduce the demand for these products and adversely impact the prices received by producers, including Paramount. In addition, technological disruption, such as an increased adoption rate of electric vehicles, may adversely impact the demand for NGLs, natural gas and oil.

Uncertainty among investors as to the impact of climate change and efforts to reduce emissions of GHGs on the regulatory, financial and operating conditions applicable to producers of NGLs, natural gas and oil, combined with the decision of some institutional investors to limit or divest investments in carbon intensive industries, may shift investment capital away from such producers and adversely impact the price of the Common Shares and the ability of Paramount to raise additional capital, if required, to fund its activities and operations. In addition, providers of credit and insurance to producers of NGLs, natural gas and oil may determine to reduce or discontinue their involvement in carbon intensive industries and this may materially adversely affect Paramount by limiting the availability of credit or insurance or increasing the cost thereof.

Weather events pose a physical risk to Paramount's assets and operations and those third-parties upon which it relies, including processors, transporters and suppliers of power. Depending on location, wells, facilities, pipelines and other infrastructure may be susceptible to damage, loss or prolonged service interruption due to extreme weather events, including wildfires or flooding. Extreme weather events may adversely impact drilling, service and maintenance operations necessary to sustain and grow production and avoid facility downtime. To the extent that climate change may contribute to an increase in the frequency or severity of extreme weather events in the areas in which Paramount operates, the Company will face additional risk. See "*Risk Factors – Operating Risks and Insurance*".

Paramount requires reliable sources of water for many of its drilling and completion operations. To the extent that climate change may contribute to changes in precipitation patterns in the areas in which Paramount operates, the availability of water sources may be impacted. Such impact may occur directly through prolonged drought or indirectly through additional regulatory restrictions on surface and groundwater diversion and usage. See "*Risk Factors – Access to Water*".

Certain municipalities and advocacy groups are pursuing class actions against oil and natural gas producers seeking to make such producers liable for climate change related harms. See "*Risk Factors – Litigation*".

A negative perception of the oil and natural gas industry due to climate change could reduce public support for oil and gas activities and major infrastructure projects such as pipelines and liquified natural gas export facilities, make it more difficult for Paramount to attract employees and investors and influence governments to implement more restrictive measures.

## DIVIDENDS AND OTHER DISTRIBUTIONS

The amount and timing of any future dividends or other distributions with respect to the Common Shares will be subject to the discretion of the Board of Directors. Furthermore, the future treatment of dividends or other distributions for tax purposes will be subject to the nature and composition of the dividends or other distributions that may be paid by the Company and potential legislative and regulatory changes.

There are risks that may result in the Company changing, suspending or discontinuing dividend payments, including changes to free cash flow, operating results, capital requirements, financial position, market conditions or corporate strategy and the need to comply with requirements under the Credit Facility and applicable laws respecting the declaration and payment of dividends and other distributions. There are no assurances as to the continuing declaration and payment of any future dividends or other distributions or the amount or timing of any such dividends or other distributions.

The market value of the Common Shares may be materially and adversely impacted if dividends are reduced or suspended.

## HEDGING, INTEREST RATES AND FOREIGN CURRENCY EXCHANGE RATES

The nature of Paramount's operations and capital structure exposes it to risks from fluctuations in commodity prices, foreign currency exchange rates and interest rates. Paramount monitors and, from time to time, utilizes derivative and/or physical forward delivery contracts to manage its exposure to these risks. Paramount could be required to make cash payments to settle outstanding contracts or lose the cost of derivative premiums paid. In addition, contracts with a fixed or ceiling price or rate could result in Paramount not receiving the full benefit of commodity price increases, changes in the value of the Canadian dollar or changes in interest rates. Paramount may suffer financial loss if it is unable to produce sufficient NGLs, natural gas or oil to fulfill its obligations under commodity hedging arrangements, and may be required to pay royalties based on a market or reference price that is higher than the fixed or ceiling price under such arrangements. Paramount may also suffer financial loss if its hedging arrangements do not effectively mitigate price risk for a particular product, including in cases where key factors impacting final pricing received, such as prevailing differentials and exchange rates, have not been hedged in conjunction with the hedging of a reference price. Paramount may also be required to pay margin calls under, or amounts to settle, derivative contracts. In addition, Paramount may be exposed to credit related losses in the event of non-performance by a counterparty to a derivative contract.

