



First Quarter 2026 Results

Paramount Resources Announces First Quarter 2026 Results, Increased Production Guidance and Lower Capex Guidance

Calgary, Alberta – May 12, 2026

Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) is pleased to announce: (i) its first quarter 2026 financial and operating results, (ii) increased 2026 production guidance, which incorporates an earlier expected start-up of the second phase of the Alhambra Plant, and (iii) lower expected 2026 and 2027 capital expenditures, reflecting strong well deliverability and improving capital efficiencies.

HIGHLIGHTS

- First quarter sales volumes averaged 48,255 Boe/d (50% liquids). ⁽¹⁾
 - Willesden Green sales volumes averaged 28,750 Boe/d (59% liquids), exceeding internal forecasts as a result of continuing outperformance of the Company's initial 16 Duvernay wells at Alhambra and high run time at the Alhambra Plant.
 - Kaybob sales volumes averaged 19,088 Boe/d (35% liquids).
- Duvernay production totaled 36,767 Boe/d, representing 76% of total sales volumes. Duvernay oil and condensate production totaled 15,997 Boe/d, representing 88% of total oil and condensate sales volumes.
- Cash from operating activities was \$116 million (\$0.80 per basic share) in the first quarter. Adjusted funds flow was \$143 million (\$0.99 per basic share). Free cash flow was (\$147) million ((\$1.02) per basic share). ⁽²⁾
- First quarter capital expenditures totaled \$257 million. Activities in the quarter included:
 - Willesden Green Duvernay – the ongoing construction of the second phase of the Alhambra Plant and the pipeline to interconnect Alhambra and Leafland as well as the drilling of five (5.0 net) wells;
 - Sinclair Montney – clearing of the Sinclair Plant site, construction of a freshwater reservoir and the drilling of an acid gas injection well; and
 - Kaybob North Duvernay – the drilling of two (2.0 net) wells and completion of a three (3.0 net) well pad.

(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.

- The Company's recent Willesden Green Duvernay wells continue to exhibit shallower initial declines compared to earlier Duvernay wells, largely as a result of Paramount's well drawdown strategy. Gross 210-day peak production from the Company's first ten Duvernay wells brought onstream through the Alhambra Plant between late July and early September 2025 averaged approximately 1,205 Boe/d (59% liquids) per well. Gross 150-day peak production from the 16 Duvernay wells brought onstream through the plant to date averaged approximately 1,276 Boe/d (58% liquids) per well. ⁽¹⁾
- Approximately 55% of Paramount's forecast natural gas sales volumes for the remainder of 2026 are expected to be priced at diversified markets outside of AECO, including at Dawn, Malin and Emerson.
- Operating expenses were \$9.81/Boe in the quarter, with Willesden Green operating expenses averaging \$4.00/Boe.
- Asset retirement obligation settlements totaled \$27 million in the first quarter. Activities included the abandonment of 22 wells, decommissioning of eight pipeline segments and reclamation of 11 sites.
- The Company sold its interests in certain non-core undeveloped heavy oil lands in the quarter for cash proceeds of \$23 million.
- At March 31, 2026, Paramount had \$672 million in cash and cash equivalents and undrawn credit facilities totaling \$750 million.
- Construction of the second phase of the Alhambra Plant, which is set to double its raw handling capacity, is substantially complete and commissioning activities are underway. Start-up of the second phase of the plant is now expected in June, about one month earlier than previously forecast.
- In light of its recently expanded Duvernay land position and stronger than expected well and operating performance, Paramount now believes that its Willesden Green asset has the potential to support a plateau production level of approximately 70,000 Boe/d that can be sustained for 20+ years. This represents a 40% increase over the prior plateau production target of approximately 50,000 Boe/d.
- On April 27, 2026, the Company announced that it had agreed to sell its Fox Drilling subsidiary to AKITA Drilling Ltd. ("AKITA") in exchange for approximately 19.3 million voting common shares of AKITA. Closing of the transaction is expected to occur in June 2026, subject to the satisfaction of closing conditions. Paramount has agreed to dividend the AKITA shares it receives to its shareholders following closing of the transaction. The AKITA voting common shares had a closing trading price of \$5.00 per share on the Toronto Stock Exchange as of May 11, 2026.

UPDATED 2026 GUIDANCE

With the outperformance of the Willesden Green Duvernay property to date and the expected earlier start-up of the second phase of the Alhambra Plant, Paramount is increasing its first half 2026 production guidance to between 43,000 Boe/d and 46,000 Boe/d (48% liquids). This represents a 3,000 Boe/d increase at the mid-point and includes a slightly higher liquids weighting. As a consequence, annual 2026 production guidance is being increased to between 48,000 Boe/d and 52,000 Boe/d (50% liquids), representing a 1,500 Boe/d increase at the mid-point.

(1) Gross 150-day and 210-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 150-day period or 210-day period, as applicable, 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. Natural gas sales volumes were lower by approximately 9% and liquids sales volumes were lower by approximately 14% 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.

Paramount is revising its 2026 capital expenditures guidance downward by \$50 million to between \$1,000 million and \$1,100 million, reflecting stronger well performance and improved capital efficiencies. Expected abandonment and reclamation expenditures for the year remain the same at \$35 million.

| 2026 | Prior Guidance | Revised Guidance |
|--|--------------------------------|--------------------------------|
| First half 2026 averages sales volumes (Boe/d) | 39,000 to 44,000 (47% liquids) | 43,000 to 46,000 (48% liquids) |
| Third quarter average sales volumes (Boe/d) | 46,500 to 51,500 (51% liquids) | No change |
| Fourth quarter average sales volumes (Boe/d) | 59,000 to 64,000 (53% liquids) | No change |
| Annual average sales volumes (Boe/d) | 46,000 to 51,000 (50% liquids) | 48,000 to 52,000 (50% liquids) |
| Capital expenditures | \$1,050 to \$1,150 million | \$1,000 to \$1,100 million |

UPDATED 2027 OUTLOOK

Paramount is revising its outlook for midpoint 2027 annual capital expenditures downward by \$100 million to \$1,000 million as a result of stronger well performance and improved capital efficiencies. Paramount continues to expect 2027 annual sales volumes of between 60,000 to 65,000 Boe/d (50% liquids) and a 2027 exit rate of production of over 100,000 Boe/d (35% liquids), representing more than double forecast 2026 midpoint sales volumes.

REVIEW OF OPERATIONS

WILLESDEN GREEN

Willesden Green sales volumes averaged 28,750 Boe/d (59% liquids) in the first quarter of 2026 compared to 25,752 Boe/d (62% liquids) in the fourth quarter of 2025. The Alhambra Plant continued to exhibit exceptional run time throughout the first quarter which, combined with strong well performance and a full quarter of production from the six-well pad that came onstream partway through the fourth quarter of 2025, resulted in higher quarter-over-quarter sales volumes.

Development activities in Willesden Green in the first quarter were focused on the continued buildout of area infrastructure as well as the drilling of five (5.0 net) Duvernay wells.

The second phase expansion of the Alhambra Plant continues to progress well, with construction now substantially complete and commissioning activities underway. A one-week outage at the plant is planned for later in May to accommodate the expansion, following which final commissioning activities are expected to be completed. The second phase expansion of the Alhambra Plant is now expected to come onstream in June, about one month earlier than forecast.

Other Willesden Green infrastructure development activities in the first quarter included the ongoing construction of the pipeline interconnecting Alhambra and Leafland, ongoing commissioning of the water recycling facility at the Alhambra Plant and site preparation work for expanded compression at the Leafland Plant.

The 16 wells flowing to the Alhambra Plant are outperforming previous expectations and continue to fill the plant's capacity. The majority of these wells remain choked as part of the Company's well drawdown strategy as well as to manage production within infrastructure capacity. Gross 210-day peak production from the Company's first ten Duvernay wells brought onstream through the Alhambra Plant between late July and early September 2025 averaged approximately 1,205 Boe/d (59% liquids) per well. Gross 150-day peak production from the 16 Duvernay wells brought onstream through the plant to date averaged

approximately 1,276 Boe/d (58% liquids) per well. ⁽¹⁾ New Duvernay wells originally forecast to be brought on to backfill expected declines in the first half of 2026 are now planned to come onstream in conjunction with the start-up of the second phase of the Alhambra Plant.

The Company continues to expect a one-month outage at the Leafland Plant starting in July to facilitate the installation of incremental compression and to bring the pipeline interconnection to the Alhambra Plant into service. Paramount now plans to conduct a facility turnaround of the Leafland Plant, originally planned for 2027, during this outage.

Paramount continues to anticipate drilling a total of 29 (29.0 net) Duvernay wells and now anticipates bringing onstream a total of 23 (23.0 net) Duvernay wells at Willesden Green in 2026, three (3.0 net) less than previously expected as onstream timing has been pushed out in light of the recent strong performance.

In light of the recent expansion of its Duvernay land position by approximately 20% to over 500 net sections (320,000 acres) and stronger than expected well and operating performance, the Company has re-evaluated the potential plateau production level at Willesden Green. Paramount now expects that the asset, with the further expansion of area infrastructure, can support a plateau production level of approximately 70,000 Boe/d for 20+ years. This represents an approximate 40% increase over the prior target of approximately 50,000 Boe/d.

The Company is also actively assessing the Black Oil window on the eastern-most part of its Willesden Green acreage. Any success on this portion of Paramount's land base would be incremental to the potential 70,000 Boe/d plateau production level.

SINCLAIR

In the first quarter of 2026, the Company broke ground on the site of the Sinclair Plant, which is being designed to handle up to 400 MMcf/d of raw natural gas. Activities in the first quarter included site clearing, the construction of a freshwater reservoir and the drilling and completion of an acid gas injection well.

Development drilling activities also commenced in the first quarter on the first five wells of a total ten (10.0 net) Montney wells to be drilled in 2026. The Company continues to anticipate having 24 (24.0 net) Montney wells ready to produce for the planned fourth quarter 2027 start-up of the Sinclair Plant.

KAYBOB

Kaybob sales volumes averaged 19,088 Boe/d (35% liquids) in the first quarter of 2026 compared to 20,387 Boe/d (41% liquids) in the fourth quarter of 2025.

Development activities in the first quarter included the drilling of two (2.0 net) Duvernay wells and the completion of a three (3.0 net) well Duvernay pad which has recently been brought on production. Over the remainder of 2026, Paramount plans to drill and bring two (2.0 net) Montney oil wells on production.

(1) Gross 150-day and 210-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 150-day period or 210-day period, as applicable, 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. Natural gas sales volumes were lower by approximately 9% and liquids sales volumes were lower by approximately 14% 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.

