**Third Quarter 2024 Results**

# Paramount Resources Ltd. Announces Third Quarter 2024 Results

### Calgary, Alberta – November 7, 2024

Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) is pleased to announce its third quarter 2024 financial and operating results.

## HIGHLIGHTS

- Third quarter sales volumes averaged 94,892 Boe/d (48% liquids). [1]
  - Grande Prairie Region sales volumes averaged 67,635 Boe/d (50% liquids). The planned turnaround at the Wapiti natural gas processing plant (the "Wapiti Plant") and related full Wapiti production outage commenced in mid-September, five days earlier than expected. Prior to the turnaround, Wapiti sales volumes reached over 35,000 Boe/d as two new Montney pads were brought on production.
  - Kaybob Region sales volumes averaged 20,894 Boe/d (41% liquids).
  - Central Alberta and Other Region sales volumes averaged 6,363 Boe/d (53% liquids).
  - 5,600 Boe/d of dry natural gas production was shut-in for the quarter due to low natural gas prices.
- Cash from operating activities was $206 million ($1.40 per basic share) in the third quarter. Adjusted funds flow was $201 million ($1.37 per basic share). Free cash flow was ($26) million (($0.18) per basic share). [2]
- Third quarter capital expenditures totaled $217 million. Significant activities included:
  - Grande Prairie Region (Montney) – eight (8.0 net) wells drilled, nineteen (19.0 net) wells brought on production and the successful completion of the new compressor node at Wapiti that was brought onstream in the third quarter, which will support development of the western portion of the field;
  - Kaybob Region (Duvernay) – three (3.0 net) wells drilled; and

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(1) In this press release, "natural gas" refers to shale gas and conventional natural gas combined, "condensate and oil" refers to condensate, light and medium crude oil, tight oil and heavy crude oil combined, "Other NGLs" refers to ethane, propane and butane and "liquids" refers to condensate and oil and Other NGLs combined. See the "Product Type Information" section for a complete breakdown of sales volumes for applicable periods by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil. See also "Oil and Gas Measures and Definitions" in the Advisories section.

(2) Adjusted funds flow and free cash flow are capital management measures used by Paramount. Cash from operating activities per basic share, adjusted funds flow per basic share and free cash flow per basic share are supplementary financial measures. Refer to the "Specified Financial Measures" section for more information on these measures.

- Central Alberta and Other Region (Duvernay) – three (3.0 net) wells brought on production and the ongoing construction of the Company's second operated natural gas processing plant at Willesden Green (the "Alhambra Plant").

- Paramount has recently spud the first of two horizontal appraisal wells at its Sinclair property, where the Company has approximately 107,000 net acres prospective for high-rate gas production from the Montney formation.
- Asset retirement obligations settled in the third quarter totaled $7 million.
- The carrying value of the Company's investments in securities at September 30, 2024 was $482 million. (1)
- At September 30, 2024, net debt was $129 million. (2)

## UPDATED 2024 GUIDANCE

Third quarter sales volumes averaged 94,892 Boe/d (48% liquids), below prior guidance of between 96,000 Boe/d to 104,000 Boe/d (49% liquids). In addition to the impact from the early start of the Wapiti Plant turnaround, the Company's third quarter sales volumes were affected by numerous curtailments due to high ambient temperatures throughout the summer, unplanned outages at several minor infrastructure sites and the continuing shut-in of dry natural gas production.

Paramount is updating its fourth quarter 2024 sales volumes guidance to a range of 102,000 Boe/d to 109,000 Boe/d (49% liquids). The Company has deferred bringing approximately 4,200 Boe/d of dry natural gas production onstream in the fourth quarter. In addition, fourth quarter sales volumes were impacted by approximately 5,000 Boe/d due to the Wapiti Plant turnaround extending for the equivalent of 6 full days longer than expected in October as well as other disruptions in the month. Annual sales volumes would average 100,000 Boe/d at the upper end of the forecast range of fourth quarter 2024 sales volumes.

With the Wapiti Plant turnaround complete and subsequent disruptions resolved, Grande Prairie Region sales volumes have averaged over 80,000 Boe/d and total Company sales volumes have averaged over 110,000 Boe/d since late-October.

The Company is reaffirming its 2024 guidance for capital expenditures and abandonment and reclamation expenditures.

Paramount is updating its forecast of 2024 free cash flow from $100 million to $10 million to reflect results from the first three quarters, revised fourth quarter forecast production and a lower forecast WTI price of US$70/Bbl (previously US$80/Bbl).

| | Prior 2024 Guidance | Revised 2024 Guidance |
|---|---|---|
| Fourth quarter average sales volumes (Boe/d) | 109,000 to 121,000 (48% liquids) | 102,000 to 109,000 (49% liquids) |
| Capital expenditures | $830 to $890 million | No change |
| Sustaining and maintenance | $415 to $445 million | |
| Growth | $415 to $445 million | |
| Abandonment and reclamation expenditures | $40 million | No change |
| Free cash flow (3) | $100 million | $10 million |

(1) Investments in publicly traded securities are carried at their September 30, 2024 closing trading price.
(2) Net (cash) debt is a capital management measure used by Paramount. This capital management measure has been expressed as net debt in this instance for simplicity as the amount referenced is a positive number. Refer to the "Specified Financial Measures" section for more information on this measure.
(3) Free cash flow is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section for more information on this measure. The stated free cash flow forecast is based on the following assumptions for 2024: (i) the midpoint of stated capital expenditures, (ii) the midpoint of fourth quarter sales volumes, (iii) $40 million in abandonment and reclamation costs, (iv) $10 million in geological and geophysical expenses, (v) realized pricing of $48.50/Boe, (vi) a $US/$CAD exchange rate of $0.735, (vii) royalties of $6.25/Boe, (viii) operating costs of $13.30/Boe and (ix) transportation and NGLs processing costs of $3.50/Boe. The stated amounts have been adjusted to incorporate actual results for the first three quarters of 2024.

## NOVEMBER DIVIDEND

Paramount's Board of Directors has declared a cash dividend of $0.15 per class A common share that will be payable on November 29, 2024 to shareholders of record on November 15, 2024. The dividend will be designated as an "eligible dividend" for Canadian income tax purposes.

## REVIEW OF OPERATIONS

### GRANDE PRAIRIE REGION

Sales volumes and netbacks in the Grande Prairie Region are summarized below:

| | **Q3 2024** | | Q2 2024 | | % Change |
|---|---|---|---|---|---|
| **Sales Volumes** | | | | | |
| Natural gas (MMcf/d) | **203.2** | | 187.3 | | *8* |
| Condensate and oil (Bbl/d) | **29,047** | | 28,083 | | *3* |
| Other NGLs (Bbl/d) | **4,723** | | 4,179 | | *13* |
| **Total (Boe/d)** | **67,635** | | 63,480 | | *7* |
| ***% liquids*** | ***50%*** | | *51%* | | |
| **Netback** (1) | ($ millions) | *($/Boe)* | ($ millions) | *($/Boe)* | *Change in $ millions (%)* |
| Natural gas revenue (2) | **25.9** | ***1.38*** | 28.5 | *1.67* | *(9)* |
| Condensate and oil revenue | **257.4** | ***96.33*** | 264.9 | *103.63* | *(3)* |
| Other NGLs revenue | **16.1** | ***37.09*** | 12.8 | *33.77* | *26* |
| Petroleum and natural gas sales | **299.4** | ***48.12*** | 306.2 | *53.01* | *(2)* |
| Royalties | **(39.9)** | ***(6.40)*** | (56.9) | *(9.86)* | *(30)* |
| Operating expense | **(83.4)** | ***(13.41)*** | (82.6) | *(14.29)* | *1* |
| Transportation and NGLs processing | **(24.8)** | ***(3.99)*** | (21.9) | *(3.80)* | *13* |
| | **151.3** | ***24.32*** | 144.8 | *25.06* | *4* |

(1) "Netback" is a Non-GAAP financial measure. When presented on a $/Boe or $/Mcf basis, each of the components of Netback is a supplementary financial measure and Netback is a non-GAAP ratio. Refer to the "Specified Financial Measures" section for more information on these measures.
(2) Per unit natural gas revenue presented as $/Mcf.

Third quarter 2024 sales volumes in the Grande Prairie Region averaged 67,635 Boe/d (50% liquids) compared to 63,480 Boe/d (51% liquids) in the second quarter. Sales volumes were higher quarter-over-quarter as a result of new well production from 19 (19.0 net) new Montney wells that were brought onstream. The scheduled turnaround of the Wapiti Plant, which began five days earlier than expected, resulted in the shutdown of production from the Wapiti field for the equivalent of 15 full days in the third quarter, impacting average third quarter sales volumes by approximately 5,400 Boe/d. Unplanned maintenance at another third-party processing facility and high ambient temperatures also reduced sales volumes in the quarter. Paramount's aggressive well optimization program initiated in March 2024 is now substantially complete.

The Wapiti Plant turnaround continued into October. In total, the Wapiti Plant turnaround resulted in the shutdown of production from the Wapiti field for the equivalent of 32 full days, 11 more than originally expected.

Initial production from a new 4 (4.0 net) well Montney pad that was brought onstream at Karr in the quarter is in line with expectations, averaging gross 30-day peak production per well of 1,347 Boe/d (2.4 MMcf/d of shale gas and 953 Bbl/d of NGLs) with an average CGR of 403 Bbl/MMcf. [(1)]

Initial production results from a new 7 (7.0 net) well Montney pad that was brought onstream in the western portion of the Wapiti field in the quarter are encouraging despite the wells being heavily choked to manage temporary facilities constraints. The wells averaged gross 30-day peak production per well of 1,120 Boe/d (4.8 MMcf/d of shale gas and 314 Bbl/d of NGLs) with an average CGR of 65 Bbl/MMcf. [(2)]

Third quarter development activities in the Grande Prairie Region included the drilling of 8 (8.0 net) Montney wells, the completion of 16 (16.0 net) Montney wells and the bringing onstream of 19 (19.0 net) Montney wells. The Company also brought a new compressor node onstream to service the western portion of the Wapiti field.

Paramount plans to drill a total of seven (7.0 net) Montney wells and bring on production a total of eight (8.0 net) Montney wells in the Grande Prairie Region in the fourth quarter of 2024.

The Company has spud the first of two appraisal wells to be drilled in 2024 at Sinclair. Paramount will use the flow test and other data obtained from these wells to continue to advance its development plans for the property, which have included the securing of downstream transportation capacity that would enable the first phase of Sinclair production to commence as early as the fourth quarter of 2027. The Sinclair property is prospective for high-rate gas production from the Montney formation.

## KAYBOB REGION

Kaybob Region sales volumes averaged 20,894 Boe/d (41% liquids) in the third quarter of 2024 compared to 23,946 Boe/d (41% liquids) in the second quarter. Sales volumes were lower quarter-over-quarter as a result of natural declines and the previously disclosed shut-in of dry gas production that occurred in mid-June. New well production from 5 (5.0 net) new Duvernay wells that came onstream in May partially offset the decreases.

Development activities in the third quarter included the drilling of three (3.0 net) Duvernay wells at Kaybob North. Paramount plans to drill an additional two (2.0 net) Duvernay wells and bring on production six (6.0 net) Duvernay wells at Kaybob North in the fourth quarter of 2024.

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(1) 30-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 30-day period, excluding days when the well did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. CGR means condensate to gas ratio and is calculated by dividing raw wellhead liquids volumes by raw wellhead natural gas volumes. See "Oil and Gas Measures and Definitions" in the Advisories section. Natural gas sales volumes were lower by approximately 11% and liquids sales volumes were lower by approximately 8% due to shrinkage. In addition, certain liquids entrained in the natural gas stream are only recovered once processed and therefore final sales volumes cannot be imputed from wellhead volumes and shrinkage estimates alone.

(2) 30-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 30-day period, excluding days when the well did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. CGR means condensate to gas ratio and is calculated by dividing raw wellhead liquids volumes by raw wellhead natural gas volumes. See "Oil and Gas Measures and Definitions" in the Advisories section. Natural gas sales volumes were lower by approximately 10% and liquids sales volumes were lower by approximately 2% due to shrinkage. In addition, certain liquids entrained in the natural gas stream are only recovered once processed and therefore final sales volumes cannot be imputed from wellhead volumes and shrinkage estimates alone.

## CENTRAL ALBERTA AND OTHER REGION

Central Alberta and Other Region sales volumes averaged 6,363 Boe/d (53% liquids) in the third quarter of 2024 compared to 8,183 Boe/d (49% liquids) in the second quarter. Third quarter sales volumes were lower quarter-over-quarter as a result of natural declines, a planned outage at the Company's Leafland facility and the shut-in of certain wells to allow for completion activities on offsetting wells.

Initial production from the three new Duvernay wells that were brought onstream in the quarter is in line with expectations, averaging gross 30-day peak production per well of 1,254 Boe/d (2.3 MMcf/d of shale gas and 865 Bbl/d of NGLs) with an average CGR of 371 Bbl/MMcf. (1)

In addition to the completion and tie-in of the three new Duvernay wells, development activities in the third quarter of 2024 included the ongoing construction of the Alhambra Plant at Willesden Green. The Alhambra Plant will add approximately 18,000 Boe/d of raw handling capacity (comprised of 50 MMcf/d or raw gas handling and 10,000 Bbl/d of raw liquids handling).

The Company has initiated its drilling program that will provide production to the first phase of the Alhambra Plant. Paramount plans to drill five (5.0 net) wells in the fourth quarter of 2024 and complete and tie-in those wells in advance of the planned fourth quarter 2025 start-up of the Alhambra Plant.

# HEDGING

The Company's current commodity and foreign exchange contracts are summarized below:

| | Q4 2024 | 2025 | Average Price (1) |
|---|---|---|---|
| **Oil** | | | |
| NYMEX WTI Swaps (Sale) (Bbl/d) | 5,000 | 5,000 | C$105.00/Bbl |
| **Natural gas** | | | |
| AECO – Basis (Physical Sale) (MMBtu/d) | 13,478 | – | NYMEX less US$0.93/MMBtu (2) |
| Malin / Citygate Basis Swap (Sale) (MMBtu/d) | 10,000 | 10,000 | Citygate less US$1.03/MMBtu (3) |
| **Foreign Currency Exchange** | | | |
| Swaps (Sale) (US$ million / month) | $30 | – | 1.3462 C$ / US$ |

(1) Average price is calculated using a weighted average of notional volumes and prices.
(2) "NYMEX" means NYMEX pricing at Henry Hub. The contract has a notional volume of 40,000 MMBtu/d for the final period of the term, October 2024.
(3) "Malin" refers to Pacific Gas & Electric at Malin and "Citygate" refers to Pacific Gas & Electric Citygate. The remaining term of this contract is October 2024 to October 2027.

(1) 30-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 30-day period, excluding days when the well did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. CGR means condensate to gas ratio and is calculated by dividing raw wellhead liquids volumes by raw wellhead natural gas volumes. See "Oil and Gas Measures and Definitions" in the Advisories section. Natural gas sales volumes were lower by approximately 13% and liquids sales volumes were lower by approximately 7% due to shrinkage. In addition, certain liquids entrained in the natural gas stream are only recovered once processed and therefore final sales volumes cannot be imputed from wellhead volumes and shrinkage estimates alone.

## ABOUT PARAMOUNT

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

Paramount's third quarter 2024 results, including Management's Discussion and Analysis and the Company's Interim Consolidated Financial Statements, can be obtained on SEDAR+ at www.sedarplus.ca or on Paramount's website at www.paramountres.com/investors/financial-shareholder-reports.

A summary of historical financial and operating results is also available on Paramount's website at www.paramountres.com/investors/financial-shareholder-reports.

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## FINANCIAL AND OPERATING RESULTS [1]

| ($ millions, except as noted) | Q3 2024 | | Q2 2024 | | Q3 2023 | |
|---|---|---|---|---|---|---|
| **Net income** | 95.8 | | 84.5 | | 87.2 | |
| *per share – basic ($/share)* | *0.65* | | *0.58* | | *0.61* | |
| *per share – diluted ($/share)* | *0.64* | | *0.57* | | *0.59* | |
| **Cash from operating activities** | 205.7 | | 220.5 | | 207.6 | |
| *per share – basic ($/share)* | *1.40* | | *1.51* | | *1.45* | |
| *per share – diluted ($/share)* | *1.38* | | *1.47* | | *1.40* | |
| **Adjusted funds flow** | 200.7 | | 266.2 | | 234.2 | |
| *per share – basic ($/share)* | *1.37* | | *1.82* | | *1.64* | |
| *per share – diluted ($/share)* | *1.34* | | *1.78* | | *1.58* | |
| **Free cash flow** | (26.3) | | 20.3 | | 18.5 | |
| *per share – basic ($/share)* | *(0.18)* | | *0.14* | | *0.13* | |
| *per share – diluted ($/share)* | *(0.18)* | | *0.14* | | *0.12* | |
| **Total assets** | 4,544.1 | | 4,589.2 | | 4,305.1 | |
| **Investments in securities** | 482.2 | | 579.5 | | 577.5 | |
| **Long-term debt** | 44.0 | | – | | – | |
| **Net (cash) debt** | 128.8 | | 29.3 | | 44.4 | |
| **Common shares outstanding** *(millions)* [2] | 146.5 | | 146.7 | | 143.4 | |
| **Sales volumes** [3] | | | | | | |
| Natural gas (MMcf/d) | 294.5 | | 296.8 | | 323.1 | |
| Condensate and oil (Bbl/d) | 38,770 | | 39,206 | | 38,161 | |
| Other NGLs (Bbl/d) | 7,045 | | 6,928 | | 6,627 | |
| **Total (Boe/d)** | 94,892 | | 95,609 | | 98,644 | |
| *% liquids* | *48%* | | *48%* | | *45%* | |
| Grande Prairie Region (Boe/d) | 67,635 | | 63,480 | | 74,381 | |
| Kaybob Region (Boe/d) | 20,894 | | 23,946 | | 17,027 | |
| Central Alberta & Other Region (Boe/d) | 6,363 | | 8,183 | | 7,236 | |
| **Total (Boe/d)** | 94,892 | | 95,609 | | 98,644 | |
| **Netback** | | *($/Boe)* [4] | | *($/Boe)* [4] | | *($/Boe)* [4] |
| Natural gas revenue | 37.2 | *1.37* | 45.6 | *1.69* | 79.3 | *2.67* |
| Condensate and oil revenue | 342.9 | *96.15* | 367.7 | *103.07* | 362.9 | *103.36* |
| Other NGLs revenue | 23.5 | *36.25* | 20.8 | *33.07* | 20.5 | *33.64* |
| Royalty income and other revenue [5] | 1.2 | – | 9.5 | – | 1.1 | – |
| **Petroleum and natural gas sales** | 404.8 | *46.37* | 443.6 | *50.99* | 463.8 | *51.11* |
| Royalties | (46.4) | *(5.31)* | (66.1) | *(7.60)* | (75.2) | *(8.28)* |
| Operating expense | (116.3) | *(13.33)* | (115.7) | *(13.29)* | (113.9) | *(12.55)* |
| Transportation and NGLs processing | (34.2) | *(3.92)* | (31.3) | *(3.60)* | (31.2) | *(3.44)* |
| Sales of commodities purchased [6] | 79.6 | *9.11* | 84.4 | *9.70* | 42.1 | *4.64* |
| Commodities purchased [6] | (78.5) | *(9.00)* | (82.4) | *(9.47)* | (39.2) | *(4.32)* |
| **Netback** | 209.0 | *23.92* | 232.5 | *26.73* | 246.4 | *27.16* |
| Risk management contract settlements | 2.0 | *0.23* | 36.4 | *4.18* | 0.2 | *0.02* |
| **Netback including risk management contract settlements** | 211.0 | *24.15* | 268.9 | *30.91* | 246.6 | *27.18* |
| **Capital expenditures** | | | | | | |
| Grande Prairie Region | 84.6 | | 154.8 | | 117.6 | |
| Kaybob Region | 56.5 | | 40.9 | | 41.4 | |
| Central Alberta & Other Region | 73.0 | | 45.9 | | 35.5 | |
| Fox Drilling and Cavalier Energy | 2.7 | | 0.7 | | 4.9 | |
| Corporate [7] | (0.1) | | (1.5) | | (0.5) | |
| **Total** | 216.7 | | 240.8 | | 198.9 | |
| **Asset retirement obligations settled** | 7.4 | | 2.3 | | 14.0 | |

(1) Adjusted funds flow, free cash flow and net (cash) debt are capital management measures used by Paramount. Netback and netback including risk management contract settlements are non-GAAP financial measures. Netback and Netback including risk management contract settlements presented on a $/Boe or $/Mcf basis are non-GAAP ratios. Each measure, other than net income, that is presented on a per share, $/Mcf or $/Boe basis is a supplementary financial measure. Refer to "Specified Financial Measures".
(2) Common shares are presented net of shares held in trust under the Company's restricted share unit plan: Q3 2024: 0.4 million, Q2 2024: 0.2 million, Q3 2023: 0.4 million.
(3) Refer to the Product Type Information section of this document for a complete breakdown of sales volumes for applicable periods by specific product type.
(4) Natural gas revenue presented as $/Mcf.
(5) Royalty income and other revenue for the nine months ended September 30, 2024 includes $10.0 million related to an initial payment from insurers for 2023 Alberta wildfire losses. This amount was not allocated to individual Regions or properties. The Company continues to advance its insurance claims process.
(6) Sales of commodities purchased and commodities purchased are treated as corporate items and not allocated to individual regions or properties.
(7) Includes transfers between regions.