Changes in commodity prices and changes in the US$/CDN$ dollar exchange rate can have a material impact on the Company's revenues. Changes in market interest rates can have a material impact on interest expense related to any floating rate debt and the market value of any fixed rate debt outstanding from time to time. Changes in the US$/CDN$ dollar exchange rate may also impact the Company's Canadian dollar equivalent interest costs related to any US$ denominated debt outstanding from time to time and the principal amount of such debt, which may have a material impact on the Company's debt service costs and the cost of repaying principal amounts.

## CREDIT FACILITY AND INDEBTEDNESS

Paramount may borrow amounts under the Credit Facility from time to time, including to fund its exploration, development and other operations or to fund acquisitions. Circumstances may arise where the amounts available under the Credit Facility may not be sufficient to fund the Company's activities and operations and the Company may not be able to obtain additional financing on favourable terms or at all. There is a risk that the Credit Facility or other borrowing arrangements of the Company will not, on maturity, be renewed for the same amount, on the same terms or at all and this may restrict the Company's liquidity.

The Credit Facility is a covenant-based facility that includes certain financial ratio tests. These financial ratio tests may, from time to time, either affect the availability, or price, of additional funding and in the event that the Company does not comply with these ratio tests, the Company's access to capital could be restricted or repayment could be required.

Events beyond the Company's control may contribute to the failure of the Company to comply with the covenants under the Credit Facility. A failure to comply with covenants under the Credit Facility could result in an event of default under the Credit Facility, which could result in the Company being required to repay amounts owing thereunder.

The acceleration of the Company's indebtedness under one agreement may permit acceleration of indebtedness under other agreements, including the Credit Facility, that contain cross default or cross-acceleration provisions.

The Credit Facility imposes certain operating and financial restrictions and requirements on the Company, including, but not limited to, restrictions or requirements with respect to the payment of dividends or other distributions, hedging, repurchases or redemptions of securities, the incurring or repayment of indebtedness, the making of investments, the provision of guarantees, the assumption of loans, the entering into of amalgamations, mergers, take-over bids and the completion of acquisitions or dispositions. See "*Dividends*" for a description of the restrictions on the payment of dividends and other distributions contained in the Credit Facility.

If the Company's lenders require repayment of all or a portion of any amounts that may be outstanding under the Credit Facility for any reason, including for an event of default, there is no certainty that the Company would be in a position to make such repayment. Even if the Company was able to obtain new financing in order to make any required repayment under the Credit Facility, it may not be on commercially reasonable terms or terms that are acceptable to the Company. If the Company was unable to repay amounts owing under the Credit Facility, the lenders under the Credit Facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Paramount’s level of indebtedness from time to time under the Credit Facility, or any other credit arrangement that may be entered into, may adversely affect the Company’s operations by increasing the amount of its cash flow that is required to service its indebtedness, reducing the Company’s competitiveness compared to similar companies with less debt, limiting its ability to obtain future financing and increasing its vulnerability to general adverse economic and industry conditions.

## MARKET PRICE OF COMMON SHARES

The trading price of Paramount’s Common Shares, and other securities of the Company outstanding from time to time, have experienced significant historical volatility and the prices of such securities could be subject to significant volatility in the future. Market price fluctuations in Paramount’s securities may occur due to factors both related and unrelated to the Company, including but not limited to the Company’s operating and financial results, the Company’s financial condition, the Company’s business prospects, the Company’s results failing to meet forecasts or the expectations of analysts or investors, downward revisions in analysts’ estimates, governmental regulatory action, tariffs or other trade restrictions or actions, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, macroeconomic developments, domestic and global commodity prices, current perceptions of the oil and natural gas industry and other factors.

## INVESTMENT RISK

Paramount holds investments in the shares of both public and private companies. Any adverse change in the financial position, business or operations of the companies in which Paramount holds an investment may have a material adverse effect on the value of such investments. There is no assurance as to the ability of Paramount to sell these investments or the price it would receive if and when it determines to sell such investments. Decreases in the value of Paramount's investments or the inability to sell investments could have a material adverse effect on the Company, including its financial condition and liquidity.