HEDGING

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

| Instruments | Aggregate amount / notional | Average price or rate ⁽¹⁾ | Remaining term ⁽²⁾ |
|--|-----------------------------|--|-------------------------------|
| Oil | | | |
| NYMEX WTI Swaps (Sale) | 5,000 Bbl/d | CAD\$104.86/Bbl | Apr 2026 – Dec 2026 |
| NYMEX WTI Swaps (Sale) | 2,000 Bbl/d | CAD\$100.00/Bbl | Jan 2027 – Dec 2027 |
| Natural Gas | | | |
| Citygate / Malin Basis Swap ⁽³⁾ | 10,000 MMBtu/d | Citygate less US\$0.97/MMBtu (Sell) Malin (Buy) | Apr 2026 – Oct 2028 |
| Foreign Currency Exchange | | | |
| Average Rate Forward (Sale) | US\$10MM/Month | 1.3810 CAD\$ / US\$ ⁽¹⁾ | Apr 2026 – Dec 2026 |
| Average Rate Forward (Sale) | US\$10MM/Month | 1.3680 CAD\$ / US\$ ⁽¹⁾ | Jan 2027 – Dec 2027 |

(1) Average price is calculated using a weighted average of notional volumes and prices. Foreign currency exchange average rate forward contracts are settled monthly against the average of the CAD\$/US\$ noon spot rate on each applicable day in that month.

(2) As of March 31, 2026.

(3) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction, Paramount sells at Citygate less US\$0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.

ANNUAL GENERAL MEETING

Paramount will hold its annual general meeting of shareholders on Tuesday May 12, 2026 at 10:00 am (Mountain time) in the Doulton Room at Bankers Hall Conference Centre, 400, 315 – 8th Avenue S.W., Calgary Alberta. A webcast will be available at www.paramountres.com/investors/presentations.

ABOUT PARAMOUNT

Paramount is an independent, publicly traded 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. 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 first quarter 2026 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.

For further information, please contact:

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J.H.T. (Jim) Riddell, President and Chief Executive Officer and Chairman

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FINANCIAL AND OPERATING RESULTS ⁽¹⁾

| (\$ millions, except as noted) | Q1 2026 | | Q4 2025 | | Q1 2025 ⁽²⁾ | |
|---|---------|---------|---------|---------|------------------------|---------|
| Net income (loss) | 53.2 | | (1.9) | | 1,288.8 | |
| <i>per share – basic (\$/share)</i> | 0.37 | | (0.01) | | 8.90 | |
| <i>per share – diluted (\$/share)</i> | 0.36 | | (0.01) | | 8.74 | |
| Cash from operating activities | 116.2 | | 185.4 | | 149.9 | |
| <i>per share – basic (\$/share)</i> | 0.80 | | 1.29 | | 1.03 | |
| <i>per share – diluted (\$/share)</i> | 0.79 | | 1.29 | | 1.02 | |
| Adjusted funds flow | 143.4 | | 140.1 | | 149.1 | |
| <i>per share – basic (\$/share)</i> | 0.99 | | 0.97 | | 1.03 | |
| <i>per share – diluted (\$/share)</i> | 0.97 | | 0.97 | | 1.01 | |
| Free cash flow | (146.9) | | (84.6) | | (90.6) | |
| <i>per share – basic (\$/share)</i> | (1.02) | | (0.59) | | (0.63) | |
| <i>per share – diluted (\$/share)</i> | (0.99) | | (0.59) | | (0.63) | |
| Total assets | 3,746.7 | | 3,587.2 | | 3,616.4 | |
| Investments in securities | 141.4 | | 137.3 | | 522.8 | |
| Long-term debt | – | | – | | – | |
| Net (cash) debt | (515.8) | | (672.8) | | (637.9) | |
| Common shares outstanding (millions) ⁽³⁾ | 144.9 | | 144.2 | | 143.2 | |
| Sales volumes ⁽⁴⁾ | | | | | | |
| Natural gas (MMcf/d) | 144.5 | | 133.1 | | 179.6 | |
| Condensate and oil (Bbl/d) | 18,137 | | 19,472 | | 20,542 | |
| Other NGLs (Bbl/d) | 6,037 | | 5,318 | | 3,934 | |
| Total (Boe/d) | 48,255 | | 46,973 | | 54,409 | |
| % liquids | 50% | | 53% | | 45% | |
| Willesden Green (Boe/d) | 28,750 | | 25,752 | | 7,929 | |
| Kaybob (Boe/d) | 19,088 | | 20,387 | | 21,371 | |
| Other (Boe/d) | 417 | | 834 | | 405 | |
| Sold Assets (Boe/d) ⁽⁵⁾ | – | | – | | 24,704 | |
| Total (Boe/d) | 48,255 | | 46,973 | | 54,409 | |
| Netback | | | | | | |
| Natural gas revenue | 45.7 | 3.52 | 43.8 | 3.58 | 52.6 | 3.25 |
| Condensate and oil revenue | 157.1 | 96.27 | 137.3 | 76.66 | 180.6 | 97.70 |
| Other NGLs revenue | 16.6 | 30.61 | 13.3 | 27.15 | 14.3 | 40.47 |
| Natural gas transportation assignment income ⁽⁷⁾ | 8.6 | 0.66 | 4.5 | 0.37 | 7.4 | 0.46 |
| Royalty income and other revenue ⁽⁷⁾ | 0.6 | – | (0.4) | – | 11.7 | – |
| Petroleum and natural gas sales | 228.6 | 52.65 | 198.5 | 45.92 | 266.6 | 54.43 |
| Royalties | (12.6) | (2.90) | (11.3) | (2.61) | (26.7) | (5.44) |
| Operating expense | (42.6) | (9.81) | (42.5) | (9.84) | (67.8) | (13.85) |
| Transportation and NGLs processing | (21.0) | (4.83) | (20.8) | (4.81) | (20.4) | (4.17) |
| Sales of commodities purchased ⁽⁸⁾ | 64.4 | 14.82 | 72.7 | 16.82 | 109.7 | 22.40 |
| Commodities purchased ⁽⁸⁾ | (63.9) | (14.71) | (71.6) | (16.56) | (107.2) | (21.88) |
| Netback | 152.9 | 35.22 | 125.0 | 28.92 | 154.2 | 31.49 |
| Risk management contract settlements | (2.1) | (0.46) | 20.4 | 4.73 | 1.6 | 0.32 |
| Netback including risk management contract settlements | 150.8 | 34.76 | 145.4 | 33.65 | 155.8 | 31.81 |
| Capital expenditures | | | | | | |
| Willesden Green | 161.7 | | 158.3 | | 120.7 | |
| Sinclair | 59.6 | | 35.0 | | 16.8 | |
| Kaybob | 31.8 | | 20.8 | | 51.0 | |
| Fox Drilling | 1.5 | | 2.2 | | 3.1 | |
| Corporate and other ⁽⁹⁾ | 2.3 | | (7.7) | | 3.7 | |
| Sold Assets ⁽⁵⁾ | – | | – | | 20.4 | |
| Total | 256.9 | | 208.6 | | 215.7 | |
| Asset retirement obligations settled | 26.5 | | 9.4 | | 22.2 | |

(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 (loss), that is presented on a per share, \$/Mcf or \$/Boe basis is a supplementary financial measure. Refer to the "Specified Financial Measures" section for more information on these measures.

(2) Includes the results of operations of the Sold Assets from January 1, 2025 to the closing date on January 31, 2025.

(3) Common shares are presented net of shares held in trust under the Company's cash bonus and restricted share unit plan (millions): Q1 2026: 0.1, Q4 2025: 0.2, Q1 2025: 0.3.

(4) Refer to the "Product Type Information" section for a complete breakdown of sales volumes for applicable periods by specific product type.

(5) "Sold Assets" refers to the Karr, Wapiti and Zama properties that were sold on January 31, 2025.

(6) Natural gas revenue and natural gas transportation assignment income presented as \$/Mcf.

(7) Natural gas transportation assignment income relates to proceeds realized by the Company on the assignment of a portion of its ex-Alberta natural gas transportation capacity to third parties. Royalty income and other revenue in Q1 2025 includes \$11.1 million related to a second interim payment from insurers for 2023 Alberta wildfire business interruption losses. These amounts were not allocated to individual properties. Sales of commodities purchased and commodities purchased are treated as corporate items and not allocated to individual properties.

(8) Sales of commodities purchased and commodities purchased are treated as corporate items and not allocated to individual properties.

(9) Includes transfers of amounts held in Corporate to and from properties.

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 | | | Willesden Green | | | Kaybob | | |
|------------------------------------|-------------------------------|---------|---------------|-----------------|---------|--------------|---------------|---------|---------------|
| | Q1 2026 | Q4 2025 | Q1 2025 | Q1 2026 | Q4 2025 | Q1 2025 | Q1 2026 | Q4 2025 | Q1 2025 |
| Shale gas (MMcf/d) | 107.9 | 96.5 | 134.2 | 69.9 | 56.1 | 17.6 | 38.0 | 38.1 | 39.7 |
| Conventional natural gas (MMcf/d) | 36.6 | 36.6 | 45.4 | 0.2 | 2.6 | 3.4 | 36.2 | 33.8 | 41.8 |
| Natural gas (MMcf/d) | 144.5 | 133.1 | 179.6 | 70.1 | 58.7 | 21.0 | 74.2 | 71.9 | 81.5 |
| Condensate (Bbl/d) | 16,623 | 17,777 | 18,922 | 12,141 | 11,843 | 2,991 | 4,481 | 5,933 | 5,500 |
| Other NGLs (Bbl/d) | 6,037 | 5,318 | 3,934 | 4,716 | 3,926 | 1,179 | 1,316 | 1,368 | 1,292 |
| NGLs (Bbl/d) | 22,660 | 23,095 | 22,856 | 16,857 | 15,769 | 4,170 | 5,797 | 7,301 | 6,792 |
| Light and medium crude oil (Bbl/d) | 887 | 1,065 | 971 | 20 | 21 | 28 | 867 | 1,044 | 943 |
| Tight oil (Bbl/d) | 243 | 238 | 291 | 187 | 178 | 234 | 56 | 60 | 57 |
| Heavy crude oil (Bbl/d) | 384 | 392 | 358 | – | – | – | – | – | – |
| Crude oil (Bbl/d) | 1,514 | 1,695 | 1,620 | 207 | 199 | 262 | 923 | 1,104 | 1,000 |
| Total (Boe/d) | 48,255 | 46,973 | 54,409 | 28,750 | 25,752 | 7,929 | 19,088 | 20,387 | 21,371 |

Paramount is forecasting 2026 annual average sales volumes of between 48,000 Boe/d and 52,000 Boe/d (50% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs):

- First half 2026 average sales volumes are expected to be between 43,000 Boe/d and 46,000 Boe/d (52% shale gas and conventional natural gas combined, 36% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 12% other NGLs).
- Third quarter 2026 average sales volumes are expected to be between 46,500 Boe/d and 51,500 Boe/d (49% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).
- Fourth quarter 2026 average sales volumes are expected to be between 59,000 Boe/d and 64,000 Boe/d (47% shale gas and conventional natural gas combined, 39% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).