## PRODUCT TYPE INFORMATION

This press release includes references to sales volumes of "natural gas", "condensate and oil", "NGLs", "Other NGLs" and "liquids". "Natural gas" refers to shale gas and conventional natural gas combined. "Condensate and oil" refers to condensate, light and medium crude oil, tight oil and heavy crude oil combined. "NGLs" refers to condensate and Other NGLs combined. "Other NGLs" refers to ethane, propane and butane. "Liquids" refers to condensate and oil and Other NGLs combined. Below is a complete breakdown of sales volumes for applicable periods by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil. Numbers may not add due to rounding.

| | Total Company by Product Type | | |
|---|---|---|---|
| | **Q3 2024** | Q2 2024 | **Q3 2023** |
| Shale gas (MMcf/d) | **249.0** | 243.1 | **276.7** |
| Conventional natural gas (MMcf/d) | **45.5** | 53.7 | **46.4** |
| **Natural gas (MMcf/d)** | **294.5** | 296.8 | **323.1** |
| Condensate (Bbl/d) | **36,830** | 36,825 | **35,984** |
| Other NGLs (Bbl/d) | **7,045** | 6,928 | **6,627** |
| **NGLs (Bbl/d)** | **43,875** | 43,753 | **42,611** |
| Light and medium crude oil (Bbl/d) | **1,235** | 1,566 | **1,154** |
| Tight oil (Bbl/d) | **368** | 466 | **627** |
| Heavy crude oil (Bbl/d) | **337** | 349 | **396** |
| **Crude oil (Bbl/d)** | **1,940** | 2,381 | **2,177** |
| **Total (Boe/d)** | **94,892** | 95,609 | **98,644** |

| | Grande Prairie Region | | | Kaybob Region | | | Central Alberta and Other Region | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Q3 2024** | Q2 2024 | **Q3 2023** | **Q3 2024** | Q2 2024 | **Q3 2023** | **Q3 2024** | Q2 2024 | **Q3 2023** |
| Shale gas (MMcf/d) | **203.0** | 187.0 | **222.8** | **31.8** | 35.8 | **28.0** | **14.2** | 20.3 | **25.9** |
| Conventional natural gas (MMcf/d) | **0.2** | 0.3 | **0.4** | **41.6** | 48.8 | **41.7** | **3.7** | 4.6 | **4.3** |
| **Natural gas (MMcf/d)** | **203.2** | 187.3 | **223.2** | **73.4** | 84.6 | **69.7** | **17.9** | 24.9 | **30.2** |
| Condensate (Bbl/d) | **28,924** | 27,936 | **32,145** | **5,943** | 6,617 | **2,981** | **1,963** | 2,272 | **858** |
| Other NGLs (Bbl/d) | **4,723** | 4,179 | **4,815** | **1,403** | 1,599 | **1,188** | **919** | 1,150 | **624** |
| **NGLs (Bbl/d)** | **33,647** | 32,115 | **36,960** | **7,346** | 8,216 | **4,169** | **2,882** | 3,422 | **1,482** |
| Light and medium crude oil (Bbl/d) | **–** | – | **–** | **1,224** | 1,544 | **1,131** | **11** | 22 | **23** |
| Tight oil (Bbl/d) | **123** | 147 | **220** | **85** | 80 | **104** | **160** | 239 | **303** |
| Heavy crude oil (Bbl/d) | **–** | – | **–** | **–** | – | **–** | **337** | 349 | **396** |
| **Crude oil (Bbl/d)** | **123** | 147 | **220** | **1,309** | 1,624 | **1,235** | **508** | 610 | **722** |
| **Total (Boe/d)** | **67,635** | 63,480 | **74,381** | **20,894** | 23,946 | **17,027** | **6,363** | 8,183 | **7,236** |

Paramount is updating its fourth quarter 2024 sales volumes guidance to a range of 102,000 Boe/d to 109,000 Boe/d (51% shale gas and conventional natural gas combined, 42% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 7% Other NGLs).

## SPECIFIED FINANCIAL MEASURES

**Non-GAAP Financial Measures**

Netback and netback including risk management contract settlements are non-GAAP financial measures. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures presented by other issuers. These measures should not be considered in isolation or construed as alternatives to their most directly comparable measure disclosed in the Company's primary financial statements or other measures of financial performance calculated in accordance with IFRS.

Netback equals petroleum and natural gas sales (the most directly comparable measure disclosed in the Company's primary financial statements) plus sales of commodities purchased less royalties, operating expense, transportation and NGLs processing expense and commodities purchased. Sales of commodities purchased and commodities purchased are treated as corporate items and are not allocated to individual regions or properties. Netback is used by investors and management to compare the performance of the Company's producing assets between periods.

Netback including risk management contract settlements equals netback after including (or deducting) risk management contract settlements received (paid). Netback including risk management contract settlements is used by investors and management to assess the performance of the producing assets after incorporating management's risk management strategies.

Refer to the table under the heading "Financial and Operating Results" in this press release for the calculation of netback and netback including risk management contract settlements for the three months ended September 30, 2024, June 30, 2024 and September 30, 2023.

**Non-GAAP Ratios**

Netback and netback including risk management contract settlements presented on a $/Boe basis are non-GAAP ratios as they each have a non-GAAP financial measure as a component. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures presented by other issuers. These measures should not be considered in isolation or construed as alternatives to their most directly comparable measure disclosed in the Company's primary financial statements or other measures of financial performance calculated in accordance with IFRS.

Netback on a $/Boe basis is calculated by dividing netback (a non-GAAP financial measure) for the applicable period by the total sales volumes during the period in Boe. Netback including risk management contract settlements on a $/Boe basis is calculated by dividing netback including risk management contract settlements (a non-GAAP financial measure) for the applicable period by the total sales volumes during the period in Boe. These measures are used by investors and management to assess netback and netback including risk management contract settlements on a unit of sales volumes basis.

**Capital Management Measures**

Adjusted funds flow, free cash flow and net (cash) debt are capital management measures that Paramount utilizes in managing its capital structure. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Refer to Note 15 in the Interim Consolidated Financial Statements of Paramount as at and for the three and nine months ended September 30, 2024 for: (i) a description of the composition and use of these measures, (ii) reconciliations of adjusted funds flow and free cash flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and nine months ended September 30, 2024 and 2023 and (iii) a calculation of net (cash) debt as at September 30, 2024 and December 31, 2023.

**Supplementary Financial Measures**

This press release contains supplementary financial measures expressed as: (i) cash from operating activities, adjusted funds flow and free cash flow on a per share – basic and per share – diluted basis and (ii) petroleum and natural gas sales, revenue, royalties, operating expenses, transportation and NGLs processing expenses, sales of commodities purchased and commodities purchased on a \$/Boe or \$/Mcf basis.

Cash from operating activities, adjusted funds flow and free cash flow on a per share – basic basis are calculated by dividing cash from operating activities, adjusted funds flow or free cash flow, as applicable, over the referenced period by the weighted average basic shares outstanding during the period determined under IFRS. Cash from operating activities, adjusted funds flow and free cash flow on a per share – diluted basis are calculated by dividing cash from operating activities, adjusted funds flow or free cash flow, as applicable, over the referenced period by the weighted average diluted shares outstanding during the period determined under IFRS.

Petroleum and natural gas sales, revenue, royalties, operating expenses, transportation and NGLs processing expenses, sales of commodities purchased and commodities purchased on a \$/Boe or \$/Mcf basis are calculated by dividing petroleum and natural gas sales, revenue, royalties, operating expenses, transportation and NGLs processing expenses, sales of commodities purchased and commodities purchased, as applicable, over the referenced period by the aggregate units (Boe or Mcf) of sales volumes during such period.

## ADVISORIES

***Forward-looking Information***

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

- forecast sales volumes for the fourth quarter of 2024;
- planned capital expenditures in 2024 and the allocation thereof between sustaining and maintenance capital and growth capital;
- planned abandonment and reclamation expenditures in 2024;
- forecast free cash flow in 2024;
- planned exploration, development and production activities, including: (i) the expected timing of drilling, completing and bringing new wells on production; (ii) the expected timing of completion of the Alhambra Plant at Willesden Green and (iii) the expected capacity of the Alhambra Plant upon completion; and
- the potential payment of future dividends.

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 press release:

- future commodity prices;
- the impact of international conflicts, including in Ukraine and the Middle East;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;

- the availability to Paramount of the funds required for exploration, development and other operations and the meeting of commitments and financial obligations;
- the ability of Paramount to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs to carry out its activities;
- the ability of Paramount to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms and the capacity and reliability of facilities;
- the ability of Paramount to obtain the volumes of water required for completion activities;
- the ability of Paramount to market its production successfully;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated sales volumes, reserves additions, product yields and product recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals;
- the application of regulatory requirements respecting abandonment and reclamation; and
- anticipated timelines and budgets being met in respect of: (i) drilling programs and other operations, including well completions and tie-ins, (ii) the construction, commissioning and start-up of new and expanded third-party and Company facilities, including the Alhambra Plant at Willesden Green, and (iii) facility turnarounds and maintenance.

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

- fluctuations in commodity prices;
- changes in capital spending plans and planned exploration and development activities;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, free cash flow, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks or blowouts;
- risks associated with wildfires, including the risk of physical loss or damage to wells, facilities, pipelines and other infrastructure, prolonged disruptions in production, restrictions on the ability to access properties, interruption of electrical and other services and significant delays or changes to planned development activities and facilities maintenance;
- the ability to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities, including third-party facilities and the Alhambra Plant at Willesden Green;
- processing, transportation, fractionation, disposal and storage outages, disruptions and constraints;
- potential limitations on access to the volumes of water required for completion activities due to drought, conditions of low river flow, government restrictions or other factors;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities and meet current and future commitments and obligations (including asset retirement obligations, processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to obtain and maintain leases and licenses, including those required for the Alhambra Plant at Willesden Green;
- the effects of weather and other factors including wildlife and environmental restrictions which affect field operations and access;
- uncertainties as to the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- uncertainties regarding Indigenous claims and in maintaining relationships with local populations and other stakeholders;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

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

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

Certain forward-looking information in this press release, including forecast free cash flow in 2024, may also constitute a "financial outlook" within the meaning of applicable securities laws. A financial outlook involves statements about Paramount's prospective financial performance or position and is based on and subject to the assumptions and risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this press release. Such assumptions are based on management's assessment of the relevant information currently available and any financial outlook included in this press release is provided for the purpose of helping readers understand Paramount's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook.

***Oil and Gas Measures and Definitions***

| **Liquids** | |
|---|---|
| Bbl | Barrels |
| Bbl/d | Barrels per day |
| MBbl | Thousands of barrels |
| NGLs | Natural gas liquids |
| Condensate | Pentane and heavier hydrocarbons |
| WTI | West Texas Intermediate |

| **Oil Equivalent** | |
|---|---|
| Boe | Barrels of oil equivalent |
| MBoe | Thousands of barrels of oil equivalent |
| MMBoe | Millions of barrels of oil equivalent |
| Boe/d | Barrels of oil equivalent per day |

| **Natural Gas** | |
|---|---|
| GJ | Gigajoules |
| GJ/d | Gigajoules per day |
| MMBtu | Millions of British Thermal Units |
| MMBtu/d | Millions of British Thermal Units per day |
| Mcf | Thousands of cubic feet |
| MMcf | Millions of cubic feet |
| MMcf/d | Millions of cubic feet per day |
| NYMEX | New York Mercantile Exchange |
| AECO | AECO-C reference price |

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

This press release refers to "CGR", a metric commonly used in the oil and natural gas industry. "CGR" means condensate to gas ratio and is calculated by dividing wellhead raw liquids volumes by wellhead raw natural gas volumes. This metric does not have a standardized meaning and may not be comparable to similar measures presented by other companies. As such, it should not be used to make comparisons. Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Company's performance over time; however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the performance in previous periods and therefore should not be unduly relied upon.

Additional information respecting the Company's oil and gas properties and operations is provided in the Company's annual information form for the year ended December 31, 2023 which is available on SEDAR+ at www.sedarplus.ca or on Paramount's website at www.paramountres.com.

# Management's Discussion and Analysis
# For the three and nine months ended September 30, 2024

This Management's Discussion and Analysis ("MD&A"), dated November 6, 2024, should be read in conjunction with the unaudited interim condensed consolidated financial statements of Paramount Resources Ltd. ("Paramount" or the "Company") as at and for the three and nine months ended September 30, 2024 (the "Interim Financial Statements") and Paramount's audited consolidated financial statements as at and for the year ended December 31, 2023 (the "Annual Financial Statements"). Financial data included in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and is stated in millions of Canadian dollars, unless otherwise noted. All references to $ are to Canadian dollars, unless otherwise noted. The Company's accounting policies have been applied consistently to all periods presented.

## ABOUT PARAMOUNT

Paramount is an independent, publicly traded, liquids-rich natural gas focused Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas. Paramount's principal properties are located in Alberta and British Columbia. 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. The Company's class A common shares ("Common Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "POU". Additional information concerning Paramount, including its Annual Information Form for the year ended December 31, 2023 ("Annual Information Form"), can be found on the SEDAR+ website at www.sedarplus.ca.

Paramount's operations are organized into the following three regions:

- the Grande Prairie Region, located in the Peace River Arch area of Alberta, which is focused on Montney developments at Karr and Wapiti;
- the Kaybob Region, located in west-central Alberta, which includes the Kaybob North Duvernay development and other natural gas and oil producing properties; and
- the Central Alberta and Other Region, which includes the Willesden Green Duvernay development in central Alberta and shale gas properties in the Horn River Basin and the Liard Basin in northeast British Columbia.

The Company's assets also include: (i) strategic investments in exploration and pre-development stage assets, including prospective natural gas and oil acreage in the Mackenzie Delta and Central Mackenzie in the Northwest Territories and interests held by Cavalier Energy Inc. ("Cavalier Energy") prospective for cold flow heavy oil and in-situ thermal oil recovery; (ii) six triple-sized drilling rigs owned by Fox Drilling Limited Partnership ("Fox Drilling"); and (iii) investments in other publicly traded and private entities.

## SPECIFIED FINANCIAL MEASURES, PRODUCT TYPES AND OTHER ADVISORIES

This MD&A includes references to: (i) "netback" and "netback including risk management contract settlements", which are non-GAAP financial measures; (ii) certain non-GAAP ratios; (iii) "adjusted funds flow", "free cash flow", "net (cash) debt" and "net debt to adjusted funds flow", which are capital management measures used by Paramount; and (iv) certain supplementary financial measures. Readers are referred to the "Specified Financial Measures" section of this MD&A for important additional information concerning these measures.

This MD&A includes references to sales volumes of "natural gas", "condensate and oil", "NGLs", "Other NGLs" and "liquids". "Natural gas" refers to shale gas and conventional natural gas combined. "Condensate and oil" refers to condensate, light and medium crude oil, tight oil and heavy crude oil combined. "NGLs" refers to condensate and Other NGLs combined. "Other NGLs" refers to ethane, propane and butane. "Liquids" refers to condensate and oil and Other NGLs combined. Readers are referred to the "Product Type Information" section of this MD&A for a complete breakdown of sales volumes and revenues for applicable periods by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.

The disclosures in this MD&A include forward-looking information and certain oil and gas measures. Readers are referred to the Advisories section of this MD&A concerning such matters.

## FINANCIAL AND OPERATING HIGHLIGHTS

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **FINANCIAL** | | | | |
| **Petroleum and natural gas sales** | 404.8 | 463.8 | 1,300.9 | 1,328.0 |
| **Net income** | 95.8 | 87.2 | 248.5 | 358.2 |
| *Per share – basic ($/share)* | *0.65* | *0.61* | *1.71* | *2.51* |
| *Per share – diluted ($/share)* | *0.64* | *0.59* | *1.67* | *2.42* |
| **Cash from operating activities** | 205.7 | 207.6 | 627.7 | 651.1 |
| *Per share – basic ($/share)* (1) | *1.40* | *1.45* | *4.31* | *4.56* |
| *Per share – diluted ($/share)* (1) | *1.38* | *1.40* | *4.21* | *4.39* |
| **Adjusted funds flow** (1) | 200.7 | 234.2 | 692.6 | 681.0 |
| *Per share – basic ($/share)* | *1.37* | *1.64* | *4.75* | *4.77* |
| *Per share – diluted ($/share)* | *1.34* | *1.58* | *4.64* | *4.59* |
| **Free cash flow** (1) | (26.3) | 18.5 | (15.5) | 108.6 |
| *Per share – basic ($/share)* | *(0.18)* | *0.13* | *(0.11)* | *0.76* |
| *Per share – diluted ($/share)* | *(0.18)* | *0.12* | *(0.11)* | *0.73* |
| **Total assets** | | | 4,544.1 | 4,305.1 |
| **Investments in securities** | | | 482.2 | 577.5 |
| **Long-term debt** | | | 44.0 | – |
| **Net (cash) debt** (1) | | | 128.8 | 44.4 |
| **Total liabilities** | | | 936.9 | 840.6 |
| **Common shares outstanding (millions)** (2) | | | 146.5 | 143.4 |
| **Dividends declared and paid ($/share)** | 0.45 | 0.375 | 1.25 | 2.125 |
| **OPERATING** | | | | |
| **Sales volumes** | | | | |
| Natural gas (MMcf/d) | 294.5 | 323.1 | 303.3 | 311.3 |
| Condensate and oil (Bbl/d) | 38,770 | 38,161 | 39,625 | 36,770 |
| Other NGLs (Bbl/d) | 7,045 | 6,627 | 6,976 | 6,066 |
| **Total (Boe/d)** | 94,892 | 98,644 | 97,151 | 94,724 |
| % Liquids | *48%* | *45%* | *48%* | *45%* |
| **Realized prices** (1) | | | | |
| Natural gas ($/Mcf) | 1.37 | 2.67 | 1.99 | 3.12 |
| Condensate and oil ($/Bbl) | 96.15 | 103.36 | 97.22 | 99.67 |
| Other NGLs ($/Bbl) | 36.25 | 33.64 | 35.72 | 36.08 |
| **Petroleum and natural gas sales ($/Boe)** | 46.37 | 51.11 | 48.87 | 51.35 |
| **Capital expenditures** | 216.7 | 198.9 | 671.5 | 523.2 |

(1) Adjusted funds flow, free cash flow and net (cash) debt are capital management measures used by Paramount. Each measure, other than net income, presented on a $/share, $/Bbl, $/Mcf or $/Boe basis is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.
(2) Common shares are presented net of shares held in trust under the Company's restricted share unit plan (Common Shares): 2024: 0.4 million and 2023: 0.4 million.

## Q3 2024 OVERVIEW

Third quarter sales volumes averaged 94,892 Boe/d (48% liquids).

- Sales volumes in the Grande Prairie Region averaged 67,635 Boe/d (50% liquids) compared to 63,480 Boe/d (51% liquids) in the second quarter. Sales volumes were higher as a result of new Montney wells brought onstream in the quarter. Third quarter sales volumes were impacted by approximately 5,400 Boe/d from the shut-down of the Wapiti field for the equivalent of 15 full days related to the scheduled turnaround of the Wapiti natural gas processing plant (the "Wapiti Plant"), which commenced five days earlier than expected. The Wapiti Plant turnaround continued into October. In total, the Wapiti Plant turnaround resulted in the shutdown of production from the Wapiti field for the equivalent of 32 full days, 11 more than originally expected.

- Sales volumes in the Kaybob Region averaged 20,894 Boe/d (41% liquids) compared to 23,946 Boe/d (41% liquids) in the second quarter. Sales volumes were lower as a result of natural declines and the previously disclosed shut-in of dry gas production that occurred in mid-June. New Duvernay wells brought onstream in May partially offset the decreases.

- Sales volumes in the Central Alberta and Other Region averaged 6,363 Boe/d (53% liquids) compared to 8,183 Boe/d (49% liquids) in the second quarter. The decrease in sales volumes was mainly due to natural declines, a planned outage at the Company's Leafland facility and the shut-in of certain wells to allow for completion activities on offsetting wells.