## INDUSTRY COMPETITION

The oil and natural gas industry is highly competitive. Paramount competes with other industry participants in searching for, acquiring and developing reserves and prospective properties, processing, transporting and marketing products and accessing sources of capital. Producers compete to develop technological advancements to enhance well productivity and reduce costs. Paramount also competes with other employers for qualified and experienced personnel. Other oil and gas companies may have greater financial, technical and human resources than Paramount that give them a competitive advantage over the Company in these areas. In addition, there has recently been increased consolidation in the Canadian upstream energy industry in order for companies to, among other things, achieve economies of scale and synergies, lower their cost of capital and strengthen their operational position. This could result in increased competition to Paramount from these entities.

## ACCESS TO CAPITAL AND FUNDING OF EXPENDITURES

Paramount may not be able to obtain, through its operations or through financings, credit facilities, asset dispositions or other means, on terms acceptable to Paramount or at all, the funds required for its activities and operations. Any future equity financing may be on terms that are dilutive to existing shareholders. If Paramount was unable to access sufficient capital, it could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, in recent years certain investors have stopped or reduced their investments in the Canadian energy industry or only invested in companies that satisfy their green, renewable energy, sustainability or ESG criteria. This may result in a reduction in, and an increased cost of, capital for Canadian upstream energy companies like Paramount and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

## GOVERNMENT REGULATION AND TAXES

Paramount's operations are governed by numerous laws and regulations at the municipal, provincial, territorial and federal levels. These laws and regulations cover a wide range of matters including, without limitation, taxes (including income taxes), royalties, land tenure, drilling practices and obligations, production rates, the development, decommissioning and abandonment of oil and natural gas fields, the export of petroleum and natural gas, climate change and environmental protection. Governments may order the curtailment or restriction of production of NGLs, natural gas or oil and any such curtailments or restrictions may limit the Company's production of such commodities or the demand for certain of its products, including condensate for use as a diluent for bitumen.

Regulatory approval processes often involve numerous stakeholders including First Nations and Métis communities (who must be consulted with respect to potential impacts on treaty or other actual or asserted rights) and other resource and surface rights holders. Changes to, or the failure to comply with, laws and regulations, potential regulatory and court interventions by stakeholders and delays in obtaining regulatory approvals could have a material adverse effect on the Company.

Paramount's producing properties are located on the traditional territories of certain First Nations communities (as recognized under Treaty 6, 7 or 8) or on lands where Métis communities have asserted traditional use rights. As discussed under "*Industry Conditions – Indigenous Rights*", the ultimate impact of agreements and claims concerning the cumulative effects of development on treaty rights and other Indigenous rights remains uncertain. Such agreements and claims may result in required regulatory approvals being delayed or denied, which could have a material adverse effect on the Company.

As discussed under "*Industry Conditions – Indigenous Rights*", the means and timing of the implementation of the UNDRIP principles by the federal and British Columbia governments, and the ultimate impact of implementation on regulatory approval processes and requirements, remains uncertain. Such implementation may result in required regulatory approvals being delayed or denied, which could have a material adverse effect on the Company.

Challenges to regulatory applications to build pipelines and other infrastructure to provide additional access to markets for the oil and natural gas industry in Western Canada and uncertainty respecting the application of recently enacted or proposed regulations, may lead to downward price pressure on NGLs, natural gas and oil produced in Western Canada. This could have a material adverse effect on the Company, including on its business, assets, financial condition, results of operations and ability to raise additional capital.

Laws and regulations governing Paramount and its operations, including those related to taxes and royalties, may be changed in the future or interpreted in a manner that could have a material adverse affect on the Company's business, financial condition, results of operations and cash flows.

Paramount's income tax and royalty filings are subject to subsequent audit and potential reassessment by government entities. The reassessment of filings could result, among other things, in additional obligations for income tax and royalties and interest and penalties thereon which could have a material adverse effect on the Company, including its financial condition, liquidity and results of operations.