2027 annual average sales volumes are expected to be between 60,000 Boe/d to 65,000 Boe/d (50% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs). Year-end 2027 exit sales volumes are expected to be over 100,000 Boe/d (65% shale gas and conventional natural gas combined, 27% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 8% 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 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 March 31, 2026, December 31, 2025 and March 31, 2025.

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 months ended March 31, 2026 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 months ended March 31, 2026 and 2025 and (iii) a calculation of net (cash) debt as at March 31, 2026 and December 31, 2025.

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:

- the potential plateau production level and the years of production that may be supported at Willesden Green;
- the expected closing of the sale of Fox Drilling to AKITA and the expected timing thereof and Paramount's intention to distribute the AKITA shares received pursuant to the transaction to its shareholders;
- expected average sales volumes for 2026 and certain periods therein;
- expected capital expenditures in 2026;
- expected abandonment and reclamation expenditures in 2026;
- the Company's outlook for capital expenditures and sales volumes in 2027 and the year-end 2027 exit rate of sales volumes;
- the expected timing of start-up of the second phase of the Alhambra Plant and the expected capacity thereof on completion;
- the expected timing of completion of the Sinclair Plant and the expected capacity thereof on completion; and
- planned and potential exploration, development and production activities, including the drilling, completion and bringing onstream of new wells, the construction of pipelines and other infrastructure and planned facility outages.

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:

- with respect to forward-looking information concerning the sale of Fox Drilling to AKITA, the assumption that all closing conditions to the transaction will be satisfied and the closing of the transaction will occur as anticipated;
- future commodity prices;
- the potential scope and duration of tariffs, export taxes, export restrictions or other trade actions;
- the impact of international conflicts, including in Ukraine and the Middle East;

- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;
- in the case of the potential plateau production level and the years of production that may be supported at Willesden Green Duvernay, that further area infrastructure necessary to achieve the stated rate of production is constructed;
- the availability to Paramount of the funds required for exploration, development and other operations (including the construction of the Sinclair Plant) and the meeting of commitments and financial obligations;
- the ability of Paramount to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs to carry out its activities;
- the ability of Paramount to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms and the capacity and reliability of facilities, pipelines and other infrastructure;
- the ability of Paramount to obtain the volumes of water required for completion activities;
- the ability of Paramount to market its production successfully;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated 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 design, construction, commissioning and start-up of new and expanded third-party and Company facilities, pipelines and other infrastructure, including the Sinclair Plant and the expansion of the Alhambra Plant, and (iii) facility turnarounds and maintenance.

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

- with respect to forward-looking information concerning the sale of Fox Drilling to AKITA, the risk that the transaction will not be completed on the terms anticipated or at all, including due to a closing condition not being satisfied;
- fluctuations in commodity prices;
- uncertainties respecting the course and outcome of the conflict in the Middle East, including its impact on the supply and pricing of commodities and on general economic conditions;
- changes in capital spending plans and planned exploration and development activities;
- changes in political and economic conditions, including risks associated with tariffs, export taxes, export restrictions or other trade actions;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, cash flows, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks, blowouts or induced seismicity events;
- 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, commissioning, starting-up or operating new, expanded or existing facilities, including third-party facilities, the Sinclair Plant and the Alhambra Plant;
- processing, transportation, fractionation, disposal and storage outages, disruptions and constraints;
- potential limitations on access to the volumes of water required for completion activities due to drought, conditions of low river flow, government restrictions or other factors;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities (including the construction of the Sinclair Plant and the drilling, completion, equipping and tie-in of new wells necessary to maintain and grow production) 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, including those required for the Sinclair Plant, and to obtain and maintain leases and licenses;
- 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.

In addition to the above, there are no assurances as to the continuing declaration and payment of future monthly dividends by the Company or the amount or timing of any such dividends. There are risks that may result in the Company changing, suspending or discontinuing its monthly dividend program, including changes to free cash flow, operating results, capital requirements, financial position, market conditions or corporate strategy and the need to comply with requirements under debt agreements and applicable laws respecting the declaration and payment of 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, 2025, which is available on SEDAR+ at www.sedarplus.ca or on the Company's website at www.paramountres.com. The forward-looking information contained in this press release is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Oil and Gas Measures and Definitions

| Liquids | | Natural Gas | |
|-----------------------|--|--------------------|---|
| Bbl | Barrels | GJ | Gigajoules |
| Bbl/d | Barrels per day | GJ/d | Gigajoules per day |
| MBbl | Thousands of barrels | MMBtu | Millions of British Thermal Units |
| NGLs | Natural gas liquids | MMBtu/d | Millions of British Thermal Units per day |
| Condensate | Pentane and heavier hydrocarbons | Mcf | Thousands of cubic feet |
| WTI | West Texas Intermediate | MMcf | Millions of cubic feet |
| | | MMcf/d | Millions of cubic feet per day |
| | | NYMEX | NYMEX |
| | | AECO | AECO-C reference price |
| 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 | | |

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 three months ended March 31, 2026, the value ratio between crude oil and natural gas was approximately 40:1. 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.

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, 2025 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 months ended March 31, 2026

This Management's Discussion and Analysis ("MD&A"), dated May 11, 2026, 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 months ended March 31, 2026 (the "Interim Financial Statements") and Paramount's audited consolidated financial statements as at and for the year ended December 31, 2025 (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 and all references to "US\$" are to United States dollars. The Company's accounting policies have been applied consistently to all periods presented. Certain comparative figures have been reclassified to conform to the current year's presentation.

ABOUT PARAMOUNT

Paramount is an independent, publicly traded 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. Paramount commenced operations as a public company in 1978 and has adapted to a multitude of operating and economic climates over the past 45+ years. Paramount's principal properties are located in Alberta and British Columbia. 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, 2025 (the "Annual Information Form"), can be found on the SEDAR+ website at www.sedarplus.ca.

The Company's operations are currently focused in the following areas:

- Willesden Green: a liquids-rich natural gas Duvernay development, located near Rocky Mountain House, Alberta ("Willesden Green");
- Kaybob: includes the Kaybob North Duvernay development and other legacy natural gas and oil producing properties, located in the greater Kaybob area near Fox Creek, Alberta ("Kaybob"); and
- Sinclair: sanctioned by the Company in November 2025 and intended to be a high-rate, low cost Montney natural gas development, located west of Grande Prairie, Alberta ("Sinclair").

Paramount also owns other properties including: (i) lands located in Alberta prospective for cold flow heavy oil and in-situ thermal oil recovery, (ii) shale gas properties in northeast British Columbia in the Horn River and Liard basins and (iii) undeveloped land in the Mackenzie Delta and Central Mackenzie in the Northwest Territories prospective for natural gas and oil production.

The Company's assets also include investments in other private and publicly traded entities and six triple-sized drilling rigs owned by the Company's wholly-owned Fox Drilling Limited Partnership ("Fox Drilling"). In April 2026, Paramount entered into a purchase and sale agreement to sell all of its interests in Fox Drilling to AKITA Drilling Ltd. ("AKITA"). Closing of the transaction is expected to occur in June 2026, subject to the satisfaction of closing conditions. Refer to the "Other Assets – Fox Drilling" section of this MD&A for further details.

Paramount closed the sale of its Karr, Wapiti and Zama properties (the "Sold Assets") on January 31, 2025 (the "Grande Prairie Disposition") for cash proceeds of \$3.243 billion, after adjustments, plus certain Horn River Basin properties of the acquiror. Prior to their sale, the Karr and Wapiti properties were the major focus of the Company's development activities and operations. Paramount's results for the three months ended March 31, 2025 include the results of operations of the Sold Assets from January 1, 2025 to the closing date of the Grande Prairie Disposition on January 31, 2025.

When used in this MD&A, "Ongoing Operations" represents Paramount's total results, excluding amounts attributable to the Sold Assets.

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 ⁽¹⁾

| Three months ended March 31 | 2026 | 2025 | % Change |
|---|----------------|---------|----------|
| FINANCIAL | | | |
| Petroleum and natural gas sales | 228.6 | 266.6 | (14) |
| Net income | 53.2 | 1,288.8 | NM |
| Per share – basic (\$/share) | 0.37 | 8.90 | |
| Per share – diluted (\$/share) | 0.36 | 8.74 | |
| Cash from operating activities | 116.2 | 149.9 | (22) |
| Per share – basic (\$/share) ⁽²⁾ | 0.80 | 1.03 | |
| Per share – diluted (\$/share) ⁽²⁾ | 0.79 | 1.02 | |
| Adjusted funds flow ⁽²⁾ | 143.4 | 149.1 | (4) |
| Per share – basic (\$/share) | 0.99 | 1.03 | |
| Per share – diluted (\$/share) | 0.97 | 1.01 | |
| Free cash flow ⁽²⁾ | (146.9) | (90.6) | (62) |
| Per share – basic (\$/share) | (1.02) | (0.63) | |
| Per share – diluted (\$/share) | (0.99) | (0.63) | |
| Total assets | 3,746.7 | 3,616.4 | 4 |
| Investments in securities | 141.4 | 522.8 | (73) |
| Long-term debt | – | – | – |
| Net (cash) debt ⁽²⁾ | (515.8) | (637.9) | (19) |
| Total liabilities | 992.2 | 971.0 | 2 |
| Common shares outstanding (millions) ⁽³⁾ | 144.9 | 143.2 | 1 |
| Dividends and distributions declared and paid (\$/share) | 0.15 | 15.25 | NM |
| OPERATING | | | |
| Sales volumes | | | |
| Natural gas (MMcf/d) | 144.5 | 179.6 | (20) |
| Condensate and oil (Bbl/d) | 18,137 | 20,542 | (12) |
| Other NGLs (Bbl/d) | 6,037 | 3,934 | 53 |
| Total (Boe/d) | 48,255 | 54,409 | (11) |
| % Liquids | 50% | 45% | |
| Realized prices ⁽²⁾ | | | |
| Natural gas (\$/Mcf) | 3.52 | 3.25 | 8 |
| Condensate and oil (\$/Bbl) | 96.27 | 97.70 | (1) |
| Other NGLs (\$/Bbl) | 30.61 | 40.47 | (24) |
| Petroleum and natural gas sales (\$/Boe) | 52.65 | 54.43 | (3) |
| Capital expenditures | 256.9 | 215.7 | 19 |

(1) Paramount's results for the three months ended March 31, 2025 include the results of operations of the Sold Assets from January 1, 2025 to the closing date of the Grande Prairie Disposition on January 31, 2025.