Third quarter 2024 cash from operating activities was $205.7 million ($1.40 per basic share) compared to $220.5 million ($1.51 per basic share) in the second quarter. Adjusted funds flow was $200.7 million ($1.37 per basic share) compared to $266.2 million ($1.82 per basic share) in the second quarter. Free cash flow was ($26.3) million (($0.18) per basic share) compared to $20.3 million ($0.14 per basic share) in the second quarter. (1)

Capital expenditures totaled $216.7 million in the third quarter of 2024 compared to $240.8 million in the second quarter. Capital expenditures were largely directed to the Grande Prairie Region Montney development and the Willesden Green and Kaybob North Duvernay developments.

Asset retirement obligations settled in the third quarter totaled $7.4 million.

The carrying value of the Company's investments in securities was $482.2 million at September 30, 2024 compared to $579.5 million at June 30, 2024.

Net debt was $128.8 million at September 30, 2024 compared to $29.3 million at June 30, 2024. (1)

(1) Adjusted funds flow, free cash flow and net (cash) debt are capital management measures used by Paramount. The capital management measure of net (cash) debt has been expressed as net debt in this instance for simplicity as the amount referenced is a positive number. Cash from operating activities per basic share, adjusted funds flow per basic share and free cash flow per basic share are supplementary financial measures. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.

## UPDATED 2024 GUIDANCE

Third quarter sales volumes averaged 94,892 Boe/d (48% liquids), below prior guidance of between 96,000 Boe/d to 104,000 Boe/d (49% liquids). In addition to the impact from the early start of the Wapiti Plant turnaround, the Company's third quarter sales volumes were affected by numerous curtailments due to high ambient temperatures throughout the summer, unplanned outages at several minor infrastructure sites and the continuing shut-in of dry natural gas production.

Paramount is updating its fourth quarter 2024 sales volumes guidance to a range of 102,000 Boe/d to 109,000 Boe/d (49% liquids). The Company has deferred bringing approximately 4,200 Boe/d of dry natural gas production onstream in the fourth quarter. In addition, fourth quarter sales volumes were impacted by approximately 5,000 Boe/d due to the Wapiti Plant turnaround extending for the equivalent of 6 full days longer than expected in October as well as other disruptions in the month. Annual sales volumes would average 100,000 Boe/d at the upper end of the forecast range of fourth quarter 2024 sales volumes.

With the Wapiti Plant turnaround complete and subsequent disruptions resolved, Grande Prairie Region sales volumes have averaged over 80,000 Boe/d and total Company sales volumes have averaged over 110,000 Boe/d since late-October.

The Company is reaffirming its 2024 guidance for capital expenditures and abandonment and reclamation expenditures.

Paramount is updating its forecast of 2024 free cash flow from $100 million to $10 million to reflect results from the first three quarters, revised fourth quarter forecast production and a lower forecast WTI price of US$70/Bbl (previously US$80/Bbl).

| | Prior 2024 Guidance | Revised 2024 Guidance |
|---|---|---|
| Fourth quarter average sales volumes (Boe/d) | 109,000 to 121,000 (48% liquids) | 102,000 to 109,000 (49% liquids) |
| Capital expenditures | $830 to $890 million | No change |
| Sustaining and maintenance | $415 to $445 million | |
| Growth | $415 to $445 million | |
| Abandonment and reclamation expenditures | $40 million | No change |
| Free cash flow (1) | $100 million | $10 million |

(1) Free cash flow is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section of this MD&A for more information on this measure. The stated free cash flow forecast is based on the following assumptions for 2024: (i) the midpoint of stated capital expenditures, (ii) the midpoint of fourth quarter sales volumes, (iii) $40 million in abandonment and reclamation costs, (iv) $10 million in geological and geophysical expenses, (v) realized pricing of $48.50/Boe, (vi) a $US/$CAD exchange rate of $0.735, (vii) royalties of $6.25/Boe, (viii) operating costs of $13.30/Boe and (ix) transportation and NGLs processing costs of $3.50/Boe. The stated amounts have been adjusted to incorporate actual results for the first three quarters of 2024.

# CONSOLIDATED RESULTS

### Net Income

Paramount recorded net income of $95.8 million for the three months ended September 30, 2024 compared to net income of $87.2 million in the same period in 2023. Significant factors contributing to the change are shown below:

| Three months ended September 30 | |
|---|---|
| **Net income – 2023** | **87.2** |
| • Gain on risk management contracts in 2024 compared to a loss in 2023 | 44.6 |
| • Lower income tax expense in 2024 | 18.0 |
| • Lower netback in 2024 mainly due to lower commodity prices | (37.4) |
| • Higher depletion and depreciation expense in 2024 | (18.1) |
| • Other | 1.5 |
| **Net income – 2024** | **95.8** |

Paramount recorded net income of $248.5 million for the nine months ended September 30, 2024 compared to net income of $358.2 million in the same period in 2023. Significant factors contributing to the change are shown below:

| Nine months ended September 30 | |
|---|---|
| **Net income – 2023** | **358.2** |
| • Lower gain on sale of oil and gas assets in 2024 | (107.4) |
| • Higher depletion and depreciation expense in 2024 | (90.1) |
| • Lower netback in 2024 mainly due to lower commodity prices, partially offset by higher liquids sales volumes and a $10.0 million interim payment from insurers for 2023 Alberta wildfire losses | (33.5) |
| • Gain on risk management contracts in 2024 compared to a loss in 2023 | 57.5 |
| • Lower income tax expense in 2024 | 54.1 |
| • Higher dividend income in 2024 | 7.8 |
| • Other | 1.9 |
| **Net income – 2024** | **248.5** |

### Cash From Operating Activities

Cash from operating activities for the three months ended September 30, 2024 was $205.7 million compared to $207.6 million in the same period in 2023. Significant factors contributing to the change are shown below:

| Three months ended September 30 | |
|---|---|
| **Cash from operating activities – 2023** | **207.6** |
| • Lower netback in 2024 mainly due to lower commodity prices | (37.4) |
| • Change in non-cash working capital | 25.1 |
| • Lower asset retirement obligations settled in 2024 | 6.6 |
| • Other | 3.8 |
| **Cash from operating activities – 2024** | **205.7** |

Cash from operating activities for the nine months ended September 30, 2024 was $627.7 million compared to $651.1 million for the same period in 2023. Significant factors contributing to the change are shown below:

| Nine months ended September 30 | |
|---|---|
| **Cash from operating activities – 2023** | **651.1** |
| • Change in non-cash working capital | (50.6) |
| • Lower netback in 2024 mainly due to lower commodity prices, partially offset by higher liquids sales volumes and a $10.0 million interim payment from insurers for 2023 Alberta wildfire losses | (33.5) |
| • Higher receipts on risk management contract settlements in 2024 | 34.3 |
| • Lower asset retirement obligations settled in 2024 | 15.6 |
| • Higher dividend income in 2024 | 7.8 |
| • Other | 3.0 |
| **Cash from operating activities – 2024** | **627.7** |

### Adjusted Funds Flow

The following is a reconciliation of adjusted funds flow to cash from operating activities, the most directly comparable measure disclosed in the primary financial statements of the Company:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Cash from operating activities** | **205.7** | 207.6 | **627.7** | 651.1 |
| Change in non-cash working capital (1) | **(15.3)** | 9.8 | **28.8** | (21.8) |
| Geological and geophysical expense (2) | **2.9** | 2.8 | **10.4** | 7.4 |
| Asset retirement obligations settled (1) | **7.4** | 14.0 | **26.2** | 41.8 |
| Provisions (3) | **–** | – | **(0.5)** | 2.5 |
| **Adjusted funds flow (4)** | **200.7** | 234.2 | **692.6** | 681.0 |
| **Adjusted funds flow ($/Boe) (5)** | **22.99** | 25.81 | **26.01** | 26.34 |

(1) Refer to the interim condensed consolidated statements of cash flows in the Interim Financial Statements.
(2) Refer to Note 2 in the Interim Financial Statements.
(3) Refer to Note 13 in the Interim Financial Statements.
(4) Adjusted funds flow is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section of this MD&A for more information on this measure.
(5) Adjusted funds flow ($/Boe) is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information.

Adjusted funds flow for the three months ended September 30, 2024 was $200.7 million compared to $234.2 million in the same period in 2023. Significant factors contributing to the change are shown below:

| Three months ended September 30 | |
|---|---|
| **Adjusted funds flow – 2023** | **234.2** |
| • Lower netback in 2024 mainly due to lower commodity prices | (37.4) |
| • Other | 3.9 |
| **Adjusted funds flow – 2024** | **200.7** |

Adjusted funds flow for the nine months ended September 30, 2024 was $692.6 million compared to $681.0 million in the same period in 2023. Significant factors contributing to the change are shown below:

| Nine months ended September 30 | |
|---|---|
| **Adjusted funds flow – 2023** | **681.0** |
| • Higher receipts on risk management contract settlements in 2024 | 34.3 |
| • Higher dividend income in 2024 | 7.8 |
| • Lower netback in 2024 mainly due to lower commodity prices, partially offset by higher liquids sales volumes and a $10.0 million interim payment from insurers for 2023 Alberta wildfire losses | (33.5) |
| • Other | 3.0 |
| **Adjusted funds flow – 2024** | **692.6** |

### Free Cash Flow

The following is a reconciliation of free cash flow to cash from operating activities, the most directly comparable measure disclosed in the primary financial statements of the Company:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Cash from operating activities** | **205.7** | 207.6 | **627.7** | 651.1 |
| Change in non-cash working capital (1) | **(15.3)** | 9.8 | **28.8** | (21.8) |
| Geological and geophysical expense (2) | **2.9** | 2.8 | **10.4** | 7.4 |
| Asset retirement obligations settled (1) | **7.4** | 14.0 | **26.2** | 41.8 |
| Provisions (3) | **–** | – | **(0.5)** | 2.5 |
| **Adjusted funds flow** | **200.7** | 234.2 | **692.6** | 681.0 |
| Capital expenditures (1) | **(216.7)** | (198.9) | **(671.5)** | (523.2) |
| Geological and geophysical expense (2) | **(2.9)** | (2.8) | **(10.4)** | (7.4) |
| Asset retirement obligations settled (1) | **(7.4)** | (14.0) | **(26.2)** | (41.8) |
| **Free cash flow (4)** | **(26.3)** | 18.5 | **(15.5)** | 108.6 |

(1) Refer to the interim condensed consolidated statements of cash flows in the Interim Financial Statements.
(2) Refer to Note 2 in the Interim Financial Statements.
(3) Refer to Note 13 in the Interim Financial Statements.
(4) Free cash flow is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section of this MD&A for more information on this measure.

Free cash flow for the three months ended September 30, 2024 was ($26.3) million compared to $18.5 million for the three months ended September 30, 2023. Significant factors contributing to the change are shown below:

| Three months ended September 30 | |
|---|---|
| **Free cash flow – 2023** | **18.5** |
| • Lower adjusted funds flow in 2024 (described in "Adjusted Funds Flow" section above) | (33.5) |
| • Higher capital expenditures in 2024 | (17.8) |
| • Higher geological and geophysical expense in 2024 | (0.1) |
| • Lower asset retirement obligations settled in 2024 | 6.6 |
| **Free cash flow – 2024** | **(26.3)** |

Free cash flow for the nine months ended September 30, 2024 was ($15.5) million compared to $108.6 million for the nine months ended September 30, 2023. Significant factors contributing to the change are shown below:

| Nine months ended September 30 | |
|---|---|
| **Free cash flow – 2023** | **108.6** |
| • Higher capital expenditures in 2024 | (148.3) |
| • Higher geological and geophysical expense in 2024 | (3.0) |
| • Lower asset retirement obligations settled in 2024 | 15.6 |
| • Higher adjusted funds flow in 2024 (described in "Adjusted Funds Flow" section above) | 11.6 |
| **Free cash flow – 2024** | **(15.5)** |

## OPERATING RESULTS

### Netback

| | Three months ended September 30 | | | | Nine months ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | | ($/Boe)[1][2] | | ($/Boe)[1][2] | | ($/Boe)[1][2] | | ($/Boe)[1][2] |
| Natural gas revenue [3] | 37.2 | 1.37 | 79.3 | 2.67 | 165.3 | 1.99 | 265.5 | 3.12 |
| Condensate and oil revenue [3] | 342.9 | 96.15 | 362.9 | 103.36 | 1,055.5 | 97.22 | 1,000.5 | 99.67 |
| Other NGLs revenue [3] | 23.5 | 36.25 | 20.5 | 33.64 | 68.3 | 35.72 | 59.8 | 36.08 |
| Royalty income and other revenue [3] | 1.2 | – | 1.1 | – | 11.8 | – | 2.2 | – |
| **Petroleum and natural gas sales [4]** | 404.8 | 46.37 | 463.8 | 51.11 | 1,300.9 | 48.87 | 1,328.0 | 51.35 |
| Royalties [4] | (46.4) | (5.31) | (75.2) | (8.28) | (174.3) | (6.55) | (185.5) | (7.17) |
| Operating expense [4] | (116.3) | (13.33) | (113.9) | (12.55) | (350.9) | (13.18) | (327.4) | (12.66) |
| Transportation and NGLs processing [4] | (34.2) | (3.92) | (31.2) | (3.44) | (97.5) | (3.66) | (101.2) | (3.91) |
| Sales of commodities purchased [4] | 79.6 | 9.11 | 42.1 | 4.64 | 218.6 | 8.21 | 204.9 | 7.92 |
| Commodities purchased [4] | (78.5) | (9.00) | (39.2) | (4.32) | (214.3) | (8.05) | (202.8) | (7.84) |
| **Netback [5]** | 209.0 | 23.92 | 246.4 | 27.16 | 682.5 | 25.64 | 716.0 | 27.69 |
| Risk management contract settlements [6] | 2.0 | 0.23 | 0.2 | 0.02 | 38.0 | 1.42 | 3.7 | 0.14 |
| **Netback including risk management contract settlements [7]** | 211.0 | 24.15 | 246.6 | 27.18 | 720.5 | 27.06 | 719.7 | 27.83 |

(1) Natural gas revenue shown per Mcf.
(2) When presented on a $/Boe or $/Mcf basis, each of the components of Netback is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.
(3) Refer to Note 12 in the Interim Financial Statements. Royalty income and other revenue for the nine months ended September 30, 2024 includes $10.0 million related to an interim payment from insurers for 2023 Alberta wildfire losses.
(4) Refer to the interim condensed consolidated statements of comprehensive income in the Interim Financial Statements.
(5) Netback is a non-GAAP financial measure. Netback presented on a $/Boe basis is a non-GAAP ratio. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.
(6) Refer to Note 11 in the Interim Financial Statements.
(7) Netback including risk management contract settlements is a non-GAAP financial measure. Netback including risk management contract settlements presented on a $/Boe basis is a non-GAAP ratio. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.

Petroleum and natural gas sales were $404.8 million for the three months ended September 30, 2024 compared to $463.8 million for the same period in 2023. The decrease in the three months ended September 30, 2024 was due to the effect of a nine percent decrease in petroleum and natural gas sales prices per Boe over the same period.

The impact of changes in prices and sales volumes on petroleum and natural gas sales for the three months ended September 30, 2024 compared to the same period in 2023 are as follows:

| | Natural gas | Condensate and oil | Other NGLs | Royalty income and other revenue | Total |
|---|---|---|---|---|---|
| Three months ended September 30, 2023 | 79.3 | 362.9 | 20.5 | 1.1 | 463.8 |
| Effect of changes in prices | (35.0) | (25.9) | 1.7 | – | (59.2) |
| Effect of changes in sales volumes | (7.1) | 5.8 | 1.2 | – | – |
| Change in royalty income and other revenue | (0.1) | – | 0.1 | 0.1 | 0.1 |
| **Three months ended September 30, 2024** | **37.2** | **342.9** | **23.5** | **1.2** | **404.8** |

Petroleum and natural gas sales were $1,300.9 million for the nine months ended September 30, 2024 compared to $1,328.0 million for the same period in 2023. The decrease in the nine months ended September 30, 2024 was mainly due to the effects of a five percent decrease in petroleum and natural gas prices per Boe, which was partially offset by a three percent increase in sales volumes over the same period.

The impact of changes in prices and sales volumes on petroleum and natural gas sales for the nine months ended September 30, 2024 compared to the same period in 2023 are as follows:

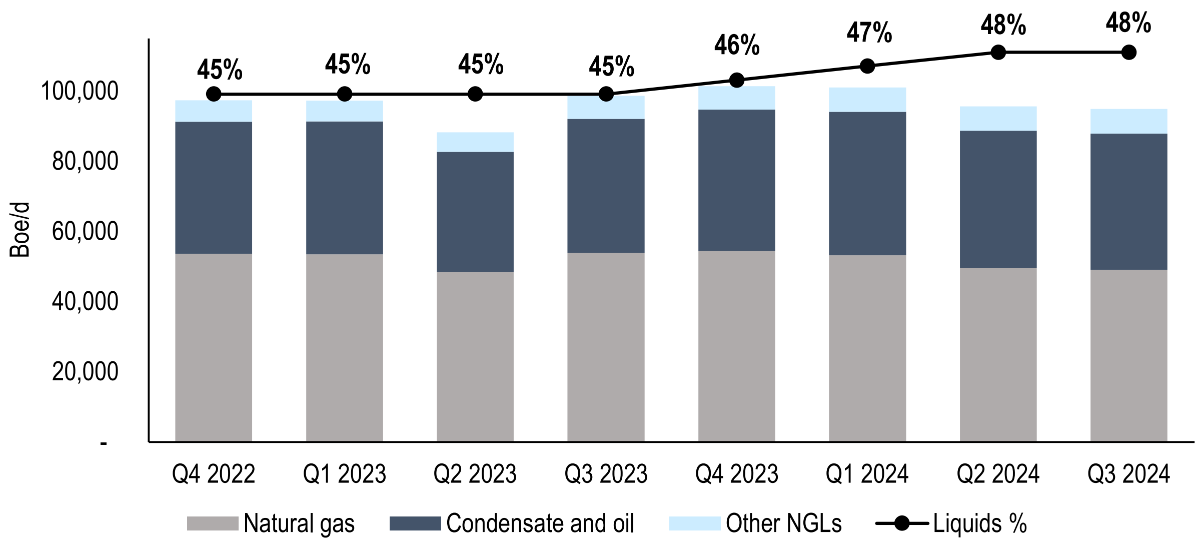
| | Natural gas | Condensate and oil | Other NGLs | Royalty income and other revenue | Total |
|---|---|---|---|---|---|
| Nine months ended September 30, 2023 | 265.5 | 1,000.5 | 59.8 | 2.2 | 1,328.0 |
| Effect of changes in prices | (94.3) | (26.7) | (0.7) | – | (121.7) |
| Effect of changes in sales volumes | (5.9) | 81.7 | 9.2 | – | 85.0 |
| Change in royalty income and other revenue | – | – | – | 9.6 | 9.6 |
| **Nine months ended September 30, 2024** | **165.3** | **1,055.5** | **68.3** | **11.8** | **1,300.9** |

Royalty income and other revenue for the nine months ended September 30, 2024 includes $10.0 million related to an interim payment from insurers for 2023 Alberta wildfire losses. This amount was not allocated to individual Regions or properties. The Company continues to advance its insurance claims process for these losses.

### Sales Volumes

| | Three months ended September 30 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Natural gas (MMcf/d) [(1)] | | | Condensate and oil (Bbl/d) [(1)] | | | Other NGLs (Bbl/d) [(1)] | | | Total (Boe/d) [(1)] | | |
| | 2024 | 2023 | *Chg* | 2024 | 2023 | *Chg* | 2024 | 2023 | *Chg* | 2024 | 2023 | *Chg* |
| Grande Prairie | 203.2 | 223.2 | *(9%)* | 29,047 | 32,365 | *(10%)* | 4,723 | 4,815 | *(2%)* | 67,635 | 74,381 | *(9%)* |
| Kaybob | 73.4 | 69.7 | *5%* | 7,252 | 4,216 | *72%* | 1,403 | 1,188 | *18%* | 20,894 | 17,027 | *23%* |
| Central Alberta and Other | 17.9 | 30.2 | *(41%)* | 2,471 | 1,580 | *56%* | 919 | 624 | *47%* | 6,363 | 7,236 | *(12%)* |
| **Total** | 294.5 | 323.1 | *(9%)* | 38,770 | 38,161 | *2%* | 7,045 | 6,627 | *6%* | 94,892 | 98,644 | *(4%)* |

(1) Readers are referred to the "Product Type Information" section of this document for more information respecting the composition of sales volumes by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.




Total Company sales volumes averaged 94,892 Boe/d (48% liquids) in the third quarter of 2024 compared to 98,644 Boe/d (45% liquids) in the same period in 2023.