## ENVIRONMENTAL, HEALTH AND SAFETY LAWS AND REGULATIONS

Paramount's operations are subject to extensive federal, provincial, territorial and municipal laws and regulations that address environmental, health and safety matters relating to the exploration, development and production of NGLs, natural gas and oil, including the release of emissions or pollutants, the storage, handling, transportation and disposal of hazardous and other substances, the remediation of environmental damage, the protection of environmentally sensitive areas and of endangered and protected species and worker and operational safety. Compliance with these laws and regulations may impose substantial costs on Paramount and may subject Paramount to significant potential liabilities. Future changes in such legislation could result in stricter standards and enforcement, larger fines and increased costs of compliance, all of which could have a material adverse effect on Paramount's business, financial condition, results of operations and cash flows.

Environmental laws may require parties to undertake or pay for remedial action or to pay damages regardless of fault. Environmental laws may also impose liability with respect to previously divested or terminated operations, even if the operations were divested or terminated many years ago.

As described under "*Industry Conditions – Licensing and Liability Management*", the AER and BCER impose and administer eligibility requirements for prospective licensees or permit holders of wells, pipelines and facilities. These requirements may limit the number of potential buyers of oil and natural gas assets and, in turn, adversely affect the Company's ability to sell certain assets or the price it is able to obtain for assets it does sell. The application by the AER or BCER of requirements concerning the financial health and liabilities of licensees and permitholders may adversely affect the Company, including by requiring the Company to accelerate the pace of its spending on abandonment and reclamation activities, imposing significant security requirements in respect of (and other restrictions on) the Company's acquisition or retention of properties and the licensing of wells, pipelines and facilities, increasing the timelines required to obtain or transfer licenses or permits for wells, pipelines and facilities and/or further restricting the number of potential buyers of assets that the Company may wish to sell.

As described under "*Industry Conditions – Licensing and Liability Management*", Paramount is subject to regulations and directives of the AER and the BCER which require licensees of wells, pipelines and facilities to contribute to the Orphan Well Fund and the Orphan Site Reclamation Fund to fund the costs of suspending, abandoning, remediating and reclaiming wells, pipelines or other facilities when the licensees or permitholders thereof become defunct or insolvent. The amounts that Paramount is required to pay to the Orphan Well Fund and the Orphan Site Reclamation Fund are subject to change and there may be material increases in such payments from time to time.

Paramount's operations may result in spills, pipeline releases, or the discharge of hazardous materials which could result in the Company being subject to remediation and clean-up obligations and being exposed to potential liabilities for personal injuries and property and environmental claims. Environmental laws and standard contractual provisions in agreements for the acquisition of oil and natural gas properties may impose liability on Paramount for environmental damages caused by previous owners. The payment of these environmental obligations and liabilities could have a material adverse effect on Paramount's business, financial condition, results of operations and cash flows. In addition, the release of harmful substances into the environment or other environmental damage caused by Paramount's activities could result in the suspension or revocation of operating and environmental permits.

## DEPENDENCE ON SENIOR OFFICERS AND QUALIFIED PERSONNEL

Paramount is highly dependent on its Chairman and President and Chief Executive Officer. The loss of this officer, or other senior officers, could impede the achievement of Paramount's objectives and could adversely affect Paramount.

Oil and natural gas exploration and development activities depend upon the availability of qualified personnel. Shortages of qualified personnel may delay Paramount's exploration and development activities or increase the cost thereof.

## HYDRAULIC FRACTURING

The Company utilizes horizontal, multi-stage hydraulic fracturing, and other technologies in its drilling and completion activities. Public concern over hydraulic fracturing has focused on a number of issues, including the completion fluids used in the fracturing process and their potential effect on fresh water aquifers, the rate of fresh water usage, the disposal of completion fluids and produced water and the potential for fracturing and other operations to contribute to seismic events (particularly in proximity to existing faults).