(2) 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.

(3) Common shares are presented net of shares held in trust under the Company's cash bonus and restricted share unit ("CBRSU") plan (Common Shares): 2026: 0.1 million and 2025: 0.3 million.

NM Not meaningful.

Q1 2026 OVERVIEW

Total Company sales volumes increased to 48,255 Boe/d (50% liquids) in the first quarter of 2026 versus 46,973 Boe/d (53% liquids) in the fourth quarter of 2025, driven by continuing strong performance of the Company's Willesden Green Duvernay development. Sales volumes at Willesden Green increased approximately 3,000 Boe/d in the first quarter of 2026 compared to the fourth quarter of 2025 as a result of a full quarter of production from a six-well pad that came onstream partway through the fourth quarter of 2025, continuing strong well performance and high run time at the Alhambra Plant.

Net income was \$53.2 million (\$0.37 per basic share) in the first quarter of 2026 compared to net loss of \$1.9 million ((\$0.01) per basic share) in the fourth quarter of 2025.

First quarter 2026 cash from operating activities was \$116.2 million (\$0.80 per basic share) compared to \$185.4 million (\$1.29 per basic share) in the fourth quarter of 2025. Adjusted funds flow was \$143.4 million (\$0.99 per basic share) in the first quarter of 2026 compared to \$140.1 million (\$0.97 per basic share) in the fourth quarter of 2025. Free cash flow was (\$146.9) million ((\$1.02) per basic share) in the first quarter of 2026 compared to (\$84.6) million ((\$0.59) per basic share) in the fourth quarter of 2025. ⁽¹⁾

Capital expenditures totaled \$256.9 million in the first quarter of 2026 compared to \$208.6 million in the fourth quarter of 2025. First quarter 2026 activities were largely focused on the Company's Willesden Green Duvernay development, with lesser amounts directed to its Sinclair Montney and Kaybob North Duvernay developments. Construction of the second phase of the Alhambra Plant, which is set to double its raw handling capacity, is substantially complete and commissioning activities are underway. A one-week outage at the plant is planned for later in May to accommodate the expansion, following which final commissioning activities are expected to be completed. Start-up of the second phase of the plant is now expected in June, about one month earlier than previously forecast. Paramount also broke ground on the site of its wholly-owned and operated Sinclair Plant, which is being designed to handle up to 400 MMcf/d of raw natural gas and is planned to start-up in the fourth quarter of 2027. First quarter activities at Sinclair included site clearing, the construction of a freshwater reservoir and the drilling of an acid gas injection well.

Approximately 55% of Paramount's forecast natural gas sales volumes for the remainder of 2026 are expected to be priced at diversified markets outside of AECO, including at Dawn, Malin and Emerson.

Operating expenses were \$9.81/Boe in the quarter, with Willesden Green operating expenses averaging \$4.00/Boe.

Asset retirement obligations settled in the first quarter of 2026 totaled \$26.5 million.

Paramount sold certain undeveloped heavy oil exploration and evaluation assets in northeast Alberta for cash proceeds of \$23.0 million in the first quarter of 2026, resulting in a \$21.6 million gain on sale of oil and gas assets.

The Company paid \$21.7 million in regular monthly dividends totaling \$0.15 per Common Share in the first quarter of 2026.

Cash and cash equivalents was \$671.5 million at March 31, 2026 compared to \$730.8 million at December 31, 2025. At March 31, 2026, Paramount had undrawn credit facilities totaling \$750 million.

(1) 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 of this MD&A for more information on these measures.

In April 2026, Paramount entered into a purchase and sale agreement to sell all of its interests in Fox Drilling to AKITA for approximately 19.3 million voting common shares of AKITA (the "Fox Transaction"). Paramount has agreed to dividend the AKITA shares it receives to its shareholders following closing of the Fox Transaction. The AKITA voting common shares had a closing trading price of \$5.00 per share on the TSX as of May 11, 2026.

UPDATED 2026 GUIDANCE

With the outperformance of the Willesden Green Duvernay property to date and the expected earlier start-up of the second phase of the Alhambra Plant, Paramount is increasing its first half 2026 production guidance to between 43,000 Boe/d and 46,000 Boe/d (48% liquids). This represents a 3,000 Boe/d increase at the mid-point and includes a slightly higher liquids weighting. As a consequence, annual 2026 production guidance is being increased to between 48,000 Boe/d and 52,000 Boe/d (50% liquids), representing a 1,500 Boe/d increase at the mid-point.

Paramount is revising its 2026 capital expenditures guidance downward by \$50 million to between \$1,000 million and \$1,100 million, reflecting stronger well performance and improved capital efficiencies. Expected abandonment and reclamation expenditures for the year remain the same at \$35 million.

| 2026 | Prior Guidance | Revised Guidance |
|--|--------------------------------|--------------------------------|
| First half 2026 averages sales volumes (Boe/d) | 39,000 to 44,000 (47% liquids) | 43,000 to 46,000 (48% liquids) |
| Third quarter average sales volumes (Boe/d) | 46,500 to 51,500 (51% liquids) | No change |
| Fourth quarter average sales volumes (Boe/d) | 59,000 to 64,000 (53% liquids) | No change |
| Annual average sales volumes (Boe/d) | 46,000 to 51,000 (50% liquids) | 48,000 to 52,000 (50% liquids) |
| Capital expenditures | \$1,050 to \$1,150 million | \$1,000 to \$1,100 million |

UPDATED 2027 OUTLOOK

Paramount is revising its outlook for midpoint 2027 annual capital expenditures downward by \$100 million to \$1,000 million as a result of stronger well performance and improved capital efficiencies. Paramount continues to expect 2027 annual sales volumes of between 60,000 to 65,000 Boe/d (50% liquids) and a 2027 exit rate of production of over 100,000 Boe/d (35% liquids), representing more than double forecast 2026 midpoint sales volumes.

CONSOLIDATED RESULTS

Net Income

Paramount recorded net income of \$53.2 million for the three months ended March 31, 2026 compared to net income of \$1,288.8 million in the same period in 2025. Significant factors contributing to the change are shown below:

| Three months ended March 31 | |
|--|----------------|
| Net income – 2025 | 1,288.8 |
| • Lower gain on sale of oil and gas assets in 2026 | (1,590.6) |
| • Higher depletion and depreciation expense in 2026 | (31.9) |
| • Loss on risk management contracts in 2026 compared to a gain in 2025 | (13.2) |
| • Lower deferred income tax expense in 2026 | 366.7 |
| • Transaction and reorganization costs in 2025 | 23.7 |
| • Lower share-based compensation expense in 2026 | 11.2 |
| • Other | (1.5) |
| Net income – 2026 | 53.2 |

Cash From Operating Activities

Cash from operating activities for the three months ended March 31, 2026 was \$116.2 million compared to \$149.9 million in the same period in 2025. Significant factors contributing to the change are shown below:

| Three months ended March 31 | |
|---|--------------|
| Cash from operating activities – 2025 | 149.9 |
| • Change in non-cash working capital | (42.3) |
| • Provisions settled in 2026 | (5.5) |
| • Higher asset retirement obligations settled in 2026 | (4.3) |
| • Payments on risk management contract settlements in 2026 compared to receipts in 2025 | (3.7) |
| • Transaction and reorganization costs in 2025 | 23.7 |
| • Other | (1.6) |
| Cash from operating activities – 2026 | 116.2 |

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 March 31 | 2026 | 2025 |
|---|--------------|--------|
| Cash from operating activities | 116.2 | 149.9 |
| Change in non-cash working capital ⁽¹⁾ | (6.2) | (48.5) |
| Geological and geophysical expense ⁽²⁾ | 1.4 | 1.8 |
| Asset retirement obligations settled ⁽¹⁾ | 26.5 | 22.2 |
| Provisions settled ⁽¹⁾ | 5.5 | – |
| Transaction and reorganization costs ⁽³⁾ | – | 23.7 |
| Adjusted funds flow ⁽⁴⁾ | 143.4 | 149.1 |
| Adjusted funds flow (\$/Boe) ⁽⁵⁾ | 33.02 | 30.42 |

(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 the interim condensed consolidated statements of comprehensive income 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 on this measure.

Adjusted funds flow for the three months ended March 31, 2026 was \$143.4 million compared to \$149.1 million in the same period in 2025. Significant factors contributing to the change are shown below:

| Three months ended March 31 | |
|---|--------------|
| Adjusted funds flow – 2025 | 149.1 |
| • Payments on risk management contract settlements in 2026 compared to receipts in 2025 | (3.7) |
| • Other | (2.0) |
| Adjusted funds flow – 2026 | 143.4 |

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 March 31 | 2026 | 2025 |
|---|----------------|-------------|
| Cash from operating activities | 116.2 | 149.9 |
| Change in non-cash working capital ⁽¹⁾ | (6.2) | (48.5) |
| Geological and geophysical expense ⁽²⁾ | 1.4 | 1.8 |
| Asset retirement obligations settled ⁽¹⁾ | 26.5 | 22.2 |
| Provisions settled ⁽¹⁾ | 5.5 | – |
| Transaction and reorganization costs ⁽³⁾ | – | 23.7 |
| Adjusted funds flow | 143.4 | 149.1 |
| Capital expenditures ⁽¹⁾ | (256.9) | (215.7) |
| Geological and geophysical expense ⁽²⁾ | (1.4) | (1.8) |
| Asset retirement obligations settled ⁽¹⁾ | (26.5) | (22.2) |
| Provisions settled ⁽¹⁾ | (5.5) | – |
| Free cash flow ⁽⁴⁾ | (146.9) | (90.6) |

(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 the interim condensed consolidated statements of comprehensive income 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 March 31, 2026 was (\$146.9) million compared to (\$90.6) million for the three months ended March 31, 2025. Significant factors contributing to the change are shown below:

| Three months ended March 31 | |
|--|----------------|
| Free cash flow – 2025 | (90.6) |
| • Higher capital expenditures in 2026 | (41.2) |
| • Lower adjusted funds flow in 2026 (described in "Adjusted Funds Flow" section above) | (5.7) |
| • Provisions settled in 2026 | (5.5) |
| • Higher asset retirement obligations settled in 2026 | (4.3) |
| • Lower geological and geophysical expense in 2026 | 0.4 |
| Free cash flow – 2026 | (146.9) |