Third quarter 2024 sales volumes in the Grande Prairie Region averaged 67,635 Boe/d (50% liquids) compared to 74,381 Boe/d (50% liquids) in the same period in 2023. Third quarter 2024 sales volumes were impacted by approximately 5,400 Boe/d from the shut-down of the Wapiti field for the equivalent of 15 full days related to the scheduled turnaround of the Wapiti Plant. Grande Prairie Region sales volumes in the third quarter of 2024 were also impacted by an estimated 2,600 Boe/d related to additional unplanned downtime associated with third-party midstream facilities (estimated 5,400 Boe/d impact in the third quarter of 2023). A total of 19 (19.0 net) new Montney wells were brought onstream in the region in the third quarter of 2024, mostly offsetting declines. In addition, Paramount substantially completed its aggressive well optimization program in the region that was initiated in March 2024 (the "Grande Prairie Region Well Optimization Program").

Kaybob Region sales volumes averaged 20,894 Boe/d (41% liquids) in the third quarter of 2024 compared to 17,027 Boe/d (32% liquids) in the same period in 2023. The Company brought onstream a total of 11 (11.0 net) new Duvernay wells in the Kaybob Region in 2024, increasing both sales volumes and liquids contribution. Third quarter 2023 Kaybob Region sales volumes were impacted by an estimated 3,400 Boe/d due to turnarounds at midstream facilities. The Company had 2,800 Boe/d of Kaybob Region dry natural gas production shut-in for the quarter due to low natural gas prices.

Sales volumes in the Central Alberta and Other Region were 6,363 Boe/d (53% liquids) in the third quarter of 2024 compared to 7,236 Boe/d (30% liquids) in the same period in 2023. The decrease in sales volumes was mainly due to approximately 2,800 Boe/d of Central Alberta and Other Region dry natural gas production being shut-in for the quarter, a planned outage at the Company's Leafland facility and the shut-in of certain wells to allow for completion activities on offsetting wells. The Company brought onstream a total of 5 (5.0 net) new Duvernay wells in the Central Alberta and Other Region in 2024, increasing both sales volumes and liquids contribution.

| | Nine months ended September 30 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Natural gas (MMcf/d) (1) | | | Condensate and oil (Bbl/d) (1) | | | Other NGLs (Bbl/d) (1) | | | Total (Boe/d) (1) | | |
| | **2024** | **2023** | ***Chg*** | **2024** | **2023** | ***Chg*** | **2024** | **2023** | ***Chg*** | **2024** | **2023** | ***Chg*** |
| Grande Prairie | **197.4** | 208.1 | *(5%)* | **28,778** | 31,316 | *(8%)* | **4,413** | 4,303 | *3%* | **66,099** | 70,297 | *(6%)* |
| Kaybob | **78.8** | 70.4 | *12%* | **7,770** | 3,728 | *108%* | **1,494** | 1,023 | *46%* | **22,392** | 16,481 | *36%* |
| Central Alberta and Other | **27.1** | 32.8 | *(17%)* | **3,077** | 1,726 | *78%* | **1,069** | 740 | *44%* | **8,660** | 7,946 | *9%* |
| **Total** | **303.3** | 311.3 | *(3%)* | **39,625** | 36,770 | *8%* | **6,976** | 6,066 | *15%* | **97,151** | 94,724 | *3%* |

(1) Readers are referred to the "Product Type Information" section of this document for more information respecting the composition of sales volumes by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.

Total Company sales volumes were 97,151 Boe/d (48% liquids) in the nine months ended September 30, 2024 compared to 94,724 Boe/d (45% liquids) in the same period in 2023. Sales volumes in the nine months ended September 30, 2023 were impacted by an estimated 4,300 Boe/d related to the Alberta wildfires.

Grande Prairie Region sales volumes were 66,099 Boe/d (50% liquids) for the nine months ended September 30, 2024 and were impacted by an estimated 6,100 Boe/d of downtime related to outages and curtailments associated with third-party midstream facilities. Cold weather and other operational challenges also significantly affected production from a number of wells in the first quarter of 2024. A total of 27 (27.0 net) new Montney wells were brought onstream in the region in the nine months ended September 30, 2024. In addition, Paramount substantially completed the Grande Prairie Region Well Optimization Program in the third quarter of 2024, which it commenced in March 2024. Grande Prairie Region sales volumes for the nine months ended September 30, 2023 averaged 70,297 Boe/d (51% liquids) and were impacted by approximately 5,600 Boe/d due to downtime associated with third-party midstream facilities and an estimated 2,000 Boe/d from the Alberta wildfires.

Kaybob Region sales volumes averaged 22,392 Boe/d (41% liquids) in the nine months ended September 30, 2024 compared to 16,481 Boe/d (29% liquids) in the same period in 2023. The increase in sales volumes and liquids contribution was mainly due to new Duvernay wells brought onstream. Kaybob Region sales volumes in the nine months ended September 30, 2023 were impacted by an estimated 2,300 Boe/d from the Alberta wildfires and approximately 1,200 Boe/d due to turnarounds at midstream facilities.

Sales volumes in the Central Alberta and Other Region were 8,660 Boe/d (48% liquids) in the nine months ended September 30, 2024 compared to 7,946 Boe/d (31% liquids) in the same period in 2023. The increase in sales volumes and liquids contribution was mainly a result of new Duvernay wells brought onstream, which was partially offset by the shut-in of dry gas production in the second quarter of 2024.

## Commodity Prices

| | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | % Chg | 2024 | 2023 | % Chg |
| **Natural Gas** (1) | | | | | | |
| Paramount realized natural gas price ($/Mcf) | **1.37** | 2.67 | *(49)* | **1.99** | 3.12 | *(36)* |
| AECO daily spot ($/GJ) | **0.65** | 2.46 | *(74)* | **1.38** | 2.61 | *(47)* |
| AECO monthly index ($/GJ) | **0.77** | 2.26 | *(66)* | **1.36** | 2.87 | *(53)* |
| Dawn ($/MMBtu) | **2.35** | 3.07 | *(23)* | **2.49** | 3.19 | *(22)* |
| NYMEX (US$/MMBtu) | **2.22** | 2.66 | *(17)* | **2.22** | 2.58 | *(14)* |
| Malin daily index (US$/MMBtu) | **1.75** | 3.16 | *(45)* | **2.09** | 5.04 | *(59)* |
| **Condensate and Oil** (1) | | | | | | |
| Paramount realized condensate & oil price ($/Bbl) | **96.15** | 103.36 | *(7)* | **97.22** | 99.67 | *(2)* |
| Edmonton light sweet crude oil ($/Bbl) | **98.43** | 107.29 | *(8)* | **99.95** | 100.65 | *(1)* |
| Edmonton condensate ($/Bbl) | **99.69** | 106.88 | *(7)* | **101.25** | 102.37 | *(1)* |
| West Texas Intermediate crude oil (US$/Bbl) | **75.13** | 82.26 | *(9)* | **77.55** | 77.40 | – |
| **Other NGLs** (1) | | | | | | |
| Paramount realized Other NGLs price ($/Bbl) | **36.25** | 33.64 | *8* | **35.72** | 36.08 | *(1)* |
| Conway – propane ($/Bbl) | **40.26** | 37.55 | *7* | **42.40** | 39.79 | *7* |
| Argus Far East Index – propane (US$/Bbl) | **51.97** | 44.66 | *16* | **50.40** | 48.62 | *4* |
| Belvieu – butane ($/Bbl) | **56.08** | 46.85 | *20* | **53.87** | 51.25 | *5* |
| **Foreign Exchange** | | | | | | |
| $ / 1 $US | **1.36** | 1.34 | *1* | **1.36** | 1.35 | *1* |

(1) Realized prices per Mcf and Bbl are supplementary financial measures. Refer to the "Specified Financial Measures" section of this MD&A for more information.

Paramount's current natural gas portfolio primarily consists of sales priced at Alberta, British Columbia, Oregon and Eastern Canada markets, which are sold in a combination of daily, monthly, seasonal and fixed basis differential physical contracts. In the nine months ended September 30, 2023 and 2024, Paramount's natural gas sales portfolio included arrangements to sell approximately 60,000 GJ/d of natural gas at Dawn and approximately 22,000 GJ/d of natural gas at Malin. In the nine months ended September 30, 2023, the Company's natural gas sales portfolio also included arrangements to sell approximately 40,000 GJ/d of natural gas priced at the U.S. Midwest.

The Company ships the majority of its condensate and crude oil production on third-party pipelines for sale in Edmonton, Alberta. A portion of Paramount'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.

Paramount's propane and butane volumes are primarily sold under monthly and long-term contracts with prices based on the Edmonton market, adjusted for transportation and fractionation.

In 2024, Paramount entered into an agreement to deliver between 250 Bbl/d and 1,000 Bbl/d of propane over five years at a delivery point in Alberta beginning February 2024. The price received is based on the Argus Propane Monthly Far East Index less deductions for transportation, fuel and other charges.

The Company had the following basis differential physical sales contracts at September 30, 2024:

| | Volume | Location | Average price | Remaining term |
|---|---|---|---|---|
| Natural gas | 40,000 MMBtu/d | AECO | NYMEX – US$0.93/MMBtu (1) | October 2024 |

(1) "NYMEX" refers to NYMEX pricing at Henry Hub.

**Risk Management Contracts**

*Commodity Contracts*

From time to time Paramount uses financial commodity contracts to manage exposure to commodity price volatility.

In April 2024, Paramount entered into NYMEX WTI swaps (sale) in respect of 14,250 Bbl/d of oil at an average price of $111.67/Bbl from April 2024 to December 2024. In June 2024, the Company terminated and closed out the outstanding portion of these swaps for aggregate cash proceeds of $37.9 million.

In March 2024, Paramount entered into mixed sweet blend / WTI differential swaps (sale) in respect of 5,000 Bbl/d of oil at WTI less US$2.56/Bbl from May 2024 to December 2024. In July 2024, the Company terminated and closed out the outstanding portion of these swaps for aggregate cash proceeds of $2.0 million.

Paramount had the following financial commodity contracts at September 30, 2024:

| Instruments | Aggregate notional | Average price | Remaining term |
|---|---|---|---|
| ***Oil*** | | | |
| NYMEX WTI Swaps (Sale) (1) | 5,000 Bbl/d | $105.00/Bbl | October 2024 – December 2025 |
| ***Natural Gas*** | | | |
| Malin / Citygate Basis Swap (Sale) (2) | 10,000 MMBtu/d | Citygate – US$1.03/MMBtu | October 2024 – October 2027 |

(1) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.
(2) "Malin" refers to Pacific Gas & Electric at Malin and "Citygate" refers to Pacific Gas & Electric Citygate.

Changes in the fair value of the Company's financial commodity contracts are as follows:

| | Nine months ended September 30, 2024 |
|---|---|
| Fair value, beginning of period | – |
| Changes in fair value | 70.3 |
| Settlements (received) paid | (42.3) |
| **Fair value, end of period** | **28.0** |

For further details on the Company's financial commodity contracts, refer to Note 11 in the Interim Financial Statements.

*Foreign Currency Exchange Contracts*

Paramount uses foreign currency exchange contracts from time to time to manage risks of volatility in foreign currency exchange related to its U.S. dollar denominated petroleum and natural gas sales revenue. Changes in the fair value of the Company's foreign currency exchange contracts are as follows:

| | Nine months ended September 30, 2024 |
|---|---|
| Fair value, beginning of period | 8.4 |
| Changes in fair value | (13.1) |
| Settlements paid (received) | 4.3 |
| **Fair value, end of period** | **(0.4)** |

The Company had the following foreign currency exchange contracts at September 30, 2024:

| Instruments | Aggregate notional | Average rate (1) | Remaining term |
|---|---|---|---|
| Swaps (Sale) | US$30 million / month | $1.3462/US$1.00 | October 2024 – December 2024 |

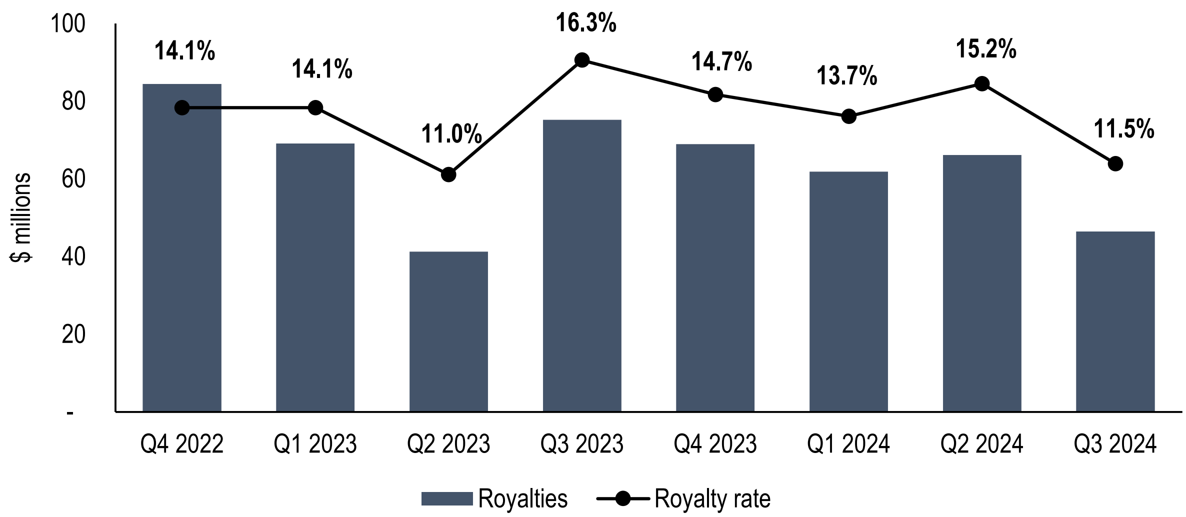
(1) Average rate is calculated using a weighted average of notional volumes and foreign currency exchange rates.

For further details on the Company's foreign currency exchange contracts, refer to Note 11 in the Interim Financial Statements.

## Royalties

| | Three months ended September 30 | | | | Nine months ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | Rate | 2023 | Rate | 2024 | Rate | 2023 | Rate |
| Royalties | **46.4** | **11.5%** | 75.2 | 16.3% | **174.3** | **13.5%** | 185.5 | 14.0% |
| *$/Boe (1)* | ***5.31*** | | *8.28* | | ***6.55*** | | *7.17* | |

(1) Royalty rate and royalties per Boe are supplementary financial measures. Refer to the "Specified Financial Measures" section of this MD&A for more information.

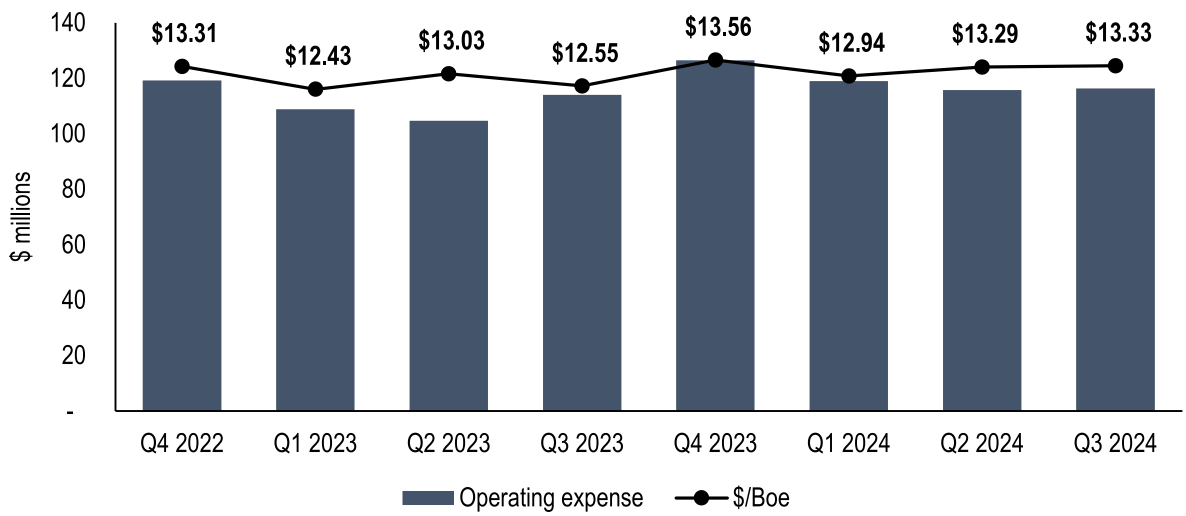



Royalties were $46.4 million and $174.3 million for the three and nine months ended September 30, 2024, respectively. Royalties were $75.2 million and $185.5 million for the three and nine months ended September 30, 2023, respectively. Royalties decreased in 2024 mainly as a result of lower royalty rates and lower petroleum and natural gas sales. Royalty rates decreased in 2024 mainly due to lower commodity prices. Royalties in the third quarter of 2024 were reduced by approximately $4 million because of adjustments to gas cost allowance from prior quarters (third quarter of 2023 – adjustments increased royalties by approximately $3 million).

### Operating Expense

| | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | % Chg | 2024 | 2023 | % Chg |
| Operating expense | 116.3 | 113.9 | 2 | 350.9 | 327.4 | 7 |
| *$/Boe* [(1)] | *13.33* | *12.55* | *6* | *13.18* | *12.66* | *4* |

(1) Operating expense per Boe is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information.




Operating expenses were $116.3 million in the third quarter of 2024, two percent higher than the same period in 2023. Operating expenses were $350.9 million in the first nine months of 2024, seven percent higher than the same period in 2023. Operating expenses for the three and nine months ended September 30, 2024 were higher mainly due to increased workover and maintenance activities, including from the Grande Prairie Region Well Optimization Program. These increases were partially offset by lower third-party processing fees on lower Grande Prairie Region sales volumes.

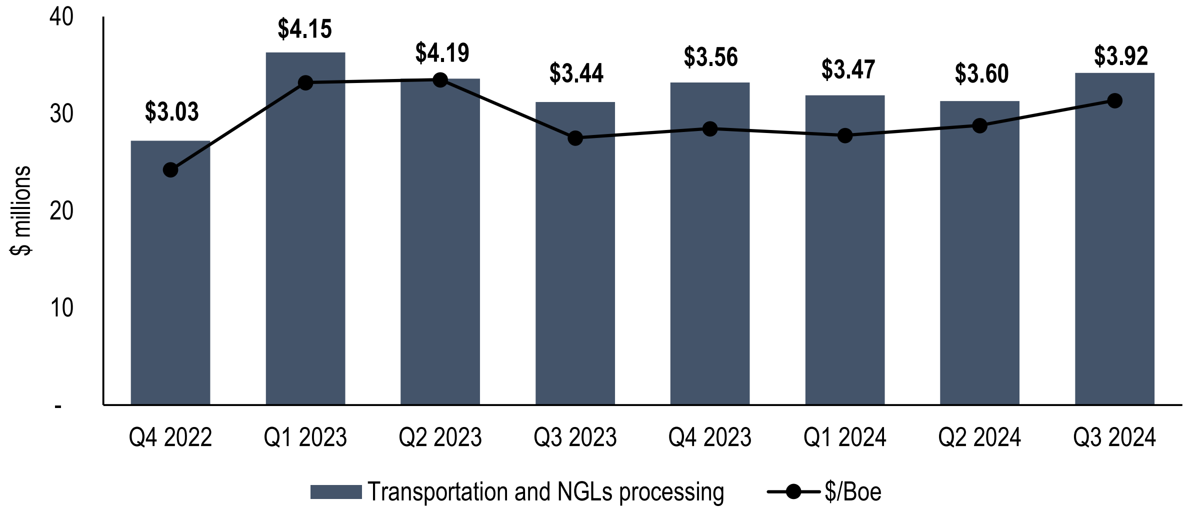
Third quarter 2024 operating expenses in the Grande Prairie Region were $83.4 million or $13.41/Boe compared to $72.7 million or $10.62/Boe for the same period in 2023. Grande Prairie Region operating costs for the nine months ended September 30, 2024 were $246.2 million or $13.59/Boe compared to $213.8 million or $11.14/Boe for the same period in 2023. Grande Prairie Region operating expenses were higher in 2024 mainly as a result of increased workover and maintenance activities, including from the Grande Prairie Region Well Optimization Program. Per unit operating expenses in the Grande Prairie Region were higher as a result of both higher costs and lower sales volumes.

Total Company operating expenses were $13.33/Boe and $13.18/Boe in the three and nine months ended September 30, 2024, respectively, compared to $12.55/Boe and $12.66/Boe in the same periods in 2023. The increases were mainly due to increased workover and maintenance activities, including from the Grande Prairie Region Well Optimization Program.

### Transportation and NGLs Processing

| | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | % Chg | 2024 | 2023 | % Chg |
| Transportation and NGLs processing | 34.2 | 31.2 | 10 | 97.5 | 101.2 | (4) |
| *$/Boe [(1)]* | *3.92* | *3.44* | *14* | *3.66* | *3.91* | *(6)* |

(1) Transportation and NGLs processing per Boe is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information.