Hydraulic fracturing in Western Canada is subject to extensive regulations, including with respect to water usage, the safe disposal of completion fluids and produced water and the assessment, monitoring and reporting of induced seismicity. Concerns about seismic activity, including earthquakes, caused by hydraulic fracturing and other operations have resulted in regulatory authorities implementing additional protocols for areas that are prone to seismic activity or completely banning hydraulic fracturing in other areas. Additional regulatory requirements and restrictions respecting hydraulic fracturing may be imposed by federal and provincial governments in the future, including restrictions such as moratoriums on hydraulic fracturing within specified areas or requirements mandating the use of recycled water, that may limit Paramount's ability to conduct, or increase the cost of, hydraulic fracturing operations. This may have a material adverse effect on Paramount's assets, operations and prospects.

**RESERVES ESTIMATES**

The reserves information contained herein and in the McDaniel Report are only estimates and the actual production and ultimate recovery of NGLs, natural gas and oil from the Company's properties may be greater or less than such estimates prepared by McDaniel.

Estimates of NGLs, natural gas and oil reserves require numerous assumptions including, but not limited to, the price at which such commodities can be sold, the costs of recovering, processing, transporting and selling such commodities, the availability of enhanced recovery techniques and governmental and other regulatory factors, such as royalty rates, taxes and environmental laws. A change in one or more of these factors, or other factors, could result in quantities of NGLs, natural gas or oil previously estimated as reserves becoming unrecoverable.

The McDaniel Report has been prepared using certain forecast commodity price assumptions as set out under "*Reserves Information – Summary of Pricing and Inflation Rate Assumptions*". If Paramount realizes lower prices for NGLs, natural gas or oil and they are substituted for the price assumptions utilized in the McDaniel Report, the present value of estimated future net revenues for the Company's reserves would be reduced and the reduction could be significant. A decline in the market price of NGLs, natural gas or oil to an amount that is less than the cost of recovering them at a particular location would make the production of the affected NGLs, natural gas or oil reserves commercially uneconomic.

The estimates contained herein and in the McDaniel Report are based in part on the timing and success of activities the Company intends to undertake in future years. The reserves and estimated future net revenues contained herein and in the McDaniel Report will be reduced in future years to the extent that such activities do not achieve the production performance set forth herein and in the McDaniel Report, do not occur or, other than in the case of abandonment and reclamation activities, occur later than assumed in the McDaniel Report.

In addition, if estimates of reserves and the anticipated future net revenues associated with them are prepared by different independent engineers, or by the same engineers at different times, the results may vary substantially.

Furthermore, under IFRS, Paramount could be required to write-down the carrying value of its oil and natural gas properties if future NGLs, natural gas or oil prices become depressed, if cost estimates increase or if there are substantial downward revisions to Paramount's quantities of reserves. A write-down would result in a charge to net income and a reduction of shareholders' equity. Write-downs may also be required to be reversed if there is an increase in future NGLs, natural gas or oil prices, if cost estimates decrease or if there are substantial upward revisions to Paramount's quantities of reserves.

**ABANDONMENT AND RECLAMATION COSTS**

Abandonment and Reclamation Costs are difficult to estimate reliably and actual costs may differ significantly from estimated costs. In addition, changes to environmental laws and regulations respecting the timing, nature and scope of required abandonment and reclamation activities may increase Abandonment and Reclamation Costs beyond initial estimates. The Company will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which will result in substantial Abandonment and Reclamation Costs and may require Paramount to post security to guarantee performance. Any failure to comply with the terms and conditions of the Company's approvals and legislation may result in the imposition of fines and penalties, which may be material, or suspensions or the revocation of the Company's approvals.

## SURFACE ACCESS

The exploration for and development of NGLs, natural gas and oil reserves requires ongoing access to sites where wells are to be drilled and produced, and where gathering systems, pipelines and other facilities and infrastructure are to be constructed and operated. In recent years, the regulatory process for obtaining surface access rights for Crown land has become increasingly complex and time consuming, particularly in environmentally sensitive areas and where stakeholder consultation (including with Indigenous groups) is required. In addition, surface access rights may be granted subject to conditions that restrict operations to prescribed areas or times of year for various environmental reasons (including the protection of wildlife and wildlife habitat). There is a risk that certain areas may be completely closed to oil and natural gas activity due to environmental concerns. Road bans are frequently imposed during the spring breakup period and at other times because of wet conditions, snow, mud and rock slides, floods, wildfires, wildlife migrations and other events, which can result in the Company being temporarily unable to access well sites and production facilities. If Paramount is unable to obtain required surface access rights on a timely basis, and on acceptable terms, or such access is restricted, interrupted or terminated, this could have a material adverse effect on the Company. See also "*Risk Factors – Government Regulation and Taxes*".