OPERATING RESULTS

Netback

| Three months ended March 31 | 2026 | | 2025 | |
|--|--------------|----------------------------|--------------|----------------------------|
| | | (\$/Boe) ⁽¹⁾⁽²⁾ | | (\$/Boe) ⁽¹⁾⁽²⁾ |
| Natural gas revenue ⁽³⁾ | 45.7 | 3.52 | 52.6 | 3.25 |
| Condensate and oil revenue ⁽³⁾ | 157.1 | 96.27 | 180.6 | 97.70 |
| Other NGLs revenue ⁽³⁾ | 16.6 | 30.61 | 14.3 | 40.47 |
| Natural gas transportation assignment income ⁽³⁾ | 8.6 | 0.66 | 7.4 | 0.46 |
| Royalty income and other revenue ⁽³⁾ | 0.6 | – | 11.7 | – |
| Petroleum and natural gas sales ⁽⁴⁾ | 228.6 | 52.65 | 266.6 | 54.43 |
| Royalties ⁽⁴⁾ | (12.6) | (2.90) | (26.7) | (5.44) |
| Operating expense ⁽⁴⁾ | (42.6) | (9.81) | (67.8) | (13.85) |
| Transportation and NGLs processing ⁽⁴⁾ | (21.0) | (4.83) | (20.4) | (4.17) |
| Sales of commodities purchased ⁽⁴⁾ | 64.4 | 14.82 | 109.7 | 22.40 |
| Commodities purchased ⁽⁴⁾ | (63.9) | (14.71) | (107.2) | (21.88) |
| Netback ⁽⁵⁾ | 152.9 | 35.22 | 154.2 | 31.49 |
| Risk management contract settlements ⁽⁶⁾ | (2.1) | (0.46) | 1.6 | 0.32 |
| Netback including risk management contract settlements ⁽⁷⁾ | 150.8 | 34.76 | 155.8 | 31.81 |

- (1) Natural gas revenue and natural gas transportation assignment income 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.
- (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.

The following table provides selected operating results of the Company for the three months ended March 31, 2026 and 2025, separated between Ongoing Operations and the Sold Assets:

| | Q1 2026 | | | Q1 2025 | | |
|---|--------------------|--------------|---------------|--------------------|----------------------------|---------------|
| | Ongoing Operations | Sold Assets | Total Company | Ongoing Operations | Sold Assets ⁽¹⁾ | Total Company |
| Sales Volumes (Boe/d) ⁽²⁾ | 48,255 | – | 48,255 | 29,705 | 24,704 | 54,409 |
| % Liquids | 50% | – | 50% | 42% | 48% | 45% |
| | \$/Boe | \$/Boe | \$/Boe | \$/Boe | \$/Boe | \$/Boe |
| Petroleum and natural gas sales ⁽³⁾ | 228.6 | 52.65 | 228.6 | 52.65 | 147.7 | 55.23 |
| Royalties ⁽³⁾ | (12.6) | (2.90) | (12.6) | (2.90) | (9.5) | (3.55) |
| Operating expense ⁽³⁾ | (42.6) | (9.81) | (42.6) | (9.81) | (37.0) | (13.85) |
| Transportation and NGLs processing ⁽³⁾ | (21.0) | (4.83) | (21.0) | (4.83) | (12.7) | (4.76) |
| Sales of commodities purchased ⁽³⁾ | 64.4 | 14.82 | 64.4 | 14.82 | 109.7 | 41.02 |
| Commodities purchased ⁽³⁾ | (63.9) | (14.71) | (63.9) | (14.71) | (107.2) | (40.08) |
| Netback ⁽⁴⁾ | 152.9 | 35.22 | 152.9 | 35.22 | 91.0 | 34.01 |
| | | | | | 63.2 | 28.44 |
| Capital expenditures | 256.9 | – | 256.9 | 195.3 | 20.4 | 215.7 |

- (1) Results of operations from January 1, 2025 to January 30, 2025. Boe/d sales volumes calculated by dividing aggregate sales volumes from January 1, 2025 to January 30, 2025 by 90 days.
- (2) Readers are referred to the "Product Type Information" section of this MD&A 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.
- (3) Refer to the interim condensed consolidated statements of comprehensive income in the Interim Financial Statements.
- (4) Netback is a non-GAAP financial measure and 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.

Petroleum and natural gas sales were \$228.6 million in the first quarter of 2026 compared to \$266.6 million in the same period in 2025. The decrease in 2026 was mainly due to the Grande Prairie Disposition, the impact of which was partially offset by higher sales volumes at Willesden Green. Petroleum and natural gas sales attributable to Ongoing Operations and the Sold Assets were as follows:

| Three months ended March 31 | 2026 | 2025 | Change |
|--|--------------|--------------|---------------|
| Ongoing Operations | 228.6 | 147.7 | 80.9 |
| Sold Assets | – | 118.9 | (118.9) |
| Petroleum and natural gas sales – Total Company | 228.6 | 266.6 | (38.0) |

The impact of changes in prices and sales volumes on petroleum and natural gas sales are as follows:

| | Natural gas | Condensate and oil | Other NGLs | Natural gas transportation assignment and royalty income and other revenue | Total |
|--|-------------|--------------------|-------------|--|--------------|
| Three months ended March 31, 2025 | 52.6 | 180.6 | 14.3 | 19.1 | 266.6 |
| Effect of changes in sales volumes | (10.4) | (21.2) | 7.7 | – | (23.9) |
| Effect of changes in prices | 3.5 | (2.3) | (5.4) | – | (4.2) |
| Change in natural gas transportation assignment and royalty income and other revenue | – | – | – | (9.9) | (9.9) |
| Three months ended March 31, 2026 | 45.7 | 157.1 | 16.6 | 9.2 | 228.6 |

Natural gas transportation assignment income of \$8.6 million for the three months ended March 31, 2026 (March 31, 2025 – \$7.4 million) relates to proceeds realized by the Company on the assignment of a portion of its ex-Alberta natural gas transportation capacity to third parties. The assignee was responsible for the cost of the transportation assigned.

Royalty income and other revenue for the three months ended March 31, 2025 includes \$11.1 million related to a second interim payment from insurers for 2023 Alberta wildfire business interruption losses.

Sales Volumes

| | Three months ended March 31 | | | | | | | | | | | |
|---------------------------|-------------------------------------|--------------|--------------|---|---------------|--------------|-----------------------------------|--------------|-------------|------------------------------|---------------|--------------|
| | Natural gas (MMcf/d) ⁽¹⁾ | | | Condensate and oil (Bbl/d) ⁽¹⁾ | | | Other NGLs (Bbl/d) ⁽¹⁾ | | | Total (Boe/d) ⁽¹⁾ | | |
| | 2026 | 2025 | Chg | 2026 | 2025 | Chg | 2026 | 2025 | Chg | 2026 | 2025 | Chg |
| Willesden Green | 70.1 | 21.0 | 234% | 12,348 | 3,253 | 280% | 4,716 | 1,179 | 300% | 28,750 | 7,929 | 263% |
| Kaybob | 74.2 | 81.5 | (9%) | 5,404 | 6,500 | (17%) | 1,316 | 1,292 | 2% | 19,088 | 21,371 | (11%) |
| Other | 0.2 | 0.2 | – | 385 | 359 | 7% | 5 | 7 | (29%) | 417 | 405 | 3% |
| Ongoing Operations | 144.5 | 102.7 | 41% | 18,137 | 10,112 | 79% | 6,037 | 2,478 | 144% | 48,255 | 29,705 | 62% |
| Sold Assets | – | 76.9 | (100%) | – | 10,430 | (100%) | – | 1,456 | (100%) | – | 24,704 | (100%) |
| Total | 144.5 | 179.6 | (20%) | 18,137 | 20,542 | (12%) | 6,037 | 3,934 | 53% | 48,255 | 54,409 | (11%) |

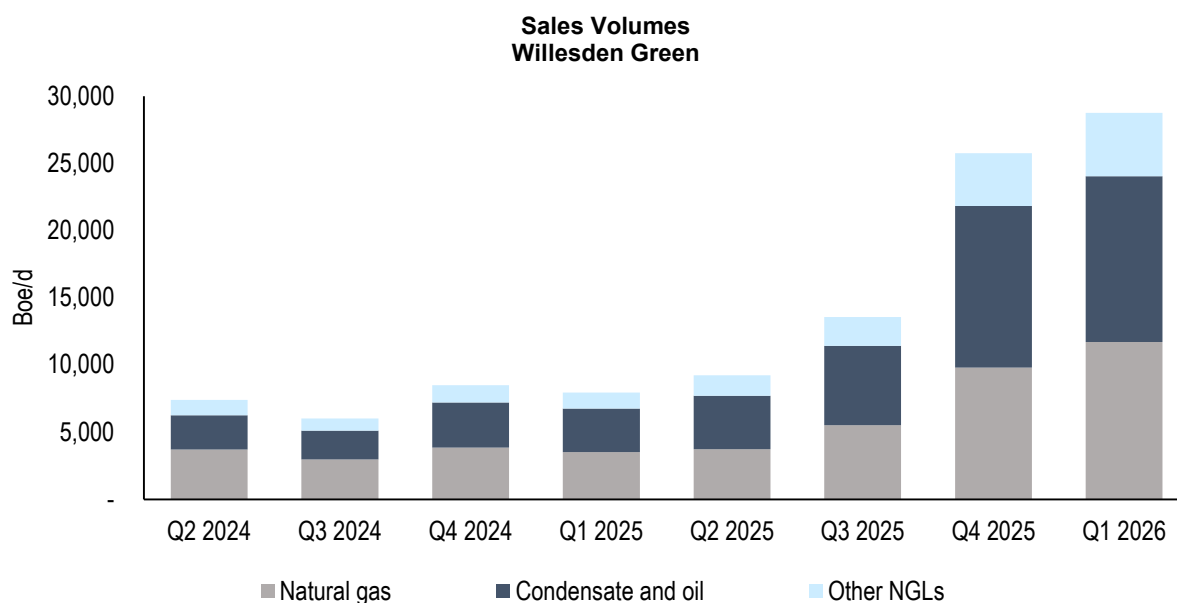
(1) Readers are referred to the "Product Type Information" section of this MD&A for more information respecting the composition of sales volumes by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.