Transportation and NGLs processing expense was $34.2 million ($3.92/Boe) and $97.5 million ($3.66/Boe), respectively, for the three and nine months ended September 30, 2024 compared to $31.2 million ($3.44/Boe) and $101.2 million ($3.91/Boe) in the same periods in 2023. The decrease in transportation and NGLs processing expense in the nine months ended September 30, 2024 is mainly due to short-term optimization activities undertaken by the Company with respect to its transportation portfolio, partially offset by higher sales volumes in 2024.

### Sales of Commodities Purchased and Commodities Purchased

| | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | % Chg | 2024 | 2023 | % Chg |
| Sales of commodities purchased | 79.6 | 42.1 | 89 | 218.6 | 204.9 | 7 |
| Commodities purchased | (78.5) | (39.2) | 100 | (214.3) | (202.8) | 6 |

Paramount purchases commodities from third parties from time to time to fulfill sales commitments and for blending purposes. The Company sells these products to its customers. These transactions are presented as separate revenue and expense items in the interim condensed consolidated statements of comprehensive income in the Interim Financial Statements.

**Other Items**

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Depletion and depreciation | **109.4** | 89.6 | **332.2** | 266.5 |
| Change in asset retirement obligations | **(4.3)** | (2.6) | **28.0** | 3.6 |
| Exploration and evaluation expense | **2.9** | 3.1 | **10.5** | 8.1 |
| Loss (gain) on sale of oil and gas assets | **0.4** | (0.5) | **(15.5)** | (122.9) |
| Accretion of asset retirement obligations | **10.6** | 10.9 | **31.8** | 32.5 |

Depletion and depreciation expense was $109.4 million in the third quarter of 2024 compared to $89.6 million in the same period of 2023. Depletion and depreciation expense was $332.2 million in the nine months ended September 30, 2024 compared to $266.5 million in the same period in 2023. The increase in 2024 was mainly attributable to higher depletion rates per Boe and sales volumes.

For the nine months ended September 30, 2024, the Company recorded a charge of $28.0 million (September 30, 2023 – $3.6 million) to earnings related to changes in the discounted carrying value of estimated asset retirement obligations in respect of properties that had a nil carrying value ascribed to property, plant and equipment. In 2024, the changes mainly resulted from a reduction in the credit-adjusted risk-free rate used to discount obligations from 7.75 percent per annum to 7.00 percent per annum. The changes in 2023 were due to revisions to the estimated costs.

Exploration and evaluation expense was $2.9 million and $10.5 million for the three and nine months ended September 30, 2024, respectively, compared to $3.1 million and $8.1 million for the same periods in 2023.

In February 2024, Paramount sold certain non-core assets in the Kaybob Region while retaining a 2% no-deduction gross overriding royalty on the undeveloped Montney acreage forming part of the assets (the "2024 Kaybob Disposition"). The Company received cash proceeds of $45.4 million on the sale, resulting in a $14.3 million gain on sale of oil and gas assets in 2024. The properties sold had average sales volumes of approximately 850 Boe/d (1.2 MMcf/d of shale gas, 1.0 MMcf/d of conventional gas and 470 Bbl/d of NGLs) in the fourth quarter of 2023, the last full quarter prior to sale.

In January 2023, Paramount closed the sale of its Kaybob Smoky and Kaybob South Duvernay properties and certain other minor interests in the Kaybob Region (the "2023 Kaybob Disposition"). Paramount received cash proceeds of $370.2 million on the sale, resulting in a $120.6 million gain on sale of oil and gas assets in 2023.

Accretion of asset retirement obligations was $10.6 million and $31.8 million for the three and nine months ended September 30, 2024, respectively, relatively consistent compared to $10.9 million and $32.5 million for the same periods in 2023.

## ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations settled in the nine months ended September 30, 2024 totaled $26.2 million compared to $41.8 million in the same period in 2023. Activities in 2024 included the abandonment of 36 wells and the reclamation of 51 sites.

As at September 30, 2024, estimated undiscounted, uninflated asset retirement obligations were $1,262.9 million (December 31, 2023 – $1,295.4 million). The Company's discounted asset retirement obligations at September 30, 2024 were $630.5 million (discounted at 7.0 percent per annum and using an inflation rate of 2.0 percent per annum) compared to $587.3 million as at December 31, 2023 (discounted at 7.75 percent per annum and using an inflation rate of 2.0 percent per annum). The increase in the discounted asset retirement obligation at September 30, 2024 was due to a change in the rate used to discount obligations. For further details concerning the Company's asset retirement obligations, refer to Note 6 in the Interim Financial Statements.

## OTHER ASSETS

**Investments in Securities**

| As at | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Level One Securities | 353.4 | 422.0 |
| Level Three Securities | 128.8 | 118.9 |
| | 482.2 | 540.9 |

Paramount holds investments in a number of publicly-traded and private entities as part of its portfolio of investments. Investments in securities that are listed on a public stock exchange are classified as level one fair value hierarchy securities ("Level One Securities") and carried at their period-end trading prices. Investments in securities that are not listed on a public stock exchange are classified as level three fair value hierarchy securities ("Level Three Securities"). Estimates of fair values for these investments are based on valuation techniques that incorporate unobservable inputs.

Level One Securities at September 30, 2024 included 31.3 million common shares of NuVista Energy Ltd. ("NuVista Shares") (December 31, 2023 – 37.3 million NuVista Shares), which had a carrying value of $347.5 million (December 31, 2023 – $411.3 million).

During the nine months ended September 30, 2024, Paramount sold a portion of its Level One Securities, including 6.0 million NuVista Shares, for aggregate cash proceeds of $79.0 million, resulting in $57.7 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings.

Level Three Securities at September 30, 2024 and December 31, 2023 included investments in the shares of Sultran Ltd. and Westbrick Energy Ltd.

For the three and nine months ended September 30, 2024, the Company recorded an unrealized before tax loss of $97.3 million and gain of $20.4 million, respectively, to other comprehensive income related to changes in the fair value estimates of investments in securities.

For additional details concerning the Company's investments in securities, refer to Note 4 in the Interim Financial Statements.

## CORPORATE

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| General and administrative | **10.7** | 11.8 | **35.7** | 38.9 |
| Share-based compensation | **4.9** | 4.4 | **18.1** | 15.7 |
| Interest and financing | **1.9** | 1.7 | **5.0** | 4.5 |
| Deferred income tax expense | **10.7** | 28.7 | **56.7** | 110.8 |
| Other | **(1.5)** | – | **(11.3)** | (0.2) |

General and administrative expense was $10.7 million and $35.7 million for the three and nine months ended September 30, 2024, respectively, relatively consistent compared to $11.8 million and $38.9 million in the same periods in 2023.

Share-based compensation expense was $4.9 million and $18.1 million for the three and nine months ended September 30, 2024, respectively, relatively consistent compared to $4.4 million and $15.7 million in the same periods in 2023.

Deferred income tax expense was $10.7 million and $56.7 million for the three and nine months ended September 30, 2024, respectively, compared to $28.7 million and $110.8 million in the same periods in 2023.

Other for the nine months ended September 30, 2024 was mainly related to dividend income of $8.3 million (2023 – $0.5 million) from the Company's investments in securities.

## CAPITAL EXPENDITURES AND LAND AND PROPERTY ACQUISITIONS

### Capital Expenditures

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Drilling, completion, equipping and tie-ins | 170.9 | 152.8 | 520.5 | 405.9 |
| Facilities and gathering | 43.3 | 41.7 | 151.6 | 93.0 |
| Drilling rigs | 2.6 | 4.9 | 7.5 | 15.1 |
| Corporate | (0.1) | (0.5) | (8.1) | 9.2 |
| **Capital expenditures** | 216.7 | 198.9 | 671.5 | 523.2 |
| | | | | |
| Grande Prairie Region | 84.6 | 117.6 | 359.5 | 304.7 |
| Kaybob Region | 56.5 | 41.4 | 153.7 | 125.8 |
| Central Alberta and Other Region | 73.0 | 35.5 | 158.7 | 58.2 |
| Fox Drilling and Cavalier Energy | 2.7 | 4.9 | 7.7 | 25.3 |
| Corporate (1) | (0.1) | (0.5) | (8.1) | 9.2 |
| **Capital expenditures** | 216.7 | 198.9 | 671.5 | 523.2 |

(1) Includes transfers between regions.

### Land and Property Acquisitions

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Land and property acquisitions** | 0.4 | 8.9 | 3.4 | 61.1 |

Capital expenditures totaled $216.7 million in the third quarter of 2024 compared to $198.9 million in the same period in 2023. Capital expenditures totaled $671.5 million in the first nine months of 2024 compared to $523.2 million in the same period in 2023. Significant capital program activities in the first nine months of 2024 included the following:

- In the Grande Prairie Region, the Company drilled 28 (28.0 net) Montney wells, completed 31 (31.0 net) Montney wells and brought onstream 27 (27.0 net) Montney wells. The construction of a new compressor node in the western portion of the Wapiti area was commissioned and brought onstream in the third quarter of 2024.

- In the Kaybob Region, the Company drilled 12 (12.0 net) Duvernay wells and completed and brought onstream 11 (11.0 net) Duvernay wells.

- In the Central Alberta and Other Region, the construction of the Company's second natural gas processing plant at Willesden Green (the "Alhambra Plant"), is ongoing. The Company also drilled 6 (6.0 net) Duvernay wells, completed 3 (3.0 net) Duvernay wells and brought onstream 5 (5.0 net) Duvernay wells at Willesden Green.

Land and property acquisitions totaled $0.4 million in the third quarter of 2024 compared to $8.9 million in the same period in 2023. Land and property acquisitions totaled $3.4 million in the first nine months of 2024 compared to $61.1 million in the same period in 2023.

## LIQUIDITY AND CAPITAL RESOURCES

The Company'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.

Paramount monitors and assesses its capital structure for alignment with its current and long-term business plans and will, guided by its primary capital management objectives, seek to adjust the structure as necessary in response to changes in its business plans, plans for shareholder returns, economic and operating conditions, financial and operating results, strategic initiatives and the Company's assessment of the risk environment. Paramount may adjust its capital structure through a number of means, including by modifying capital spending programs, seeking to issue or repurchase shares, altering debt levels, modifying dividend levels or acquiring or disposing of assets.

The key capital management measures used by the Company in monitoring and assessing its capital structure are net (cash) debt, adjusted funds flow, the ratio of net debt to adjusted funds flow and free cash flow. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Readers are referred to the "Specified Financial Measures" section of this MD&A and Note 15 in the Interim Financial Statements for important additional information concerning these measures.

The calculation of net (cash) debt is as follows:

| As at | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Cash and cash equivalents | (2.1) | (48.9) |
| Accounts receivable [1] | (124.4) | (155.0) |
| Prepaid expenses and other | (16.6) | (9.0) |
| Accounts payable and accrued liabilities | 227.9 | 272.5 |
| Long-term debt | 44.0 | – |
| **Net (cash) debt** | 128.8 | 59.6 |

(1) Excludes accounts receivable relating to lease incentives (September 30, 2024 – $0.8 million, December 31, 2023 – $0.8 million).

Net (cash) debt does not account for the $482.2 million carrying value of the Company's investments in securities at September 30, 2024 (December 31, 2023 – $540.9 million).

Paramount's operations are capital intensive and adequate sources of liquidity are required to fund ongoing exploration and development activities, discharge asset retirement obligations and satisfy its other contractual obligations and commitments. Paramount's available capital resources include cash from operating activities, available capacity under its senior secured revolving bank credit facility (the "Paramount Facility"), the terms of which are described further below, and, from time to time, cash and cash equivalents.

Based on the forecasts of fourth quarter 2024 sales volumes and the pricing assumptions set out in this MD&A under the "Updated 2024 Guidance" section, Paramount expects to fully fund its forecast fourth quarter 2024 maintenance and sustaining capital expenditures, abandonment and reclamation expenditures and regular monthly dividends from cash from operating activities. Paramount expects to utilize borrowing capacity under the Paramount Facility to fund the portion of its forecast fourth quarter 2024 growth capital expenditures not otherwise funded by cash from operating activities or other sources.

The ability of cash from operating activities to satisfy the Company's funding requirements in the fourth quarter of 2024 and future years is dependent on a number of factors, including commodity prices, sales volumes, royalties, operating and transportation costs, general and administrative and interest expenses and foreign currency exchange rates.

Paramount may also determine to divest of assets or investments in securities from time to time to reduce indebtedness or fund operations. In April 2024, the Company sold 6.0 million NuVista Shares for net cash proceeds of $74.8 million. In February 2024, Paramount closed the 2024 Kaybob Disposition, receiving cash proceeds of $45.4 million. In January 2023, the Company closed the 2023 Kaybob Disposition, receiving cash proceeds of $370.2 million, and repaid all remaining drawings then outstanding under the Paramount Facility. Subject to market conditions and availability, proceeds from new debt and/or equity financings may also provide additional sources of capital from time to time.

**Paramount Facility**

The Paramount Facility is a $1.0 billion financial covenant-based senior secured revolving bank credit facility. The maturity date of the Paramount Facility is May 3, 2026. At Paramount's request, the credit limit of the Paramount Facility can be increased by up to $250 million pursuant to an accordion feature in the facility, subject to incremental lender commitments.

The Company had undrawn letters of credit outstanding under the Paramount Facility totaling $1.8 million at September 30, 2024 (December 31, 2023 – $3.1 million) that reduce the amount available to be drawn on the facility.

For additional information concerning the Paramount Facility, refer to Note 8 of the Annual Financial Statements.

**Unsecured Letter of Credit Facility**

The Company has a $90 million unsecured demand revolving letter of credit facility (the "LC Facility") with a Canadian bank. Paramount's obligations under the LC Facility are supported by a performance security guarantee from Export Development Canada that is valid to June 30, 2025. At September 30, 2024, $28.9 million in undrawn letters of credit were outstanding under the LC Facility (December 31, 2023 – $30.1 million).

**Cash Flow Hedges**

The Company had the following electricity swaps at September 30, 2024:

| Contract type | Aggregate notional (1) | Average fixed contract rate (1) | Remaining term |
|---|---|---|---|
| Electricity Swaps (Buy) | 240 MWh/d | $66.13/MWh | October 2024 – December 2024 |
| Electricity Swaps (Buy) | 240 MWh/d | $71.13/MWh | January 2025 – December 2025 |
| Electricity Swaps (Buy) | 120 MWh/d | $58.79/MWh | January 2025 – December 2029 |
| Electricity Swaps (Buy) | 120 MWh/d | $58.19/MWh | January 2026 – December 2028 |
| Electricity Swaps (Buy) | 120 MWh/d | $61.73/MWh | January 2026 – December 2030 |

(1) Reference electricity rate: Floating hourly rate established by the Alberta Electric System Operator ("AESO"). "MWh" means megawatt-hour.

The Company has classified its electricity swaps as cash flow hedges and applied hedge accounting. There were no changes to the critical terms of the hedging relationships and no hedge ineffectiveness was identified at September 30, 2024.

Paramount entered into electricity swap (buy) contracts in the third quarter of 2024, that were designated as cash flow hedges, to manage exposure to variable market prices by fixing the underlying AESO Pool Price on a portion of the Company's anticipated power requirements between 2025 and 2030.

For additional information concerning the Company's cash flow hedges, refer to Note 11 of the Interim Financial Statements.

**Share Capital**

At November 5, 2024, Paramount had 146.6 million Common Shares outstanding (net of 0.4 million Common Shares held in trust under the Company’s restricted share unit plan) and 9.2 million options to acquire Common Shares outstanding, of which 4.1 million options are exercisable.

For the nine months ended September 30, 2024, Paramount issued 2.3 million Common Shares on the exercise of options to acquire Common Shares.

**Dividends**

In the nine months ended September 30, 2024, Paramount declared total dividends of $1.25 per Common Share or $182.2 million (September 30, 2023 – $2.125 per Common Share or $304.1 million comprised of a special dividend of $1.00 per Common Share and regular monthly dividends totaling $1.125 per Common Share).

On October 31, 2024, the Company paid a regular monthly cash dividend of $0.15 per Common Share to shareholders of record on October 15, 2024.

**Normal Course Issuer Bid**

In July 2024, Paramount implemented a normal course issuer bid (the "2024 NCIB") under which the Company may purchase up to 7.9 million Common Shares for cancellation. The 2024 NCIB will terminate on the earlier of July 7, 2025 and the date on which the maximum number of Common Shares that can be acquired pursuant to the 2024 NCIB are purchased. Purchases of Common Shares under the 2024 NCIB will be made through the facilities of the TSX or alternative Canadian trading systems at the market price at the time of purchase. The Company has not made any purchases of Common Shares under the 2024 NCIB to date.

Paramount previously implemented a normal course issuer bid in July 2023. No shares were purchased under this normal course issuer bid, which expired on July 5, 2024.

## QUARTERLY INFORMATION

| | 2024 | | | 2023 | | | | 2022 |
|---|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| **Petroleum and natural gas sales** | **404.8** | 443.6 | 452.3 | 470.5 | 463.8 | 374.4 | 489.7 | 597.7 |
| **Revenue** | **438.0** | 461.9 | 445.2 | 451.8 | 430.7 | 380.9 | 535.7 | 616.0 |
| **Net income** | **95.8** | 84.5 | 68.1 | 111.9 | 87.2 | 74.2 | 197.0 | 259.9 |
| *Per share – basic ($/share)* | ***0.65*** | *0.58* | *0.47* | *0.78* | *0.61* | *0.52* | *1.39* | *1.83* |
| *Per share – diluted ($/share)* | ***0.64*** | *0.57* | *0.46* | *0.75* | *0.59* | *0.50* | *1.33* | *1.76* |
| **Cash from operating activities** | **205.7** | 220.5 | 201.3 | 287.0 | 207.6 | 172.2 | 271.4 | 306.9 |
| *Per share – basic ($/share)* (1) | ***1.40*** | *1.51* | *1.39* | *1.99* | *1.45* | *1.20* | *1.91* | *2.17* |
| *Per share – diluted ($/share)* (1) | ***1.38*** | *1.47* | *1.35* | *1.93* | *1.40* | *1.16* | *1.84* | *2.08* |
| **Adjusted funds flow** (1) | **200.7** | 266.2 | 225.6 | 284.1 | 234.2 | 178.7 | 268.2 | 340.7 |
| *Per share – basic ($/share)* | ***1.37*** | *1.82* | *1.56* | *1.97* | *1.64* | *1.25* | *1.89* | *2.40* |
| *Per share – diluted ($/share)* | ***1.34*** | *1.78* | *1.52* | *1.91* | *1.58* | *1.21* | *1.81* | *2.31* |
| **Free cash flow** (1) | **(26.3)** | 20.3 | (9.5) | 59.7 | 18.5 | 30.5 | 59.8 | 162.0 |
| *Per share – basic ($/share)* | ***(0.18)*** | *0.14* | (0.07) | 0.41 | 0.13 | 0.21 | 0.42 | 1.14 |
| *Per share – diluted ($/share)* | ***(0.18)*** | *0.14* | (0.07) | 0.40 | 0.12 | 0.21 | 0.40 | 1.10 |
| **Dividends declared ($/share)** | **0.45** | 0.425 | 0.375 | 0.375 | 0.375 | 0.375 | 1.375 | 0.35 |
| **Sales volumes** | | | | | | | | |
| Natural gas (MMcf/d) | **294.5** | 296.8 | 318.7 | 326.2 | 323.1 | 290.2 | 320.6 | 321.9 |
| Condensate and oil (Bbl/d) | **38,770** | 39,206 | 40,908 | 40,290 | 38,161 | 34,230 | 37,916 | 37,580 |
| Other NGLs (Bbl/d) | **7,045** | 6,928 | 6,954 | 6,698 | 6,627 | 5,648 | 5,916 | 6,143 |
| Total (Boe/d) | **94,892** | 95,609 | 100,977 | 101,348 | 98,644 | 88,243 | 97,269 | 97,370 |
| Liquids % | ***48%*** | *48%* | *47%* | *46%* | *45%* | *45%* | *45%* | *45%* |
| **Realized prices** (1) | | | | | | | | |
| Natural gas ($/Mcf) | **1.37** | 1.69 | 2.84 | 2.79 | 2.67 | 2.43 | 4.23 | 6.56 |
| Condensate and oil ($/Bbl) | **96.15** | 103.07 | 92.64 | 98.12 | 103.36 | 94.42 | 100.66 | 108.50 |
| Other NGLs ($/Bbl) | **36.25** | 33.07 | 37.81 | 36.00 | 33.64 | 30.86 | 43.93 | 48.25 |
| Petroleum and natural gas ($/Boe) | **46.37** | 50.99 | 49.24 | 50.46 | 51.11 | 46.63 | 55.94 | 66.72 |

(1) Adjusted funds flow and free cash flow are capital management measures used by Paramount. Each measure presented on a per share, $/Bbl, $/Mcf or $/Boe basis, other than net income per share, is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.