## INFORMATION TECHNOLOGY AND CYBERSECURITY

The Company's operations and activities are heavily reliant on the security, capacity and reliability of its information technology systems and those of third parties on which it relies. These systems are subject to a wide variety of risks and threats that may compromise their security, capacity and reliability, including those related to phishing, ransomware, cyberterrorism, viruses, information theft, hacking, unauthorized access, misuse by authorized users, advances in artificial intelligence, breakdown and financial fraud through spoofing or other electronic means.

While the Company invests in security systems and training aimed at preventing and detecting inappropriate or illegal access to or use of its systems and regularly reviews its policies, procedures and protocols for data and system integrity, there can be no assurance that critical information technology systems of the Company or third parties on which it relies will not be breached, compromised, misused or fail. Attacks on Paramount's systems or on systems of third parties on which it relies, the failure, compromise or non-availability of a key information technology system, a breach of security measures designed to protect Paramount's information technology systems or a successful attempt at financial fraud could result in: (i) significant financial loss, (ii) the theft, misuse, modification or destruction of critical data or information, including trade secrets, confidential business information or private data, (iii) disruptions and damage to various systems and equipment (which could potentially include wells, production facilities or pipelines), creating risks of production loss, environmental damage and personal injury, (iv) prolonged interruptions to operations and critical systems, including production and financial records and processes, (v) the expenditure of significant time and money to restore systems and data, and (vi) reputational damage. The materialization of any of these risks could have a material adverse effect on Paramount's business, financial condition, results of operations and cash flows.

## THIRD-PARTY CREDIT RISK AND RELIANCE ON THIRD-PARTIES

Paramount is exposed to third-party credit risk through its contractual arrangements, including with respect to agreements with marketers and purchasers of its NGLs, natural gas and oil production, agreements with current and future joint venture partners, hedging arrangements and investments of cash and cash equivalents. If any of these third parties fail to meet their contractual obligations to the Company, this could have a material adverse effect on the Company. In addition, poor credit conditions in the industry may affect a joint venture partner's willingness to participate in the Company's capital programs, potentially delaying such programs and impacting the results thereof.

Other companies may, from time to time, operate some of the assets in which Paramount has an interest. In such cases, the Company has limited ability to exercise influence over the operation of those assets, the timing of development activities or associated costs. Paramount's return on assets operated by others depends upon a number of factors that may be outside of its control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

## LITIGATION

In the normal course of Paramount's operations, the Company may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and other legal actions. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company, including its financial condition, liquidity and financial results. Even if Paramount prevails in any such legal proceedings, they could be costly and time-consuming and divert the attention of management and key personnel from the Company's core business operations.

## UNFORESEEN TITLE DEFECTS, EXPIRATION OF LICENSES AND LEASES, AND LAND CLAIMS

Unforeseen title defects may result in the loss of entitlement to production and reserves. The Company conducts title reviews in accordance with industry practice when it acquires oil and natural gas properties, however such reviews do not guarantee that an unforeseen defect in the chain of title will not arise and defeat the Company's title to the assets.

The Company's properties are held in the form of working interests in oil and natural gas licenses and leases. Failure to meet the rental, drilling and other requirements of such licenses or leases will result in their termination or expiry. To the extent Paramount fails, or is financially unable, to continue prospective oil and natural gas licenses this could have a material adverse effect on the Company.

Indigenous communities may assert rights over portions of Paramount's oil and natural gas properties. Accordingly, consultation with such groups is required in connection with Paramount's exploration and development activities on such properties, and in certain cases accommodations may be required for infringements of these rights. In addition, there are outstanding claims to Indigenous rights and title affecting areas in northeast British Columbia and the Northwest Territories where certain of Paramount's properties are located. If these claims are successful, it is possible that Paramount's interests in these properties could be adversely affected. See also "*Risk Factors – Government Regulation and Taxes*".