Total Company sales volumes averaged 48,255 Boe/d (50% liquids) in the first quarter of 2026 compared to 54,409 Boe/d (45% liquids) in the same period in 2025. The decrease in total Company sales volumes in 2026 was mainly due to the Grande Prairie Disposition in 2025, the impact of which was partially offset by higher sales volumes at Willesden Green.

Sales volumes from Ongoing Operations averaged 48,255 Boe/d (50% liquids) in the first quarter of 2026 compared to 29,705 Boe/d (42% liquids) in the same period in 2025. The increase in Ongoing Operations sales volumes in 2026 was due to higher Willesden Green sales volumes.

Sales volumes at Willesden Green averaged 28,750 Boe/d (59% liquids) in the first quarter of 2026 compared to 7,929 Boe/d (56% liquids) in the same period in 2025. Construction of the first phase of the Company's wholly-owned and operated Alhambra Plant was completed early in the third quarter of 2025, with first sales volumes achieved in late-July 2025. Paramount brought onstream 22 new Duvernay wells at Willesden Green in 2025.

Willesden Green sales volumes for the prior eight quarters are shown below. The Company's development activities have increased Willesden Green sales volumes from 7,386 Boe/d (50% liquids) in the three months ended June 30, 2024 to 28,750 Boe/d (59% liquids) in the three months ended March 31, 2026.



Kaybob sales volumes averaged 19,088 Boe/d (35% liquids) in the first quarter of 2026 compared to 21,371 Boe/d (36% liquids) in the same period in 2025. Paramount brought onstream nine Duvernay wells at Kaybob in 2025, which partially offset declines.

Commodity Prices

| Three months ended March 31 | 2026 | 2025 | % Change |
|--|-------|-------|----------|
| Natural Gas ⁽¹⁾ | | | |
| Paramount realized natural gas price (\$/Mcf) | 3.52 | 3.25 | 8 |
| AECO daily spot (\$/GJ) | 1.90 | 2.05 | (7) |
| AECO monthly index (\$/GJ) | 2.36 | 1.92 | 23 |
| Dawn (\$/MMBtu) | 6.69 | 5.53 | 21 |
| NYMEX (US\$/MMBtu) | 3.48 | 3.87 | (10) |
| Malin daily index (US\$/MMBtu) | 1.78 | 3.25 | (45) |
| Emerson 2 daily index (US\$/MMBtu) | 2.73 | 2.92 | (7) |
| Condensate and Oil ⁽¹⁾ | | | |
| Paramount realized condensate & oil price (\$/Bbl) | 96.27 | 97.70 | (1) |
| Edmonton light sweet crude oil (\$/Bbl) | 94.37 | 94.99 | (1) |
| Edmonton condensate (\$/Bbl) | 97.55 | 98.92 | (1) |
| West Texas Intermediate crude oil (US\$/Bbl) | 71.93 | 71.42 | 1 |
| Other NGLs ⁽¹⁾ | | | |
| Paramount realized Other NGLs price (\$/Bbl) | 30.61 | 40.47 | (24) |
| Conway – propane (\$/Bbl) | 36.44 | 52.57 | (31) |
| Belvieu – butane (\$/Bbl) | 50.60 | 58.27 | (13) |
| Foreign Exchange | | | |
| \$ / 1 \$US | 1.37 | 1.43 | (4) |

(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 on these measures.

Paramount's natural gas sales portfolio primarily consists of sales priced at Alberta, the California/Oregon border and Eastern Canada markets, in a combination of daily, monthly and fixed-basis physical contracts. In the first quarter of 2026, Paramount's natural gas sales portfolio included arrangements to sell approximately 60,000 GJ/d of natural gas at Dawn, approximately 22,000 GJ/d of natural gas at Malin and approximately 20,000 GJ/d of natural gas at Emerson. The Company's natural gas sales portfolio in the first quarter of 2025 included arrangements to sell approximately 40,000 GJ/d of natural gas at Dawn, approximately 22,000 GJ/d of natural gas at Malin and approximately 20,000 GJ/d of natural gas at Emerson.

With approximately 84.3 MMcf/d of Paramount's natural gas sales volumes priced at diversified markets outside of AECO in the first quarter of 2026, Paramount's average realized natural gas price in the first quarter of 2026 was \$3.52/Mcf. For the remainder of 2026, approximately 55 percent of the Company's forecast natural gas sales volumes are expected to be priced at diversified markets outside of AECO, including at Dawn, Malin and Emerson.

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 crude oil are based on West Texas Intermediate reference prices and market index differentials, which are further adjusted for transportation and quality.

Propane, butane and condensate from fractionation are sold under monthly and long-term contracts with prices primarily based on the Edmonton market, with some diversification to alternate markets, adjusted for transportation and fractionation costs.

The Company had the following fixed-basis physical contracts as at March 31, 2026:

| | Volume | Location | Average price | Remaining Term |
|---------------------------------------|-------------|-------------|---------------|---------------------------|
| Natural gas basis swap ⁽¹⁾ | 38,654 GJ/d | AECO / Dawn | \$1.59/GJ | April 2026 – October 2027 |

(1) Paramount sells at Dawn at a fixed price of \$4.51/GJ and buys at AECO at a fixed price of \$2.92/GJ resulting in a net amount of \$1.59/GJ.

Risk Management Contracts

Financial Commodity Contracts

From time to time Paramount uses financial commodity contracts to manage exposure to commodity price volatility. Changes in the fair value of the Company's financial commodity contracts are as follows: ⁽¹⁾

| | Three months ended March 31, 2026 |
|----------------------------------|--------------------------------------|
| Fair value, beginning of period | (9.4) |
| Changes in fair value | 0.2 |
| Settlements paid (received) | 2.3 |
| Fair value, end of period | (6.9) |

(1) Includes the derivative portion relating to a physical sales contract to deliver 1,000 Bbl/d of propane until January 31, 2029 at a delivery point in Alberta.

Paramount had the following financial commodity contracts as at March 31, 2026:

| Instruments | Aggregate notional | Average price | Remaining term |
|--|--------------------|---|------------------------------|
| Oil | | | |
| NYMEX WTI Swaps (Sale) ⁽¹⁾ | 5,000 Bbl/d | CAD\$104.86/Bbl | April 2026 – December 2026 |
| NYMEX WTI Swaps (Sale) ⁽¹⁾ | 2,000 Bbl/d | CAD\$100.00/Bbl | January 2027 – December 2027 |
| Natural Gas | | | |
| Citygate / Malin Basis Swap ⁽²⁾ | 10,000 MMBtu/d | Citygate less US\$0.97/MMBtu (Sell) Malin (Buy) | April 2026 – October 2028 |

(1) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.

(2) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction Paramount sells at Citygate less US\$0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.

For additional information concerning 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:

| | Three months ended March 31, 2026 |
|----------------------------------|--------------------------------------|
| Fair value, beginning of period | 4.0 |
| Changes in fair value | (4.4) |
| Settlements paid (received) | (0.2) |
| Fair value, end of period | (0.6) |

The Company had the following foreign currency exchange contracts as at March 31, 2026:

| Instruments | Notional | Forward Rate ⁽¹⁾ | Remaining Term |
|-----------------------------|------------------------|-----------------------------|------------------------------|
| Average Rate Forward (Sale) | US\$10 million / month | 1.3810 CAD\$/US\$1.00 | April 2026 – December 2026 |
| Average Rate Forward (Sale) | US\$10 million / month | 1.3680 CAD\$/US\$1.00 | January 2027 – December 2027 |

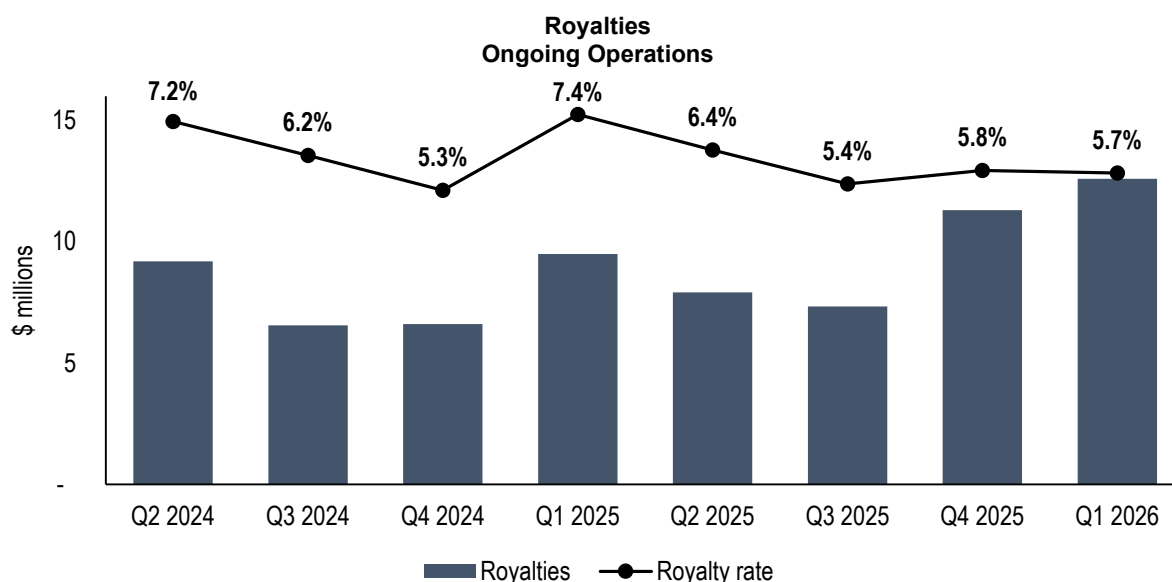
(1) Settled monthly against the average of the US\$/CAD\$ noon spot rate on each applicable day in that month.

For additional information concerning the Company's foreign currency exchange contracts, refer to Note 11 in the Interim Financial Statements.

Royalties

| Three months ended March 31 | 2026 | Rate ⁽¹⁾ | 2025 | Rate ⁽¹⁾ |
|---|-------------|---------------------|-------------|---------------------|
| Ongoing Operations | 12.6 | 5.7% | 9.5 | 7.4% |
| Sold Assets | – | – | 17.2 | 14.4% |
| Royalties – Total Company | 12.6 | 5.7% | 26.7 | 10.8% |
| <i>\$/Boe – Ongoing Operations ⁽¹⁾</i> | <i>2.90</i> | | <i>3.55</i> | |
| <i>\$/Boe – Total Company ⁽¹⁾</i> | <i>2.90</i> | | <i>5.44</i> | |

(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 on these measures.