### Significant Items Impacting Quarterly Results

Quarterly earnings variances include the impacts of changing sales volumes and realized prices.

- Third quarter 2024 earnings include a $32.5 million gain on risk management contracts.
- Second quarter 2024 earnings include a $36.0 million gain on risk management contracts, $10.0 million related to an interim payment from insurers for 2023 wildfire losses and $7.9 million in dividends on the Company's investments in securities.
- First quarter 2024 earnings include a $15.6 million gain on the sale of oil and gas assets.
- Fourth quarter 2023 earnings include a $53.4 million gain on risk management contracts.
- Third quarter 2023 earnings include the impacts of higher sales volumes following the Alberta wildfires in the second quarter.
- Second quarter 2023 earnings include the impacts of the Alberta wildfires on sales volumes and netback.
- First quarter 2023 earnings include a $121.1 million gain on the sale of oil and gas assets.
- Fourth quarter 2022 earnings include deferred income tax expense of $68.5 million, a provision recovery of $24.0 million and $6.9 million related to the impacts of terminating $500 million of floating-to-fixed interest rate swaps in December 2022.

## OTHER INFORMATION

### Contractual Obligations

Paramount had the following contractual obligations at September 30, 2024: (1)

| | Within 1 year | After one year but not more than three years | After three years but not more than five years | More than five years | Total |
|---|---|---|---|---|---|
| Paramount Facility | – | 44.7 | – | – | **44.7** |
| Transportation and processing commitments | 248.2 | 517.9 | 453.5 | 1,467.9 | **2,687.5** |
| Asset retirement obligations (2) | 37.7 | 80.3 | 80.2 | 1,064.7 | **1,262.9** |
| Finance lease and other commitments | 11.8 | 13.8 | 5.8 | 21.0 | **52.4** |
| | **297.7** | **656.7** | **539.5** | **2,553.6** | **4,047.5** |

(1) Excludes risk management liabilities and accounts payable and accrued liabilities. For additional information concerning the Company's risk management liabilities, refer to Note 11 in the Interim Financial Statements.
(2) Undiscounted, uninflated asset retirement obligations estimated as at September 30, 2024. Estimated costs and timing of settlement are revised from time to time based on new information.

In 2024, the Company secured incremental long-term firm-service transportation with third parties.

### Contingencies

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 legal actions. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty. Paramount does not anticipate that these claims will have a material impact on its financial position.

Tax and royalty legislation and regulations, and government interpretation and administration thereof, continually change.  As a result, there are often tax and royalty matters under review by government authorities.  All tax and royalty filings are subject to subsequent government audit and potential reassessments.  Accordingly, the final amounts may differ materially from amounts estimated and recorded.

**Future Changes in Accounting Standards**

In April 2024, the International Accounting Standards Board ("IASB") issued *IFRS 18 – Presentation and Disclosure in Financial Statements,* which replaces *IAS 1 – Presentation of Financial Statements* and establishes a revised structure for the financial statements, required disclosures for certain management-defined performance measures and enhanced requirements for grouping of information in the financial statements.  IFRS 18 is effective for years beginning on or after January 1, 2027, with early adoption permitted.  The Company has not yet determined the impact of this new standard on its consolidated financial statements.

In May 2024, the IASB issued amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments: Disclosures*.  These amendments include clarifications of the dates of recognition and derecognition of some financial assets and liabilities and the classification of certain financial assets.  In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income.  These amendments are effective for years beginning on or after January 1, 2026, with early adoption permitted.  The Company has not yet determined the impact of these amendments on its consolidated financial statements.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three months ended September 30, 2024, there was no change in the Company's internal control over financial reporting ("ICFR") that materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Internal control systems, no matter how well designed, have inherent limitations.  Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.  Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

## RISK FACTORS

Readers should, in conjunction with their review of this MD&A, carefully review the "Risk Factors" section in the Annual Information Form, which is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

## PRODUCT TYPE INFORMATION

This MD&A includes references to sales volumes of "natural gas", "condensate and oil", "NGLs", "Other NGLs" and "liquids". "Natural gas" refers to shale gas and conventional natural gas combined. "Condensate and oil" refers to condensate, light and medium crude oil, tight oil and heavy crude oil combined. "NGLs" refers to condensate and Other NGLs combined. "Other NGLs" refers to ethane, propane and butane. "Liquids" refers to condensate and oil and Other NGLs combined. Below is a complete breakdown of sales volumes for applicable periods by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil. Numbers may not add due to rounding.

| | 2024 | | | 2023 | | | | 2022 | YTD Sept 30 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | 2024 | 2023 |
| **SALES VOLUMES – TOTAL COMPANY BY PRODUCT TYPE** | | | | | | | | | | |
| Shale gas (MMcf/d) | **249.0** | 243.1 | 268.5 | 271.8 | 276.7 | 246.0 | 265.2 | 260.0 | 253.5 | 263.0 |
| Conventional natural gas (MMcf/d) | **45.5** | 53.7 | 50.2 | 54.4 | 46.4 | 44.2 | 55.4 | 61.9 | 49.8 | 48.3 |
| **Natural gas (MMcf/d)** | **294.5** | 296.8 | 318.7 | 326.2 | 323.1 | 290.2 | 320.6 | 321.9 | 303.3 | 311.3 |
| Condensate (Bbl/d) | **36,830** | 36,825 | 38,332 | 37,522 | 35,984 | 32,341 | 34,706 | 34,616 | 37,327 | 34,349 |
| Other NGLs (Bbl/d) | **7,045** | 6,928 | 6,954 | 6,698 | 6,627 | 5,648 | 5,916 | 6,143 | 6,976 | 6,066 |
| **NGLs (Bbl/d)** | **43,875** | 43,753 | 45,286 | 44,220 | 42,611 | 37,989 | 40,622 | 40,759 | 44,303 | 40,415 |
| Light and medium crude oil (Bbl/d) | **1,235** | 1,566 | 1,595 | 1,636 | 1,154 | 942 | 2,151 | 2,335 | 1,465 | 1,412 |
| Tight oil (Bbl/d) | **368** | 466 | 592 | 699 | 627 | 538 | 599 | 629 | 475 | 588 |
| Heavy crude oil (Bbl/d) | **337** | 349 | 389 | 433 | 396 | 409 | 460 | – | 358 | 421 |
| **Crude oil (Bbl/d)** | **1,940** | 2,381 | 2,576 | 2,768 | 2,177 | 1,889 | 3,210 | 2,964 | 2,298 | 2,421 |
| **Total (Boe/d)** | **94,892** | 95,609 | 100,977 | 101,348 | 98,644 | 88,243 | 97,269 | 97,370 | 97,151 | 94,724 |

| | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | YTD Sept 30 2024 | YTD Sept 30 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **SALES VOLUMES – BY REGION BY PRODUCT TYPE** | | | | | | | | | | |
| **GRANDE PRAIRIE REGION** | | | | | | | | | | |
| Shale gas (MMcf/d) | **203.0** | 187.0 | 201.6 | 214.1 | 222.8 | 196.1 | 204.0 | 188.4 | 197.2 | 207.7 |
| Conventional natural gas (MMcf/d) | **0.2** | 0.3 | 0.2 | 0.3 | 0.4 | 0.3 | 0.4 | 1.5 | 0.2 | 0.4 |
| **Natural gas (MMcf/d)** | **203.2** | 187.3 | 201.8 | 214.4 | 223.2 | 196.4 | 204.4 | 189.9 | 197.4 | 208.1 |
| Condensate (Bbl/d) | **28,924** | 27,936 | 29,061 | 32,155 | 32,145 | 30,046 | 31,367 | 29,146 | 28,641 | 31,189 |
| Other NGLs (Bbl/d) | **4,723** | 4,179 | 4,334 | 4,742 | 4,815 | 4,012 | 4,074 | 3,631 | 4,413 | 4,303 |
| **NGLs (Bbl/d)** | **33,647** | 32,115 | 33,395 | 36,897 | 36,960 | 34,058 | 35,441 | 32,777 | 33,054 | 35,492 |
| Light and medium crude oil (Bbl/d) | **–** | – | – | – | – | – | – | – | – | – |
| Tight oil (Bbl/d) | **123** | 147 | 141 | 227 | 220 | 159 | – | – | 137 | 127 |
| **Crude oil (Bbl/d)** | **123** | 147 | 141 | 227 | 220 | 159 | – | – | 137 | 127 |
| **Total (Boe/d)** | **67,635** | 63,480 | 67,163 | 72,860 | 74,381 | 66,950 | 69,507 | 64,434 | 66,099 | 70,297 |

| | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | YTD Sept 30 2024 | YTD Sept 30 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **KAYBOB REGION** | | | | | | | | | | |
| Shale gas (MMcf/d) | **31.8** | 35.8 | 30.6 | 30.2 | 28.0 | 21.7 | 31.8 | 41.9 | 32.7 | 27.5 |
| Conventional natural gas (MMcf/d) | **41.6** | 48.8 | 47.7 | 49.6 | 41.7 | 38.4 | 49.6 | 55.0 | 46.1 | 42.9 |
| **Natural gas (MMcf/d)** | **73.4** | 84.6 | 78.3 | 79.8 | 69.7 | 60.1 | 81.4 | 96.9 | 78.8 | 70.4 |
| Condensate (Bbl/d) | **5,943** | 6,617 | 6,038 | 4,003 | 2,981 | 1,301 | 2,315 | 4,354 | 6,199 | 2,202 |
| Other NGLs (Bbl/d) | **1,403** | 1,599 | 1,480 | 1,209 | 1,188 | 891 | 988 | 1,671 | 1,494 | 1,023 |
| **NGLs (Bbl/d)** | **7,346** | 8,216 | 7,518 | 5,212 | 4,169 | 2,192 | 3,303 | 6,025 | 7,693 | 3,225 |
| Light and medium crude oil (Bbl/d) | **1,224** | 1,544 | 1,573 | 1,602 | 1,131 | 914 | 2,121 | 2,045 | 1,446 | 1,385 |
| Tight oil (Bbl/d) | **85** | 80 | 212 | 205 | 104 | 115 | 206 | 262 | 125 | 141 |
| **Crude oil (Bbl/d)** | **1,309** | 1,624 | 1,785 | 1,807 | 1,235 | 1,029 | 2,327 | 2,307 | 1,571 | 1,526 |
| **Total (Boe/d)** | **20,894** | 23,946 | 22,353 | 20,324 | 17,027 | 13,238 | 19,201 | 24,477 | 22,392 | 16,481 |

| | 2024 | | | 2023 | | | | 2022 | YTD Sept 30 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | 2024 | 2023 |
| **CENTRAL ALBERTA AND OTHER REGION** | | | | | | | | | | |
| Shale gas (MMcf/d) | 14.2 | 20.3 | 36.3 | 27.5 | 25.9 | 28.2 | 29.4 | 29.7 | 23.6 | 27.8 |
| Conventional natural gas (MMcf/d) | 3.7 | 4.6 | 2.3 | 4.5 | 4.3 | 5.5 | 5.4 | 5.4 | 3.5 | 5.0 |
| **Natural gas (MMcf/d)** | 17.9 | 24.9 | 38.6 | 32.0 | 30.2 | 33.7 | 34.8 | 35.1 | 27.1 | 32.8 |
| Condensate (Bbl/d) | 1,963 | 2,272 | 3,233 | 1,364 | 858 | 994 | 1,024 | 1,116 | 2,487 | 958 |
| Other NGLs (Bbl/d) | 919 | 1,150 | 1,140 | 747 | 624 | 745 | 854 | 841 | 1,069 | 740 |
| **NGLs (Bbl/d)** | 2,882 | 3,422 | 4,373 | 2,111 | 1,482 | 1,739 | 1,878 | 1,957 | 3,556 | 1,698 |
| Light and medium crude oil (Bbl/d) | 11 | 22 | 22 | 34 | 23 | 28 | 30 | 290 | 19 | 27 |
| Tight oil (Bbl/d) | 160 | 239 | 239 | 267 | 303 | 264 | 393 | 367 | 213 | 320 |
| Heavy crude oil (Bbl/d) | 337 | 349 | 389 | 433 | 396 | 409 | 460 | – | 358 | 421 |
| **Crude oil (Bbl/d)** | 508 | 610 | 650 | 734 | 722 | 701 | 883 | 657 | 590 | 768 |
| **Total (Boe/d)** | 6,363 | 8,183 | 11,461 | 8,164 | 7,236 | 8,055 | 8,561 | 8,459 | 8,660 | 7,946 |

Paramount is updating its fourth quarter 2024 sales volumes guidance to a range of 102,000 Boe/d to 109,000 Boe/d (51% shale gas and conventional natural gas combined, 42% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 7% Other NGLs).

## SPECIFIED FINANCIAL MEASURES

### Non-GAAP Financial Measures

Netback and netback including risk management contract settlements are non-GAAP financial measures. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures presented by other issuers. These measures should not be considered in isolation or construed as alternatives to their most directly comparable measure disclosed in the Company's primary financial statements or other measures of financial performance calculated in accordance with IFRS.

Netback equals petroleum and natural gas sales (the most directly comparable measure disclosed in the Company's primary financial statements) plus sales of commodities purchased less royalties, operating expense, transportation and NGLs processing expense and commodities purchased. Sales of commodities purchased and commodities purchased are treated as corporate items and are not allocated to individual regions or properties. Netback is used by investors and Management to compare the performance of the Company's producing assets between periods.

Netback including risk management contract settlements equals netback after including (or deducting) risk management contract settlements received (paid). Netback including risk management contract settlements is used by investors and Management to assess the performance of the producing assets after incorporating Management's risk management strategies.

A calculation of netback and netback including risk management contract settlements for the three and nine months ended September 30, 2024 and 2023 is provided in this MD&A under "Operating Results – Netback".

### Non-GAAP Ratios

Netback and netback including risk management contract settlements presented on a $/Boe basis are non-GAAP ratios as they each have a non-GAAP financial measure (netback and netback including risk management contract settlements, respectively) as a component. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures presented by other issuers. These measures should not be considered in isolation or construed as alternatives to their most directly comparable measure disclosed in the Company's primary financial statements or other measures of financial performance calculated in accordance with IFRS.

Netback on a $/Boe basis is calculated by dividing netback for the applicable period by the total sales volumes during the period in Boe. Netback including risk management contract settlements on a $/Boe basis is calculated by dividing netback including risk management contract settlements for the applicable period by the total sales volumes during the period in Boe. These measures are used by investors and Management to assess netback and netback including risk management contract settlements on a unit of sales volumes basis.

### Capital Management Measures

Adjusted funds flow, free cash flow, net (cash) debt and net debt to adjusted funds flow are capital management measures that Paramount utilizes in managing its capital structure. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Refer to Note 15 in the Interim Financial Statements for a description of the composition and use of these measures. Refer also to the "Liquidity and Capital Resources" section in this MD&A.

A reconciliation of adjusted funds flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and nine months ended September 30, 2024 and 2023 is provided in this MD&A under "Consolidated Results – Adjusted Funds Flow".

A reconciliation of free cash flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and nine months ended September 30, 2024 and 2023 is provided in this MD&A under "Consolidated Results – Free Cash Flow".

A calculation of net (cash) debt as at September 30, 2024 and December 31, 2023 is provided in this MD&A under the "Liquidity and Capital Resources" section. At September 30, 2024, Paramount's net debt to adjusted funds flow ratio (determined on a trailing four quarter basis) was 0.1x (December 31, 2023 – 0.1x).

### Supplementary Financial Measures

This MD&A contains supplementary financial measures expressed as: (i) cash from operating activities, adjusted funds flow and free cash flow on a per share – basic and per share – diluted basis, (ii) petroleum and natural gas sales, adjusted funds flow, revenue, royalties, operating expenses, transportation and NGLs processing expenses, sales of commodities purchased and commodities purchased on a $/Bbl, $/Mcf or $/Boe basis and (iii) royalty rate.

Cash from operating activities, adjusted funds flow and free cash flow on a per share – basic basis are calculated by dividing cash from operating activities, adjusted funds flow or free cash flow, as applicable, over the referenced period by the weighted average basic shares outstanding during the period determined under IFRS. Cash from operating activities, adjusted funds flow and free cash flow on a per share – diluted basis are calculated by dividing cash from operating activities, adjusted funds flow or free cash flow, as applicable, over the referenced period by the weighted average diluted shares outstanding during the period determined under IFRS.

Petroleum and natural gas sales, adjusted funds flow, revenue, royalties, operating expenses, transportation and NGLs processing expenses, sales of commodities purchased and commodities purchased on a $/Bbl, $/Mcf or $/Boe basis are calculated by dividing petroleum and natural gas sales, adjusted funds flow, revenue, royalties, operating expenses, transportation and NGLs processing expenses, sales of commodities purchased and commodities purchased, as applicable, over the referenced period by the aggregate units (Bbl, Mcf or Boe) of sales volumes during such period.

Royalty rate is calculated by dividing royalties by petroleum and natural gas sales less royalty income and other revenue.

## ADVISORIES

**Forward-looking Information**

Certain statements in this MD&A 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:

- forecast sales volumes for the fourth quarter of 2024;
- planned capital expenditures in 2024 and the allocation thereof between sustaining and maintenance capital and growth capital;
- planned abandonment and reclamation expenditures in 2024;
- forecast free cash flow in 2024;
- the expected sources of funding for forecast fourth quarter 2024 capital expenditures, abandonment and reclamation expenditures and regular monthly dividends;
- the anticipation that legal proceedings will not have a material impact on Paramount's financial position; and
- the potential payment of future dividends.

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:

- future commodity prices;
- the impact of international conflicts, including in Ukraine and the Middle East;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;
- the availability to Paramount of the funds required for exploration, development and other operations and the meeting of commitments and financial obligations;
- the ability of Paramount to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs to carry out its activities;
- the ability of Paramount to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms and the capacity and reliability of facilities;
- the ability of Paramount to obtain the volumes of water required for completion activities;
- the ability of Paramount to market its production successfully;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated sales volumes, reserves additions, product yields and product recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals;
- the application of regulatory requirements respecting abandonment and reclamation;
- the merits of outstanding and pending legal proceedings; and
- anticipated timelines and budgets being met in respect of: (i) drilling programs and other operations, including well completions and tie-ins, (ii) the construction, commissioning and start-up of new and expanded third-party and Company facilities, including the Alhambra Plant at Willesden Green, and (iii) facility turnarounds and maintenance.

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

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

- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

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

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" in Paramount's Annual Information Form for the year ended December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca. The forward-looking information contained in this document 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.

Certain forward-looking information in this MD&A, including forecast free cash flow in 2024, may also constitute a "financial outlook" within the meaning of applicable securities laws. A financial outlook involves statements about Paramount's prospective financial performance or position and is based on and subject to the assumptions and risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this MD&A. Such assumptions are based on management's assessment of the relevant information currently available and any financial outlook included in this MD&A is provided for the purpose of helping readers understand Paramount's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook.