### EPIDEMICS AND PANDEMICS

The outbreak of an epidemic or pandemic may result in adverse pricing conditions for commodities, supply chain disruptions, inflation, increased volatility in financial markets and foreign currency exchange rates, labour shortages, the imposition of health restrictions or guidelines adversely affecting the ability of Paramount or third parties to conduct operations and/or an overall slowdown or disruption of national and global economies. These, in turn, could have a material adverse impact on Paramount's business, financial condition, results of operations and cash flows.

### THEFT, VANDALISM AND TERRORISM

Oil and natural gas industry participants, including Paramount, are a potential target for thieves, vandals and terrorists. The possibility that the Company's or third-party systems, facilities or infrastructure may be direct targets of, or indirect casualties of, acts of theft, vandalism or terrorism and the implementation of security measures as a precaution against such attacks may result in increased cost to the Company. If any of the Company's systems, properties, wells, facilities or infrastructure or those of third parties that the Company relies upon are the subject of a serious act of theft, vandalism or terrorism, it may have a material adverse effect on the Company.

### CREDIT RATINGS

Paramount, and any debt it may issue, may be rated from time to time by various credit rating agencies and there is a risk that credit ratings may be downgraded. There is no assurance that the Company will continue to maintain any credit rating. Credit ratings may affect the Company's ability to gain access to debt financing and the price of such financing. In addition, Paramount's credit ratings may be important to customers or counterparties when Paramount seeks to engage in certain transactions.

## TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Odyssey Trust Company at its principal offices in Calgary, Alberta and Toronto, Ontario.

## INTEREST OF EXPERTS

The Company's auditors are Ernst & Young LLP, Chartered Professional Accountants, Suite 2200, 215 – 2nd Street S.W., Calgary, Alberta, T2P 1M4. Ernst & Young LLP is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Information relating to Paramount's reserves in this annual information form was prepared by McDaniel as an independent qualified reserves evaluator. The principals of McDaniel own beneficially, directly or indirectly, less than one percent of any class of Paramount's securities.

## ADDITIONAL INFORMATION

Additional information relating to Paramount is available on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration, principal holders of Paramount's securities, and options to purchase securities, is included in the information circular for Paramount's most recent annual meeting of shareholders that involves the election of directors. Additional financial information is contained in the 2024 Financial Statements and MD&A.

## APPENDIX A
## REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Paramount Resources Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2024. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2024 estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved + probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2024, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

| Independent Qualified Reserves Evaluator | Effective Date of Evaluation Report | Location of Reserves | Net Present Value of Future Net Revenue - $M (before income taxes, 10% discount rate) | | | |
|---|---|---|---|---|---|---|
| | | | Audited | Evaluated | Reviewed | Total |
| McDaniel | December 31, 2024 | Canada | - | 7,703,477 | - | 7,703,477 |

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

**MCDANIEL & ASSOCIATES CONSULTANTS LTD.**

/s/ Brian R. Hamm, P. Eng
President & CEO

Calgary, Alberta, Canada
March 4, 2025

# APPENDIX B
## REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of Paramount Resources Ltd. (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing the reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

/s/ James H.T. Riddell
President and Chief Executive Officer

/s/ Paul R. Kinvig
Chief Financial Officer

/s/ R. Keith MacLeod
Director

/s/ Kim Lynch Proctor
Director

March 4, 2025

**APPENDIX C**
**AUDIT COMMITTEE CHARTER**

(Adopted by the Board of Directors on May 19, 2005 with revisions to and including March 5, 2024)

## A. PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to ensure that management of Paramount Resources Ltd. (the "Corporation") has designed and implemented an effective system of internal financial controls and disclosure controls and procedures, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

## B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the "Board") of the Corporation, all of whom shall be "independent", as that term is defined in Sections 1.4 and 1.5 of National Instrument 52-110, Audit Committees.

2. All of the members of the Committee shall be "financially literate" (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of those of the Corporation and that can be reasonably expected to be raised by the Corporation's financial statements).