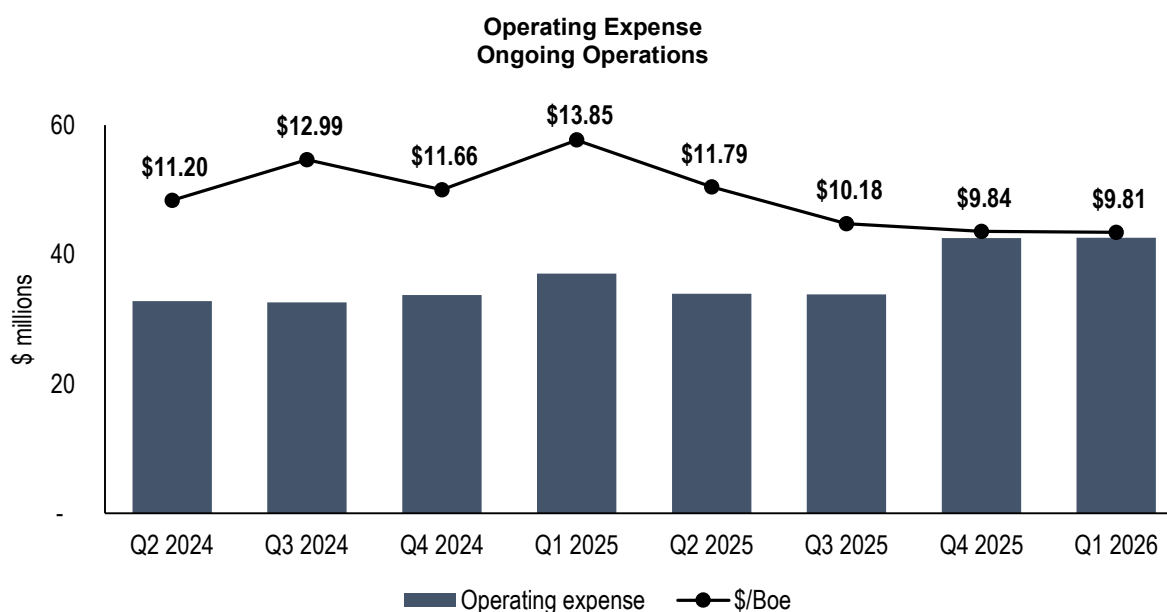
Total Company royalties were \$12.6 million in the first quarter of 2026 compared to \$26.7 million in the same period in 2025. Royalties and royalty rates decreased in the first quarter of 2026 due to the Grande Prairie Disposition.

Royalties relating to Ongoing Operations were \$12.6 million in the first quarter of 2026 compared to \$9.5 million in the same period in 2025. Royalties relating to Ongoing Operations increased in the first quarter of 2026 mainly due to higher petroleum and natural gas sales, partially offset by lower royalty rates. The Ongoing Operations royalty rate decreased in 2026 mainly due to a greater proportion of wells on incentive.

Operating Expense

| Three months ended March 31 | 2026 | 2025 | % Change |
|---|-------------|--------------|-------------|
| Ongoing Operations | 42.6 | 37.0 | 15 |
| Sold Assets | – | 30.8 | (100) |
| Operating expense – Total Company | 42.6 | 67.8 | (37) |
| <i>\$/Boe – Ongoing Operations ⁽¹⁾</i> | <i>9.81</i> | <i>13.85</i> | <i>(29)</i> |
| <i>\$/Boe – Total Company ⁽¹⁾</i> | <i>9.81</i> | <i>13.85</i> | <i>(29)</i> |

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



Total Company operating expense was \$42.6 million (\$9.81/Boe) in the first quarter of 2026 compared to \$67.8 million (\$13.85/Boe) in the same period in 2025. Total Company operating expense decreased due to the Grande Prairie Disposition.

Operating expenses relating to Ongoing Operations were \$42.6 million (\$9.81/Boe) in the first quarter of 2026 compared to \$37.0 million (\$13.85/Boe) in the same period in 2025. Operating expenses relating to Ongoing Operations increased in the first quarter of 2026 primarily due to the start-up of the Alhambra Plant in the third quarter of 2025 and higher Willesden Green sales volumes. Ongoing Operations per unit operating expense in 2026 was lower mainly as a result of a greater proportion of sales volumes at Willesden Green, which had a property-level operating expense of \$4.00/Boe in the first quarter of 2026.

Transportation and NGLs Processing

| Three months ended March 31 | 2026 | 2025 | % Change |
|---|-------------|-------------|-----------|
| Ongoing Operations | 21.0 | 12.7 | 65 |
| Sold Assets | – | 7.7 | (100) |
| Transportation and NGLs processing – Total Company | 21.0 | 20.4 | 3 |
| <i>\$/Boe – Ongoing Operations ⁽¹⁾</i> | <i>4.83</i> | <i>4.76</i> | <i>1</i> |
| <i>\$/Boe – Total Company ⁽¹⁾</i> | <i>4.83</i> | <i>4.17</i> | <i>16</i> |

(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 on this measure.

Total Company transportation and NGLs processing expense in the first quarter of 2026 was \$21.0 million (\$4.83/Boe) compared to \$20.4 million (\$4.17/Boe) in the same period in 2025. Total Company transportation and NGLs processing expense increased in 2026 mainly due to higher contracted transportation capacity and higher sales volumes at Willesden Green following the start-up of the Alhambra Plant in the third quarter of 2025. The impact of these increases was mostly offset by the Grande Prairie Disposition.

Transportation and NGLs processing expense relating to Ongoing Operations in the first quarter of 2026 was \$21.0 million (\$4.83/Boe) compared to \$12.7 million (\$4.76/Boe) in the same period in 2025. This increase was mainly due to higher contracted transportation capacity and higher sales volumes at Willesden Green.

Sales of Commodities Purchased and Commodities Purchased

| Three months ended March 31 | 2026 | 2025 | % Change |
|--------------------------------|--------|---------|----------|
| Sales of commodities purchased | 64.4 | 109.7 | (41) |
| Commodities purchased | (63.9) | (107.2) | (40) |

Paramount purchases commodities from third parties from time to time to fulfill sales commitments and for blending purposes. These transactions are presented as separate revenue and expense items in the consolidated statements of comprehensive income in the Interim Financial Statements.

Other Items

| Three months ended March 31 | 2026 | 2025 |
|--|--------|-----------|
| Depletion and depreciation expense ⁽¹⁾ | 78.3 | 51.3 |
| Change in asset retirement obligations ⁽¹⁾ | 6.6 | 1.7 |
| Exploration and evaluation expense | 1.6 | 1.8 |
| Gain on sale of oil and gas assets | (28.5) | (1,619.1) |
| Accretion of asset retirement obligations and provisions | 6.3 | 7.2 |

(1) Refer to Note 3 in the Interim Financial Statements.

Depletion and depreciation expense was \$78.3 million in the first quarter of 2026 compared to \$51.3 million in the first quarter of 2025. The increase in 2026 was mainly due to the impact of higher sales volumes at Willesden Green. No depletion and depreciation expense was recorded in respect of the Sold Assets for the three months ended March 31, 2025 as the assets were classified as held for sale.

For three months ended March 31, 2026, the Company recorded a charge of \$6.6 million (March 31, 2025 – \$1.7 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.

For the three months ended March 31, 2026, the changes mainly resulted from a reduction in the credit-adjusted risk-free rate used to discount obligations from 7.0 percent per annum to 6.5 percent per annum.

In March 2026, Paramount sold certain undeveloped heavy oil exploration and evaluation assets in northeast Alberta for cash proceeds of \$23.0 million, realizing a \$21.6 million gain on sale of oil and gas assets in connection with the transaction.

For the three months ended March 31, 2025, the Company recognized a gain on sale of oil and gas assets of \$1.606 billion in respect of the Grande Prairie Disposition. For additional information concerning the Grande Prairie Disposition, refer to Note 4 in the Annual Financial Statements.

ASSET RETIREMENT OBLIGATIONS AND PROVISIONS

Asset retirement obligations settled in the first quarter of 2026 totaled \$26.5 million. Activities in the first quarter of 2026 included the abandonment of 22 wells, decommissioning of eight pipeline segments and the reclamation of 11 sites.

Paramount's estimated undiscounted, uninflated asset retirement obligations were \$780.1 million at March 31, 2026 (December 31, 2025 – \$792.0 million). At March 31, 2026, the Company's discounted asset retirement obligations were \$383.1 million (discounted at 6.5 percent per annum and using an inflation rate of 2.0 percent per annum) compared to \$374.1 million at December 31, 2025 (discounted at 7.0 percent per annum and using an inflation rate of 2.0 percent per annum).

Provisions settled in the first quarter of 2026 totaled \$5.5 million. The undiscounted, uninflated provision at March 31, 2026 was \$23.7 million, which has been discounted at a rate of 6.5 percent per annum over the next nine years. The provision relates to anticipated future costs associated with a release believed to have originated from a Company owned pipeline.

For additional information concerning the Company's asset retirement obligations and provisions, refer to Note 6 in the Interim Financial Statements and Note 9 in the Annual Financial Statements.

OTHER ASSETS

Investments in Securities

| As at | March 31, 2026 | December 31, 2025 |
|------------------------|----------------|-------------------|
| Level One Securities | 14.8 | 10.7 |
| Level Three Securities | 126.6 | 126.6 |
| | 141.4 | 137.3 |

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 price. 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 Three Securities at March 31, 2026 included investments in the shares of Sultran Ltd. and other minor investments in securities. In March 2025, Paramount sold all of its shares of Westbrick Energy Ltd. for cash consideration of \$33.9 million, resulting in \$22.2 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings.

The Company recorded a before tax gain of \$4.1 million to other comprehensive income in the first quarter of 2026 related to changes in the fair value estimates of its investments in securities.

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

Fox Drilling

In April 2026, Paramount agreed to sell all of its interests in Fox Drilling to AKITA for approximately 19.3 million voting common shares of AKITA. Fox Drilling's assets include six triple drilling rigs that had a carrying value of \$72.4 million at March 31, 2026. Closing of the Fox Transaction is expected to occur in June 2026, subject to the satisfaction of closing conditions.

On closing of the Fox Transaction, Paramount will enter into an agreement with AKITA to utilize the Fox Drilling rigs or equivalent rigs of AKITA for an aggregate of 2,700 days in the three-year period following closing.

As part of the purchase and sale agreement, Paramount has agreed to distribute the common shares of AKITA received pursuant to the Fox Transaction to its shareholders as soon as practicable following closing.