### Oil and Gas Measures and Definitions

| **Liquids** | |
|---|---|
| Bbl | Barrels |
| Bbl/d | Barrels per day |
| NGLs | Natural gas liquids |
| Condensate | Pentane and heavier hydrocarbons |
| WTI | West Texas Intermediate |

| **Oil Equivalent** | |
|---|---|
| Boe | Barrels of oil equivalent |
| Boe/d | Barrels of oil equivalent per day |

| **Natural Gas** | |
|---|---|
| Mcf | Thousands of cubic feet |
| MMcf/d | Millions of cubic feet per day |
| GJ | Gigajoules |
| GJ/d | Gigajoules per day |
| MMBtu | Millions of British Thermal Units |
| MMBtu/d | Millions of British Thermal Units per day |
| NYMEX | New York Mercantile Exchange |
| AECO | AECO-C reference price |

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

**Interim Condensed Consolidated Financial Statements (Unaudited)**
**For the three and nine months ended September 30, 2024**

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

**(Unaudited)**

($ millions)

| As at | Note | September 30 2024 | December 31 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 14 | 2.1 | 48.9 |
| Accounts receivable | | 125.2 | 155.8 |
| Risk management – current | 11 | 25.3 | 9.9 |
| Prepaid expenses and other | | 16.6 | 9.0 |
| | | 169.2 | 223.6 |
| **Investments in securities** | 4 | 482.2 | 540.9 |
| **Risk management – long-term** | 11 | 2.7 | – |
| **Exploration and evaluation** | 2 | 522.5 | 546.6 |
| **Property, plant and equipment, net** | 3 | 3,221.5 | 2,874.1 |
| **Deferred income tax** | | 146.0 | 203.5 |
| | | 4,544.1 | 4,388.7 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | 227.9 | 272.5 |
| Risk management – current | 11 | 2.7 | – |
| Asset retirement obligations and other – current | 6 | 41.4 | 40.5 |
| | | 272.0 | 313.0 |
| **Long-term debt** | 5 | 44.0 | – |
| **Risk management – long-term** | 11 | 1.5 | 0.5 |
| **Asset retirement obligations and other – long-term** | 6 | 619.4 | 576.0 |
| | | 936.9 | 889.5 |
| **Commitments and contingencies** | 16 | | |
| **Shareholders' equity** | | | |
| Share capital | 7 | 2,319.5 | 2,302.0 |
| Retained earnings | | 756.4 | 632.4 |
| Reserves | 8 | 531.3 | 564.8 |
| | | 3,607.2 | 3,499.2 |
| | | 4,544.1 | 4,388.7 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

**(Unaudited)**

($ millions, except as noted)

| | Note | Three months ended September 30 2024 | Three months ended September 30 2023 | Nine months ended September 30 2024 | Nine months ended September 30 2023 |
|---|---|---|---|---|---|
| Petroleum and natural gas sales | | 404.8 | 463.8 | 1,300.9 | 1,328.0 |
| Royalties | | (46.4) | (75.2) | (174.3) | (185.5) |
| Sales of commodities purchased | | 79.6 | 42.1 | 218.6 | 204.9 |
| **Revenue** | 12 | 438.0 | 430.7 | 1,345.2 | 1,347.4 |
| **Gain (loss) on risk management contracts** | 11 | 32.5 | (12.1) | 57.2 | (0.3) |
| | | 470.5 | 418.6 | 1,402.4 | 1,347.1 |
| **Expenses** | | | | | |
| Operating expense | | 116.3 | 113.9 | 350.9 | 327.4 |
| Transportation and NGLs processing | | 34.2 | 31.2 | 97.5 | 101.2 |
| Commodities purchased | | 78.5 | 39.2 | 214.3 | 202.8 |
| General and administrative | | 10.7 | 11.8 | 35.7 | 38.9 |
| Share-based compensation | 9 | 4.9 | 4.4 | 18.1 | 15.7 |
| Depletion and depreciation | 3 | 105.1 | 87.0 | 360.2 | 270.1 |
| Exploration and evaluation | 2 | 2.9 | 3.1 | 10.5 | 8.1 |
| Loss (gain) on sale of oil and gas assets | 3 | 0.4 | (0.5) | (15.5) | (122.9) |
| Interest and financing | | 1.9 | 1.7 | 5.0 | 4.5 |
| Accretion of asset retirement obligations | 6 | 10.6 | 10.9 | 31.8 | 32.5 |
| Other | 13 | (1.5) | – | (11.3) | (0.2) |
| | | 364.0 | 302.7 | 1,097.2 | 878.1 |
| **Income before tax** | | 106.5 | 115.9 | 305.2 | 469.0 |
| **Income tax expense** | | | | | |
| Deferred | 10 | 10.7 | 28.7 | 56.7 | 110.8 |
| | | 10.7 | 28.7 | 56.7 | 110.8 |
| **Net income** | | 95.8 | 87.2 | 248.5 | 358.2 |
| **Other comprehensive income (loss), net of tax** | 8 | | | | |
| *Items that will be reclassified to net income* | | | | | |
| Change in fair value of cash flow hedges, net of tax | | (1.7) | (2.7) | (3.7) | (3.0) |
| Reclassification to net income, net of tax | | 0.2 | (1.2) | – | (3.4) |
| *Items that will not be reclassified to net income* | | | | | |
| Change in fair value of securities, net of tax | 4 | (86.2) | 77.7 | 18.4 | 17.9 |
| **Comprehensive income** | | 8.1 | 161.0 | 263.2 | 369.7 |
| **Net income per common share** ($/share) | 7 | | | | |
| Basic | | 0.65 | 0.61 | 1.71 | 2.51 |
| Diluted | | 0.64 | 0.59 | 1.67 | 2.42 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
**(Unaudited)**
($ millions)

| | Note | Three months ended September 30 2024 | Three months ended September 30 2023 | Nine months ended September 30 2024 | Nine months ended September 30 2023 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Net income | | **95.8** | 87.2 | **248.5** | 358.2 |
| Add (deduct): | | | | | |
| Items not involving cash | 14 | **102.0** | 144.2 | **434.2** | 312.9 |
| Asset retirement obligations settled | 6 | **(7.4)** | (14.0) | **(26.2)** | (41.8) |
| Change in non-cash working capital | | **15.3** | (9.8) | **(28.8)** | 21.8 |
| Cash from operating activities | | **205.7** | 207.6 | **627.7** | 651.1 |
| **Financing activities** | | | | | |
| Net draw (repayment) of revolving long-term debt | 5 | **44.7** | – | **44.7** | (161.8) |
| Lease liabilities – principal repayments | 6 | **(0.9)** | (0.8) | **(2.9)** | (3.2) |
| Dividends | 7 | **(65.9)** | (53.8) | **(182.2)** | (304.1) |
| Common Shares issued, net of issue costs | 7 | **0.1** | 2.7 | **18.7** | 9.2 |
| RSU plan | 9 | **(5.1)** | – | **(20.3)** | (8.8) |
| Cash used in financing activities | | **(27.1)** | (51.9) | **(142.0)** | (468.7) |
| **Investing activities** | | | | | |
| Capital expenditures | 2,3 | **(216.7)** | (198.9) | **(671.5)** | (523.2) |
| Land and property acquisitions | 2,3 | **(0.4)** | (8.9) | **(3.4)** | (61.1) |
| Proceeds of disposition | 3,4 | **(0.4)** | 0.7 | **126.8** | 373.0 |
| Change in non-cash working capital | | **2.6** | 55.9 | **14.5** | 69.9 |
| Cash used in investing activities | | **(214.9)** | (151.2) | **(533.6)** | (141.4) |
| Net (decrease) increase | | **(36.3)** | 4.5 | **(47.9)** | 41.0 |
| Foreign exchange on cash and cash equivalents | | **0.5** | – | **1.1** | (0.4) |
| Cash and cash equivalents, beginning of period | | **37.9** | 38.6 | **48.9** | 2.5 |
| **Cash and cash equivalents, end of period** | | **2.1** | 43.1 | **2.1** | 43.1 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

**Supplemental cash flow information** 14

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

**(Unaudited)**

($ millions, except as noted)

| Nine months ended September 30 | Note | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | *Shares (millions)* | | *Shares (millions)* | |
| **Share capital** | | | | | |
| Balance, beginning of period | | *144.2* | 2,302.0 | *142.0* | 2,267.1 |
| Issued on exercise of Paramount Options | 7,9 | 2.3 | 24.8 | *1.0* | 12.2 |
| Change in Common Shares for RSU plan | 9 | – | (7.3) | *0.4* | 14.3 |
| **Balance, end of period** | | *146.5* | 2,319.5 | *143.4* | 2,293.6 |
| | | | | | |
| **Retained earnings** | | | | | |
| Balance, beginning of period | | | 632.4 | | 517.6 |
| Net income | | | 248.5 | | 358.2 |
| Dividends | 7 | | (182.2) | | (304.1) |
| Reclassification of accumulated gain on securities | 4 | | 57.7 | | – |
| **Balance, end of period** | | | 756.4 | | 571.7 |
| | | | | | |
| **Reserves** | 8 | | | | |
| Balance, beginning of period | | | 564.8 | | 593.4 |
| Other comprehensive income | | | 14.7 | | 11.5 |
| Contributed surplus | | | 9.5 | | (5.7) |
| Reclassification of accumulated gain on securities | 4 | | (57.7) | | – |
| **Balance, end of period** | | | 531.3 | | 599.2 |
| **Shareholders' equity** | | | 3,607.2 | | 3,464.5 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

## 1. Basis of Presentation

Paramount Resources Ltd. ("Paramount" or the "Company") 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. The Company also pursues longer-term strategic exploration and pre-development plays and holds a portfolio of investments in other entities. Paramount's principal properties are located in Alberta and British Columbia.

Paramount is the ultimate parent company of a consolidated group of companies and is incorporated and domiciled in Canada. The address of the Company's registered office is Suite 4700, 888 – 3rd Street SW, Calgary, Alberta T2P 5C5. The consolidated group includes wholly-owned subsidiaries Fox Drilling Limited Partnership, Cavalier Energy Inc. and MGM Energy. The financial statements of Paramount's subsidiaries and partnerships are prepared for the same reporting periods as the parent in accordance with the Company's accounting policies. Intercompany balances and transactions have been eliminated.

These unaudited interim condensed consolidated financial statements of the Company, as at and for the three and nine months ended September 30, 2024 (the "Interim Financial Statements"), were authorized for issuance by the Audit Committee of Paramount's Board of Directors on November 6, 2024.

These Interim Financial Statements have been prepared in accordance with *IAS 34 – Interim Financial Reporting* on a basis consistent with the accounting, estimation and valuation policies described in the Company's audited consolidated financial statements as at and for the year ended December 31, 2023 (the "Annual Financial Statements").

These Interim Financial Statements are stated in millions of Canadian dollars, unless otherwise noted, and have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value. All references to $ are to Canadian dollars, unless otherwise noted. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements have been condensed or omitted. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements.

**Future Changes in Accounting Standards**

In April 2024, the International Accounting Standards Board ("IASB") issued *IFRS 18 – Presentation and Disclosure in Financial Statements,* which replaces *IAS 1 – Presentation of Financial Statements* and establishes a revised structure for the financial statements, required disclosures for certain management-defined performance measures and enhanced requirements for grouping of information in the financial statements. IFRS 18 is effective for years beginning on or after January 1, 2027, with early adoption permitted. The Company has not yet determined the impact of this new standard on its consolidated financial statements.

In May 2024, the IASB issued amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments: Disclosures.* These amendments include clarifications of the dates of recognition and derecognition of some financial assets and liabilities and the classification of certain financial assets. In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income. These amendments are effective for years beginning on or after January 1, 2026, with early adoption permitted. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

(Tabular amounts stated in $ millions, except as noted)

## 2. Exploration and Evaluation

| | Nine months ended September 30, 2024 | Twelve months ended December 31, 2023 |
|---|---|---|
| Balance, beginning of period | 546.6 | 485.7 |
| Additions | 0.6 | 0.4 |
| Acquisitions | 3.4 | 66.2 |
| Change in asset retirement provision | 0.5 | 1.5 |
| Transfers to property, plant and equipment | (15.9) | (2.2) |
| Expired lease costs | (0.1) | (3.3) |
| Dispositions | (12.6) | (1.7) |
| **Balance, end of period** | 522.5 | 546.6 |

### Exploration and Evaluation Expense

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Geological and geophysical expense | 2.9 | 2.8 | 10.4 | 7.4 |
| Expired lease costs | – | 0.3 | 0.1 | 0.7 |
| | 2.9 | 3.1 | 10.5 | 8.1 |

At September 30, 2024, the Company assessed its exploration and evaluation assets for indicators of potential impairment or impairment reversal and none were identified.

## 3. Property, Plant and Equipment

| Nine months ended September 30, 2024 | Petroleum and natural gas assets | Drilling rigs | Right-of-use assets | Other | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance, beginning of period | 5,412.3 | 175.8 | 29.7 | 57.4 | 5,675.2 |
| Additions | 663.3 | 7.5 | 3.6 | 6.6 | 681.0 |
| Transfers | 15.9 | – | – | – | 15.9 |
| Dispositions | (97.6) | – | (1.7) | – | (99.3) |
| Derecognition | – | – | (1.2) | – | (1.2) |
| Change in asset retirement provision | 25.2 | – | – | – | 25.2 |
| **Cost, end of period** | 6,019.1 | 183.3 | 30.4 | 64.0 | 6,296.8 |
| **Accumulated depletion and depreciation** | | | | | |
| Balance, beginning of period | (2,664.2) | (96.9) | (8.9) | (31.1) | (2,801.1) |
| Depletion and depreciation | (323.1) | (8.1) | (3.3) | (4.4) | (338.9) |
| Dispositions | 61.8 | – | 1.7 | – | 63.5 |
| Derecognition | – | – | 1.2 | – | 1.2 |
| **Accumulated depletion and depreciation, end of period** | (2,925.5) | (105.0) | (9.3) | (35.5) | (3,075.3) |
| Net book value, December 31, 2023 | 2,748.1 | 78.9 | 20.8 | 26.3 | 2,874.1 |
| **Net book value, September 30, 2024** | 3,093.6 | 78.3 | 21.1 | 28.5 | 3,221.5 |

In February 2024, Paramount sold certain non-core assets in its Kaybob cash-generating unit ("CGU") while retaining a 2% no-deduction gross overriding royalty on the undeveloped Montney acreage forming part of the assets. The Company received cash proceeds of $45.4 million on the sale, resulting in a $14.3 million gain on sale of oil and gas assets in 2024.

(Tabular amounts stated in $ millions, except as noted)

In January 2023, the Company sold its Kaybob Smoky and Kaybob South Duvernay properties and certain other minor interests in its Kaybob CGU. Paramount received cash proceeds of $370.2 million on the sale, resulting in a $120.6 million gain on sale of oil and gas assets in 2023.

**Depletion and Depreciation**

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Depletion and depreciation | 109.4 | 89.6 | 332.2 | 266.5 |
| Change in asset retirement obligations | (4.3) | (2.6) | 28.0 | 3.6 |
| | 105.1 | 87.0 | 360.2 | 270.1 |

For the nine months ended September 30, 2024, the Company recorded a charge of $28.0 million (September 30, 2023 – $3.6 million) to earnings related to changes in the discounted carrying value of estimated asset retirement obligations in respect of properties that had a nil carrying value ascribed to property, plant and equipment. In 2024, the changes mainly resulted from a reduction in the credit-adjusted risk-free rate used to discount obligations from 7.75 percent per annum to 7.00 percent per annum. The changes in 2023 were due to revisions to the estimated costs.

At September 30, 2024, the Company assessed its property, plant and equipment assets for indicators of potential impairment and none were identified.

## 4. Investments in Securities

| As at | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Level One Securities | 353.4 | 422.0 |
| Level Three Securities | 128.8 | 118.9 |
| | 482.2 | 540.9 |

Paramount holds investments in a number of publicly-traded and private entities as part of its portfolio of investments. Investments in securities that are listed on a public stock exchange are classified as level one fair value hierarchy securities ("Level One Securities") and carried at their period-end trading prices. Investments in securities that are not listed on a public stock exchange are classified as level three fair value hierarchy securities ("Level Three Securities"). Estimates of fair values for these investments are based on valuation techniques that incorporate unobservable inputs.

Level One Securities at September 30, 2024 included 31.3 million shares of NuVista Energy Ltd. ("NuVista Shares") (December 31, 2023 – 37.3 million NuVista Shares), which had a carrying value of $347.5 million (December 31, 2023 – $411.3 million).

During the nine months ended September 30, 2024, Paramount sold a portion of its Level One Securities, including 6.0 million NuVista Shares, for aggregate cash proceeds of $79.0 million, resulting in $57.7 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings.

Level Three Securities at September 30, 2024 and December 31, 2023 included investments in the shares of Sultran Ltd. and Westbrick Energy Ltd.

(Tabular amounts stated in $ millions, except as noted)

For the three and nine months ended September 30, 2024, the Company recorded an unrealized before tax loss of $97.3 million and gain of $20.4 million, respectively, to other comprehensive income ("OCI") related to changes in the fair value estimates of investments in securities.

Changes in the fair value of investments in securities are as follows:

| | Nine months ended September 30, 2024 | Twelve months ended December 31, 2023 |
|---|---|---|
| Investments in securities, beginning of period | 540.9 | 557.1 |
| Changes in fair value of Level One Securities | 10.4 | (56.6) |
| Changes in fair value of Level Three Securities | 10.0 | 39.5 |
| Changes in fair value of warrants – recorded in earnings | (0.1) | (0.5) |
| Acquired | – | 1.4 |
| Proceeds of dispositions | (79.0) | – |
| **Investments in securities, end of period** | 482.2 | 540.9 |

## 5. Long-Term Debt

| As at | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Paramount Facility (1) | 44.0 | – |

(1) Presented net of $0.7 million in unamortized transaction costs at September 30, 2024.

### Paramount Facility

The Company has a $1.0 billion financial covenant-based senior secured revolving bank credit facility (the "Paramount Facility"). The maturity date of the Paramount Facility is May 3, 2026. At Paramount's request, the credit limit of the Paramount Facility can be increased by up to $250 million pursuant to an accordion feature in the facility, subject to incremental lender commitments.

Paramount was in compliance with the financial covenants under the Paramount Facility at September 30, 2024.

The Company had undrawn letters of credit outstanding under the Paramount Facility totaling $1.8 million at September 30, 2024 (December 31, 2023 – $3.1 million) that reduce the amount available to be drawn on the facility.

For additional information concerning the Paramount Facility, refer to Note 8 of the Annual Financial Statements.

### Unsecured Letter of Credit Facility

The Company has a $90 million unsecured demand revolving letter of credit facility (the "LC Facility") with a Canadian bank. Paramount's obligations under the LC Facility are supported by a performance security guarantee from Export Development Canada that is valid to June 30, 2025. At September 30, 2024, $28.9 million in undrawn letters of credit were outstanding under the LC Facility (December 31, 2023 – $30.1 million).

(Tabular amounts stated in $ millions, except as noted)

## 6. Asset Retirement Obligations and Other

| As at September 30, 2024 | Current | Long-term | Total |
|---|---|---|---|
| Asset retirement obligations | 37.7 | 592.8 | 630.5 |
| Lease liabilities | 3.7 | 26.6 | 30.3 |
| **Asset retirement obligations and other** | **41.4** | **619.4** | **660.8** |

| As at December 31, 2023 | Current | Long-term | Total |
|---|---|---|---|
| Asset retirement obligations | 37.5 | 549.8 | 587.3 |
| Lease liabilities | 3.0 | 26.2 | 29.2 |
| **Asset retirement obligations and other** | **40.5** | **576.0** | **616.5** |

### Asset Retirement Obligations

| | Nine months ended September 30, 2024 | Twelve months ended December 31, 2023 |
|---|---|---|
| Asset retirement obligations, beginning of period | 587.3 | 540.1 |
| Additions | 1.0 | 5.9 |
| Change in estimates | 4.3 | 10.5 |
| Change in discount rate | 48.3 | 42.8 |
| Obligations settled | (26.2) | (54.6) |
| Dispositions | (16.0) | (0.6) |
| Accretion expense | 31.8 | 43.2 |
| **Asset retirement obligations, end of period** | 630.5 | 587.3 |

As at September 30, 2024, estimated undiscounted, uninflated asset retirement obligations were $1,262.9 million (December 31, 2023 – $1,295.4 million). Asset retirement obligations have been determined using a credit-adjusted risk-free discount rate of 7.0 percent per annum (December 31, 2023 – 7.75 percent per annum) and an inflation rate of 2.0 percent per annum (December 31, 2023 – 2.0 percent per annum).

### Lease Liabilities

| | Nine months ended September 30, 2024 | Twelve months ended December 31, 2023 |
|---|---|---|
| Balance, beginning of period | 29.2 | 18.0 |
| Additions | 3.6 | 14.7 |
| Interest expense | 1.5 | 1.5 |
| Obligations settled | (4.0) | (5.0) |
| **Balance, end of period** | 30.3 | 29.2 |

Paramount has lease liabilities in respect of office space and vehicles, which have been recognized at the discounted value of the remaining fixed lease payments. For the nine months ended September 30, 2024, total cash principal payments made in respect of these lease liabilities were $2.9 million (September 30, 2023 – $3.2 million).

For the nine months ended September 30, 2024, expenses related to arrangements containing variable operating costs, short-term and low value leases which have not been included in the lease liabilities were $1.8 million (September 30, 2023 – $1.5 million).

## 7. Share Capital

At September 30, 2024, 146.5 million (December 31, 2023 – 144.2 million) class A common shares of Paramount ("Common Shares") were outstanding, net of 0.4 million (December 31, 2023 – 0.4 million) Common Shares held in trust under the Company's restricted share unit ("RSU") plan.

For the nine months ended September 30, 2024, the Company paid total cash dividends of $1.25 per Common Share or $182.2 million (September 30, 2023 – $2.125 per Common Share or $304.1 million comprised of a special dividend of $1.00 per Common Share or $142.9 million and regular monthly dividends totaling $1.125 per Common Share or $161.2 million). On October 31, 2024, the Company paid a regular monthly dividend of $22.0 million, or $0.15 per Common Share.