3. The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their members.

5. The Corporate Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.

6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

7. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

8. Meetings of the Committee shall be conducted as follows:

   (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors, the Chief Executive Officer or any member of the Committee may request a meeting of the Committee;

   (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;

   (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

President and Chief Executive Officer
Chief Financial Officer
Controller
Corporate Secretary

(d) other management representatives shall be invited to attend as necessary or desirable

(e) as necessary or desirable but in any case at least quarterly, the Committee will meet with members of management and representatives of the external auditors, in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately; and

(f) the Committee shall meet in camera, without management, during or after any Committee meeting.

9. The external auditors shall report directly to the Committee and the external auditors and internal auditors (if any) shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee of the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

10. The Committee may retain, at the Corporation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties and may set and pay the compensation for any advisor engaged. The Committee will notify the Chairman of the Corporate Governance Committee whenever independent consultants are engaged.

## C. ROLES AND RESPONSIBILITIES

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

(a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and management's discussion and analysis;

(b) to establish and maintain a direct line of communication with the Corporation's internal (if any) and external auditors and assess their performance;

(c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls and disclosure controls and procedures;

(d) to periodically review the audit and non-audit services pre-approval policy and recommend to the Board any changes which the Committee deems appropriate;

(e) to periodically consider whether there is a need to outsource internal audit functions or create an internal audit department;

(f) to receive and review complaints received pursuant to the Corporation's Whistleblower Policy and oversee and provide direction on the investigation and resolution of such concerns and to periodically review the said policy and recommend to the Board changes which the Committee may deem appropriate;

(g) to report regularly to the Board on the fulfillment of its duties and responsibilities;

(h) to identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation; and

(i) review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

(a) to be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

(b) to recommend to the Board a firm of external auditors to be nominated for appointment by the shareholders of the Corporation, and to monitor and verify the independence of such external auditors;

(c) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

(d) review the audit plan of the external auditors prior to the commencement of the audit;

(e) to review with the external auditors, upon completion of their audit:

(I) contents of their report;

(II) scope and quality of the audit work performed;

(III) adequacy of the Corporation's financial and auditing personnel;

(IV) co-operation received from the Corporation's personnel during the audit;

(V) internal resources used;

(VI) significant transactions outside of the normal business of the Corporation;

(VII) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and

(VIII) the non-audit services provided by the external auditors, as pre-approved pursuant to the audit and non-audit services pre-approval policy;

(f) to discuss with the external auditors the quality and not just the acceptability of the Corporation’s accounting principles;

(g) to review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

(h) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

   (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;

   (b) review compliance under the Corporation's Code of Business Conduct Policy with those matters addressed in the policy which affect the financial integrity of the Corporation and to periodically review this policy and recommend to the Board changes which the Committee may deem appropriate; and

   (c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff or by the external auditors have been implemented.

4. The Committee is also charged with the responsibility to:

   (a) review and recommend to the Board for its approval, the Corporation's and its subsidiaries, partnerships and joint venturers, as applicable, annual financial statements, management's discussion and analysis, annual information form and annual earnings press releases before the Corporation publicly discloses this information;

   (b) review and approve the Corporation's and its subsidiaries, partnerships and joint venturers, as applicable, interim financial statements, interim management's discussion and analysis including the impact of unusual items and changes in accounting principles and estimates and report to the Board in due course with respect thereto and to review and approve the Corporation's interim earnings press releases before the Corporation publicly discloses this information;

   (c) review and approve the financial sections of:

      (I) the annual report to shareholders;

      (II) the annual information form;

      (III) prospectuses;

      (IV) other public reports requiring approval by the Board; and

      (V) press releases related thereto,

      and report to the Board with respect thereto;

   (d) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

   (e) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

   (f) review and report on the integrity of the Corporation's consolidated financial statements;

   (g) review the minutes of any audit committee meeting of any subsidiary of the Corporation;

(h) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

(i) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;

(j) review the Corporation's programs and risk management strategies related to cybersecurity matters; and

(k) develop a calendar of activities to be undertaken by the Committee for each ensuing year related to the Committee's duties and responsibilities as set forth in this Charter and to submit the calendar in the appropriate format to the Board within a reasonable period of time following each annual general meeting of shareholders.

## D. ANNUAL REVIEW AND ASSESSMENT

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