In July 2024, Paramount implemented a normal course issuer bid (the "2024 NCIB") under which the Company may purchase up to 7.9 million Common Shares for cancellation. The 2024 NCIB will terminate on the earlier of July 7, 2025 and the date on which the maximum number of Common Shares that can be acquired pursuant to the 2024 NCIB are purchased. Purchases of Common Shares under the 2024 NCIB will be made through the facilities of the Toronto Stock Exchange or alternative Canadian trading systems at the market price at the time of purchase. The Company has not made any purchases of Common Shares under the 2024 NCIB to date.

Paramount previously implemented a normal course issuer bid in July 2023 (the "2023 NCIB"). No shares were purchased under the 2023 NCIB, which expired on July 5, 2024.

For the nine months ended September 30, 2024, Paramount issued 2.3 million Common Shares on the exercise of options to acquire Common Shares ("Paramount Options") (see Note 9).

### Net Income Per Common Share – Basic and Diluted

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Net income – basic and diluted** | 95.8 | 87.2 | 248.5 | 358.2 |
| **Basic – weighted average Common Shares (millions)** | 146.6 | 143.3 | 145.7 | 142.8 |
| Dilutive effect of Paramount Options (millions) | 2.8 | 5.3 | 3.4 | 5.5 |
| **Diluted – weighted average Common Shares (millions)** | 149.4 | 148.6 | 149.1 | 148.3 |
| **Net income per Common Share – basic ($/share)** | 0.65 | 0.61 | 1.71 | 2.51 |
| **Net income per Common Share – diluted ($/share)** | 0.64 | 0.59 | 1.67 | 2.42 |

Paramount Options are potentially dilutive and are included in the diluted per share calculation when they are dilutive to net income per share. For the three and nine months ended September 30, 2024, 4.4 million and 4.5 million Paramount Options, respectively, were anti-dilutive (three and nine months ended September 30, 2023 – 2.6 million).

## 8. Reserves

| Nine months ended September 30, 2024 | Unrealized gains (losses) on cash flow hedges | Unrealized gains (losses) on securities | Contributed surplus | Total reserves |
|---|---|---|---|---|
| Balance, beginning of period | 0.8 | 384.4 | 179.6 | 564.8 |
| Other comprehensive income (loss), before tax | (4.8) | 20.4 | – | 15.6 |
| Deferred tax | 1.1 | (2.0) | – | (0.9) |
| Reclassification of accumulated gain on securities, net of tax (see Note 4) | – | (57.7) | – | (57.7) |
| Share-based compensation (see Note 9) | – | – | 15.5 | 15.5 |
| Paramount Options exercised | – | – | (6.0) | (6.0) |
| **Balance, end of period** | **(2.9)** | **345.1** | **189.1** | **531.3** |

## 9. Share-Based Compensation

### Paramount Options

| | Nine months ended September 30, 2024 | | Twelve months ended December 31, 2023 | |
|---|---|---|---|---|
| | *Paramount Options (millions)* | Weighted average exercise price ($/share) | *Paramount Options (millions)* | Weighted average exercise price ($/share) |
| Balance, beginning of period | *11.8* | 17.11 | *11.3* | 13.55 |
| Granted | *0.2* | 29.55 | *2.6* | 27.09 |
| Exercised [(1)] | *(2.3)* | 8.14 | *(1.8)* | 9.14 |
| Cancelled or forfeited | *(0.2)* | 22.41 | *(0.3)* | 16.04 |
| Expired | *(0.1)* | 32.00 | – | – |
| **Balance, end of period** | ***9.4*** | **19.39** | ***11.8*** | **17.11** |
| **Options exercisable, end of period** | ***1.7*** | **14.07** | ***4.0*** | **10.72** |

(1) For Paramount Options exercised during the nine months ended September 30, 2024, the weighted average market price of Common Shares on the dates exercised was $28.96 per share (twelve months ended December 31, 2023 – $31.18 per share).

### RSU Plan – Shares Held in Trust

| | Nine months ended September 30, 2024 | | Twelve months ended December 31, 2023 | |
|---|---|---|---|---|
| | *Shares (millions)* | | *Shares (millions)* | |
| Balance, beginning of period | *0.4* | 3.4 | *0.8* | 16.2 |
| Net change in vested and unvested shares | – | 7.3 | *(0.4)* | (12.8) |
| **Balance, end of period** | ***0.4*** | **10.7** | ***0.4*** | **3.4** |

(Tabular amounts stated in $ millions, except as noted)

## 10. Income Tax

The following table reconciles income taxes calculated at the statutory rate to Paramount's income tax expense:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Income before tax | **106.5** | 115.9 | **305.2** | 469.0 |
| Effective statutory income tax rate | **23.0%** | 23.0% | **23.0%** | 23.0% |
| Expected income tax expense | **24.5** | 26.7 | **70.2** | 107.9 |
| Effect of: | | | | |
| Share-based compensation | **1.6** | 0.7 | **2.2** | 2.1 |
| Change in unrecognized deferred income tax asset | **(15.8)** | (0.2) | **(15.8)** | (0.8) |
| Non-deductible items and other | **0.4** | 1.5 | **0.1** | 1.6 |
| **Income tax expense** | **10.7** | 28.7 | **56.7** | 110.8 |

## 11. Financial Instruments and Risk Management

### Financial Instruments

Financial instruments at September 30, 2024 consist of cash and cash equivalents, accounts receivable, risk management assets and liabilities, investments in securities, accounts payable and the Paramount Facility. The carrying values of these financial instruments approximate their fair values.

### Risk Management

From time to time, Paramount enters into derivative financial instruments to manage commodity price, interest rate and foreign currency exchange risks.

The fair values of risk management financial instruments are estimated using a market approach incorporating level two fair value hierarchy inputs, including forward market curves and price quotes for similar instruments, provided by financial institutions.

(Tabular amounts stated in $ millions, except as noted)

Changes in the fair value of risk management assets and liabilities for the nine months ended September 30, 2024 are as follows:

| Nine months ended September 30, 2024 | Financial commodity contracts | Foreign currency exchange contracts | Electricity swaps | Total |
|---|---|---|---|---|
| Fair value of asset, December 31, 2023 | – | 8.4 | 1.0 | 9.4 |
| Changes in fair value – profit or loss (1) | 70.3 | (13.1) | – | 57.2 |
| Changes in fair value – OCI | – | – | (4.8) | (4.8) |
| Risk management contract settlements (received) paid (2) | (42.3) | 4.3 | – | (38.0) |
| **Fair value of asset (liability), September 30, 2024** | 28.0 | (0.4) | (3.8) | 23.8 |
| | | | | |
| Risk management asset – current | 25.3 | – | – | 25.3 |
| Risk management asset – long-term | 2.7 | – | – | 2.7 |
| **Risk management asset, September 30, 2024** | 28.0 | – | – | 28.0 |
| | | | | |
| Risk management liability – current | – | (0.4) | (2.3) | (2.7) |
| Risk management liability – long-term | – | – | (1.5) | (1.5) |
| **Risk management liability, September 30, 2024** | – | (0.4) | (3.8) | (4.2) |

(1) Changes in fair value of $57.2 million related to financial commodity and foreign currency exchange contracts are recorded as gains on risk management contracts.
(2) Net receipts on risk management contract settlements related to financial commodity and foreign currency exchange contracts totaled $38.0 million. Risk management contract settlements relating to electricity swaps are recorded in operating expense.

In April 2024, Paramount entered into NYMEX WTI swaps (sale) in respect of 14,250 Bbl/d of oil at an average price of $111.67/Bbl from April 2024 to December 2024. In June 2024, the Company terminated and closed out the outstanding portion of these swaps for aggregate cash proceeds of $37.9 million.

In March 2024, Paramount entered into mixed sweet blend / WTI differential swaps (sale) in respect of 5,000 Bbl/d of oil at WTI less US$2.56/Bbl from May 2024 to December 2024. In July 2024, the Company terminated and closed out the outstanding portion of these swaps for aggregate cash proceeds of $2.0 million.

Paramount entered into electricity swap (buy) contracts in July 2024 that were designated as cash flow hedges, to manage exposure to variable market prices by fixing the underlying AESO Pool Price on a portion of the Company's anticipated power requirements between 2025 and 2030.

The Company has classified its electricity swaps as cash flow hedges and applied hedge accounting. There were no changes to the critical terms of the hedging relationships and no hedge ineffectiveness was identified at September 30, 2024.

(Tabular amounts stated in $ millions, except as noted)

The Company had the following risk management contracts as at September 30, 2024:

| Instruments | Aggregate notional | Average price or rate | Remaining term |
|---|---|---|---|
| ***Financial Commodity Contracts*** | | | |
| *Oil* | | | |
| NYMEX WTI Swaps (Sale) (1) | 5,000 Bbl/d | $105.00/Bbl | October 2024 – December 2025 |
| *Natural Gas* | | | |
| Malin / Citygate Basis Swap (Sale) (2) | 10,000 MMBtu/d | Citygate – US$1.03/MMBtu | October 2024 – October 2027 |
| ***Foreign Currency Exchange Contracts*** | | | |
| Swaps (Sale) | US$30 million/month | $1.3462/US$1.00 | October 2024 – December 2024 |
| ***Electricity Contracts (3)*** | | | |
| Swaps (Buy) | 240 MWh/d | $66.13/MWh | October 2024 – December 2024 |
| Swaps (Buy) | 240 MWh/d | $71.13/MWh | January 2025 – December 2025 |
| Swaps (Buy) | 120 MWh/d | $58.79/MWh | January 2025 – December 2029 |
| Swaps (Buy) | 120 MWh/d | $58.19/MWh | January 2026 – December 2028 |
| Swaps (Buy) | 120 MWh/d | $61.73/MWh | January 2026 – December 2030 |

(1) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.
(2) "Malin" refers to Pacific Gas & Electric at Malin and "Citygate" refers to Pacific Gas & Electric Citygate.
(3) Reference electricity rate: Floating hourly rate established by the Alberta Electric System Operator ("AESO"). "MWh" means megawatt-hour.

Any embedded derivatives are separated from the host contract and accounted for as a derivative when a separate item with the same terms would meet the definition of a derivative, the economic characteristics and risks of the embedded derivative are not closely related to the host contract, and the combined instrument is not measured at fair value with changes recognized in net earnings.

## 12. Revenue By Product

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Natural gas | **37.2** | 79.3 | **165.3** | 265.5 |
| Condensate and oil | **342.9** | 362.9 | **1,055.5** | 1,000.5 |
| Other natural gas liquids | **23.5** | 20.5 | **68.3** | 59.8 |
| Royalty income and other revenue | **1.2** | 1.1 | **11.8** | 2.2 |
| Royalties | **(46.4)** | (75.2) | **(174.3)** | (185.5) |
| Sales of commodities purchased | **79.6** | 42.1 | **218.6** | 204.9 |
| | **438.0** | 430.7 | **1,345.2** | 1,347.4 |

Royalty income and other revenue for the nine months ended September 30, 2024 includes $10.0 million related to an interim payment from insurers for 2023 Alberta wildfire losses. The Company continues to advance its insurance claims process for these losses.

(Tabular amounts stated in $ millions, except as noted)

## 13. Other

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Provisions | – | – | (0.5) | 2.5 |
| Dividend income | – | (0.1) | (8.3) | (0.5) |
| Other | (1.5) | 0.1 | (2.5) | (2.2) |
| | (1.5) | – | (11.3) | (0.2) |

### Dividend Income

For the nine months ended September 30, 2024, Paramount received total cash dividends of $8.3 million (September 30, 2023 – $0.5 million) on its investments in securities, including $7.8 million from Sultran Ltd. in the second quarter of 2024.

## 14. Consolidated Statement of Cash Flows – Selected Information

### Items Not Involving Cash

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Risk management contracts | (30.5) | 12.3 | (19.2) | 4.0 |
| Share-based compensation | 4.9 | 4.4 | 18.1 | 15.7 |
| Depletion and depreciation | 105.1 | 87.0 | 360.2 | 270.1 |
| Exploration and evaluation | – | 0.3 | 0.1 | 0.7 |
| Loss (gain) on sale of oil and gas assets | 0.4 | (0.5) | (15.5) | (122.9) |
| Accretion of asset retirement obligations | 10.6 | 10.9 | 31.8 | 32.5 |
| Deferred income tax | 10.7 | 28.7 | 56.7 | 110.8 |
| Other | 0.8 | 1.1 | 2.0 | 2.0 |
| | 102.0 | 144.2 | 434.2 | 312.9 |

### Supplemental Cash Flow Information

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Interest paid | 0.9 | 0.3 | 1.8 | 0.6 |
| Interest received | 0.2 | 0.4 | 1.8 | 2.8 |

### Components of Cash and Cash Equivalents

| As at | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Cash | 2.1 | 48.9 |
| Cash equivalents | – | – |
| | 2.1 | 48.9 |

(Tabular amounts stated in $ millions, except as noted)

## 15. Capital Structure

Paramount's capital structure consists of shareholders' equity and net (cash) debt.

The Company'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.

Paramount monitors and assesses its capital structure for alignment with its current and long-term business plans and will, guided by its primary capital management objectives, seek to adjust the structure as necessary in response to changes in its business plans, plans for shareholder returns, economic and operating conditions, financial and operating results, strategic initiatives and the Company's assessment of the risk environment. Paramount may adjust its capital structure through a number of means, including by modifying capital spending programs, seeking to issue or repurchase shares, altering debt levels, modifying dividend levels or acquiring or disposing of assets.

The key capital management measures used by the Company in monitoring and assessing its capital structure are net (cash) debt, adjusted funds flow, the ratio of net debt to adjusted funds flow and free cash flow. The use and composition of each of these measures is described below. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities.

### Net (Cash) Debt

Net (cash) debt, in conjunction with capacity under existing credit facilities, is used to monitor and assess liquidity by providing Management and investors with a measure of the Company's overall leverage position.

The calculation of net (cash) debt is as follows:

| As at | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Cash and cash equivalents | (2.1) | (48.9) |
| Accounts receivable [1] | (124.4) | (155.0) |
| Prepaid expenses and other | (16.6) | (9.0) |
| Accounts payable and accrued liabilities | 227.9 | 272.5 |
| Long-term debt | 44.0 | – |
| **Net (cash) debt** | 128.8 | 59.6 |

(1) Excludes accounts receivable relating to lease incentives (September 30, 2024 – $0.8 million, December 31, 2023 – $0.8 million).

### Adjusted Funds Flow

Adjusted funds flow is used to monitor and assess liquidity and the flexibility of the Company's capital structure by providing Management and investors with a measure of the cash flows generated by the Company's assets available to fund capital programs and meet financial obligations, including the settlement of asset retirement obligations.

(Tabular amounts stated in $ millions, except as noted)

The calculation of adjusted funds flow is as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Cash from operating activities** | **205.7** | 207.6 | **627.7** | 651.1 |
| Change in non-cash working capital | **(15.3)** | 9.8 | **28.8** | (21.8) |
| Geological and geophysical expense | **2.9** | 2.8 | **10.4** | 7.4 |
| Asset retirement obligations settled | **7.4** | 14.0 | **26.2** | 41.8 |
| Closure costs | **–** | – | **–** | – |
| Provisions | **–** | – | **(0.5)** | 2.5 |
| Settlements | **–** | – | **–** | – |
| Transaction and reorganization costs | **–** | – | **–** | – |
| **Adjusted funds flow** | **200.7** | 234.2 | **692.6** | 681.0 |

**Net Debt to Adjusted Funds Flow Ratio**

The ratio of net debt to adjusted funds flow is used to monitor and assess liquidity and the flexibility of the Company's capital structure by showing the relation of the cash flows generated by the Company's assets to its overall leverage position.

The net debt to adjusted funds flow ratio is calculated as the period end net debt divided by adjusted funds flow for the trailing four quarters.

| **As at** | **September 30, 2024** | **December 31, 2023** |
|---|---|---|
| Net (cash) debt | **128.8** | 59.6 |
| Adjusted funds flow, trailing four quarters | **976.7** | 965.3 |
| **Net debt to adjusted funds flow ratio** | **0.1x** | 0.1x |

**Free Cash Flow**

Free cash flow is used to monitor and assess liquidity, the flexibility of the Company's capital structure and the financial capacity to maximize shareholder returns by providing Management and investors with a measure of the internally generated cash available, after funding capital programs and asset retirement obligation settlements, to service the Company's financial obligations, pay dividends, repurchase Common Shares and fund additional growth opportunities.

(Tabular amounts stated in $ millions, except as noted)

The calculation of free cash flow is as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Cash from operating activities** | 205.7 | 207.6 | 627.7 | 651.1 |
| Change in non-cash working capital | (15.3) | 9.8 | 28.8 | (21.8) |
| Geological and geophysical expense | 2.9 | 2.8 | 10.4 | 7.4 |
| Asset retirement obligations settled | 7.4 | 14.0 | 26.2 | 41.8 |
| Closure costs | – | – | – | – |
| Provisions | – | – | (0.5) | 2.5 |
| Settlements | – | – | – | – |
| Transaction and reorganization costs | – | – | – | – |
| **Adjusted funds flow** | 200.7 | 234.2 | 692.6 | 681.0 |
| Capital expenditures | (216.7) | (198.9) | (671.5) | (523.2) |
| Geological and geophysical expense | (2.9) | (2.8) | (10.4) | (7.4) |
| Asset retirement obligations settled | (7.4) | (14.0) | (26.2) | (41.8) |
| **Free cash flow** | (26.3) | 18.5 | (15.5) | 108.6 |

## 16. Commitments and Contingencies

Paramount had the following commitments as at September 30, 2024:

| | Within one year | After one year but not more than five years | More than five years |
|---|---|---|---|
| Petroleum and natural gas transportation and processing commitments | 248.2 | 971.4 | 1,467.9 |
| Other commitments | 8.1 | 4.4 | – |
| | 256.3 | 975.8 | 1,467.9 |

In 2024, the Company secured incremental long-term firm-service transportation with third parties.

### Commitments – Physical Sales Contracts

The Company had the following basis differential physical sales contracts at September 30, 2024:

| | Volume | Location | Average price | Remaining term |
|---|---|---|---|---|
| Natural gas | 40,000 MMBtu/d | AECO | NYMEX – US$0.93/MMBtu (1) | October 2024 |

(1) "NYMEX" refers to NYMEX pricing at Henry Hub.

In 2024, Paramount entered into an agreement to deliver between 250 Bbl/d and 1,000 Bbl/d of propane over five years at a delivery point in Alberta beginning February 2024. The price received is based on the Argus Propane Monthly Far East Index less deductions for transportation, fuel and other charges.

**Contingencies**

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 legal actions. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty. Paramount does not anticipate that these claims will have a material impact on its financial position.

Tax and royalty legislation and regulations, and government interpretation and administration thereof, continually change. As a result, there are often tax and royalty matters under review by government authorities. All tax and royalty filings are subject to subsequent government audit and potential reassessments. Accordingly, the final amounts may differ materially from amounts estimated and recorded.

# CORPORATE INFORMATION

## EXECUTIVE OFFICERS

**J. H. T. Riddell**
President and Chief Executive Officer and Chairman

**P. R. Kinvig**
Chief Financial Officer

**B. K. Lee**
Executive Vice President, Finance

**D. B. Reid**
Executive Vice President, Operations

**R. R. Sousa**
Executive Vice President, Corporate Development and Planning

**J. B. Williams**
Executive Vice President, Kaybob Region

**G. W. J. Stotts**
Executive Vice President, Development and Reserves

## DIRECTORS

**J. H. T. Riddell**
President and Chief Executive Officer
and Chairman
Paramount Resources Ltd.
Calgary, Alberta

**J. G. M. Bell** (1) (3) (4)
Executive Vice President,
Corporate and Chief Legal Officer
Dominion Lending Centres Inc.
Calgary, Alberta

**W. A. Gobert** (1) (3) (4)
Independent Businessman
Calgary, Alberta

**D. Jungé C.F.A.** (2) (4)
Independent Businessman
Bryn Athyn, Pennsylvania

**K. Lynch Proctor** (1) (4) (5)
Independent Businesswoman
Calgary, Alberta

**R. K. MacLeod** (2) (3) (4) (5)
Independent Businessman
Calgary, Alberta

**J. K. McAuley** (2) (4) (5)
Independent Businesswoman
Calgary, Alberta

**S. L. Riddell Rose**
President and Chief Executive Officer
Perpetual Energy Inc.
Rubellite Energy Inc.
Calgary, Alberta

(1) Member of Audit Committee
(2) Member of Environmental, Health and Safety Committee
(3) Member of Compensation Committee
(4) Member of Corporate Governance Committee
(5) Member of Reserves Committee

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## REGISTRAR AND TRANSFER AGENT

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Toronto, Ontario

## RESERVES EVALUATORS

**McDaniel & Associates Consultants Ltd.**
Calgary, Alberta

## AUDITORS

**Ernst & Young LLP**
Calgary, Alberta

## STOCK EXCHANGE LISTING

The Toronto Stock Exchange
("POU")