CORPORATE

| Three months ended March 31 | 2026 | 2025 |
|--------------------------------------|-------|-------|
| General and administrative expense | 12.4 | 14.1 |
| Share-based compensation expense | 7.4 | 18.6 |
| Transaction and reorganization costs | – | 23.7 |
| Interest and financing expense | 1.4 | 2.5 |
| Interest income | (4.9) | (7.4) |
| Dividend income and other | (1.4) | (3.0) |
| Deferred income tax expense | 16.3 | 383.0 |

General and administrative expense was \$12.4 million in the first quarter of 2026, \$1.7 million lower than the same period in 2025.

Share-based compensation expense was \$7.4 million in the first quarter of 2026 compared to \$18.6 million in the first quarter of 2025. Share-based compensation expense in the first quarter of 2025 was higher mainly due to the impact of the elimination in 2025 of vesting periods for previously issued restricted share units under the Company's CBRSU plan.

Transaction and reorganization costs in the first quarter of 2025 totaled \$23.7 million, including \$22.0 million relating to cash payments made by the Company on the surrender of options to acquire Common Shares ("Paramount Options") by holders in connection with the Special Distribution, which is further described in the "Liquidity and Capital Resources – Dividends and Distributions" section of this MD&A.

Interest income was \$4.9 million in the first quarter of 2026 compared to \$7.4 million for the same period in 2025 and was lower in 2026 because of lower cash and cash equivalents balances held.

Deferred income tax expense was \$16.3 million in the first quarter of 2026, compared to \$383.0 million in the same period in 2025. Deferred income tax expense in the first quarter of 2025 was higher mainly due to the gain on sale of oil and gas assets realized in connection with the Grande Prairie Disposition.

CAPITAL EXPENDITURES AND LAND AND PROPERTY ACQUISITIONS

Capital Expenditures

| Three months ended March 31 | 2026 | 2025 |
|---|--------------|--------------|
| Drilling, completion, equipping and tie-ins | 155.8 | 172.2 |
| Facilities and gathering | 97.3 | 37.5 |
| Drilling rigs | 1.5 | 3.1 |
| Corporate | 2.3 | 2.9 |
| Capital expenditures | 256.9 | 215.7 |
| Willesden Green | 161.7 | 120.7 |
| Kaybob | 31.8 | 51.0 |
| Sinclair | 59.6 | 16.8 |
| Fox Drilling | 1.5 | 3.1 |
| Corporate and other | 2.3 | 3.7 |
| Ongoing Operations | 256.9 | 195.3 |
| Sold Assets | – | 20.4 |
| Capital expenditures | 256.9 | 215.7 |

Land and Property Acquisitions

| Three months ended March 31 | 2026 | 2025 |
|---------------------------------------|-------------|------------|
| Land and property acquisitions | 22.3 | 3.2 |

Capital expenditures totaled \$256.9 million in the first quarter of 2026 compared to \$215.7 million in the first quarter of 2025. Significant capital program activities in the first quarter of 2026 are summarized below:

- Development activities at Willesden Green included drilling five (5.0 net) Duvernay wells, continuing construction of the second phase of the Alhambra Plant and the Alhambra and Leafland pipeline interconnect, ongoing commissioning of the water recycling facility at the Alhambra Plant and site preparation for expanded compression at the Leafland Plant;
- At Sinclair, the Company broke ground and started clearing the plant site. Other Sinclair activities in the first quarter of 2026 included the construction of a freshwater reservoir, the drilling of an acid gas injection well and commencement of drilling activities on the first five wells of a total ten (10.0 net) Montney wells to be drilled in 2026; and
- At Kaybob North, Paramount drilled two (2.0 net) Duvernay wells and completed three (3.0 net) Duvernay wells which were brought on production in April 2026.

Land and property acquisitions totaled \$22.3 million in the first quarter of 2026 compared to \$3.2 million in the same period in 2025.

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 – Capital Structure in the Interim Financial Statements for important additional information concerning these measures.

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

| As at | March 31, 2026 | December 31, 2025 |
|--|----------------|-------------------|
| Cash and cash equivalents | (671.5) | (730.8) |
| Accounts receivable | (92.3) | (98.4) |
| Prepaid expenses and other | (16.3) | (16.8) |
| Accounts payable and accrued liabilities | 264.3 | 173.2 |
| Net (cash) debt | (515.8) | (672.8) |

Net (cash) debt does not account for the \$141.4 million carrying value of the Company's investments in securities at March 31, 2026 (December 31, 2025 – \$137.3 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 provisions and satisfy its other contractual obligations and commitments. Paramount's available capital resources include cash from operating activities, cash and cash equivalents and available capacity under the Revolving Credit Facility and the Term Loan Facility, which are further described below.

Based on the Company's current commodity pricing and foreign exchange rate assumptions and the forecasts of 2026 sales volumes set out in this MD&A under the "Updated 2026 Guidance" section, Paramount expects to fully fund its forecast 2026 annual capital expenditures, abandonment and reclamation expenditures, provisions and regular monthly dividends from cash from operating activities, cash and cash equivalents and if required, borrowings under its currently undrawn credit facilities.

Paramount may also determine to divest of assets or investments in securities from time to time to reduce indebtedness or fund operations. In the first quarter of 2026, the Company realized cash proceeds of \$30 million from the disposition of assets. Paramount realized cash proceeds of approximately \$3,243 million through the Grande Prairie Disposition and repaid all remaining drawings outstanding under the Revolving Credit Facility in January 2025. In February 2025, the Company paid the \$2,148 million Special Distribution to shareholders. Paramount also realized cash proceeds of \$556 million in 2025 from the disposition of investments in securities, including \$519 million on the sales of its remaining investment in the common shares of NuVista Energy Ltd. 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.

Credit Facilities and Long-Term Debt

| As at | March 31, 2026 | December 31, 2025 |
|---------------------------|----------------|-------------------|
| Revolving Credit Facility | - | - |
| Term Loan Facility | - | - |
| Long-Term Debt | - | - |

The Company has a \$500 million financial covenant-based senior secured revolving bank credit facility (the "Revolving Credit Facility") with a syndicate of lenders. The Revolving Credit Facility has a maturity date of December 15, 2029.

At Paramount's request, the capacity of the Revolving Credit Facility can be increased from \$500 million to up to \$750 million pursuant to an accordion feature in the facility, subject to incremental lender commitments and the Company achieving average quarterly production of at least 55,000 Boe/d for two consecutive fiscal quarters.

Paramount also has a \$250 million secured, non-revolving, non-amortizing, delayed draw term loan facility (the "Term Loan Facility") with Export Development Canada ("EDC"). The Company may make drawdowns under the Term Loan Facility to fund capital expenditures related to its Willesden Green and Sinclair developments (excluding the Sinclair Plant) prior to December 16, 2027, after which any undrawn availability will be cancelled. The Term Loan Facility has a maturity date of December 15, 2030.

The Company had undrawn letters of credit outstanding under the Revolving Credit Facility totaling \$5.1 million at March 31, 2026 (December 31, 2025 – \$4.8 million) that reduce the amount available to be drawn on the facility.

For additional information concerning the Revolving Credit Facility and the Term Loan Facility, refer to Note 8 in 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 ("PSG") from EDC. In April 2026, the term of the PSG was extended to May 31, 2028. At March 31, 2026, \$74.5 million in undrawn letters of credit were outstanding under the LC Facility (December 31, 2025 – \$33.0 million).

Cash Flow Hedges

The Company had the following electricity swaps at March 31, 2026:

| Contract type | Aggregate notional ⁽¹⁾ | Average fixed contract rate ⁽¹⁾ | Remaining term |
|-------------------------|--|---|----------------------------|
| Electricity Swaps (Buy) | 120 MWh/d | \$58.19/MWh | April 2026 – December 2028 |
| Electricity Swaps (Buy) | 120 MWh/d | \$58.79/MWh | April 2026 – December 2029 |
| Electricity Swaps (Buy) | 120 MWh/d | \$61.73/MWh | April 2026 – December 2030 |

(1) Reference electricity rate: Floating hourly rate established by the Alberta Electric System Operator. "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 March 31, 2026.

Paramount Options and Share Capital

In the first quarter of 2026, Paramount issued 0.6 million Common Shares on the exercise of Paramount Options.

During the three months ended March 31, 2026, 0.1 million Common Shares having a cost of \$1.2 million were released to CBRSU plan participants (March 31, 2025 – 0.1 million Common Shares released having a cost of \$4.2 million).

At May 11, 2026, Paramount had 145.4 million Common Shares outstanding (net of 0.1 million Common Shares held in trust under the Company's CBRSU plan) and 7.9 million Paramount Options outstanding, of which 1.7 million Paramount Options are exercisable.

For additional information concerning Paramount Options, refer to Note 9 in the Interim Financial Statements.

Dividends and Distributions

In the first quarter of 2026, Paramount declared and paid regular monthly cash dividends totaling \$0.15 per Common Share or \$21.7 million (first quarter of 2025 – \$0.25 per Common Share or \$36.5 million). The Company also paid a regular monthly cash dividend of \$0.05 per Common Share or \$7.3 million on April 30, 2026 to shareholders of record on April 15, 2026. In May 2026, Paramount declared a cash dividend of \$0.05 per Common Share that is payable on May 29, 2026 to shareholders of record on May 15, 2026.

In the first quarter of 2025, the Company utilized a portion of the proceeds from the Grande Prairie Disposition to pay a special cash distribution of \$15.00 per Common Share, totaling \$2,148 million (the "Special Distribution"), comprised of a \$12.00 return of capital, totaling \$1,718 million and a \$3.00 special dividend totaling \$430 million.

Normal Course Issuer Bid

In July 2025, Paramount implemented a normal course issuer bid (the "2025 NCIB") under which the Company may purchase up to 7.5 million Common Shares for cancellation. The 2025 NCIB will terminate on the earlier of July 7, 2026 and the date on which the maximum number of Common Shares that can be acquired pursuant to the 2025 NCIB are purchased. Purchases of Common Shares under the 2025 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 2025 NCIB to date.

Paramount previously implemented a normal course issuer bid in July 2024 (the "2024 NCIB"), which expired on July 7, 2025. The Company purchased and cancelled a total of 5.7 million Common Shares under the 2024 NCIB at a cost of \$177.0 million, including 4.9 million Common Shares purchased at a total cost of \$154.7 million in early-February 2025, prior to the Special Distribution.

QUARTERLY INFORMATION

| | 2026 | 2025 | | | | 2024 ⁽¹⁾ | | |
|--|----------------|--------|---------|--------|-------------------|---------------------|--------|--------|
| | Q1 | Q4 | Q3 | Q2 | Q1 ⁽²⁾ | Q4 | Q3 | Q2 |
| Petroleum and natural gas sales | 228.6 | 198.5 | 144.2 | 127.2 | 266.6 | 459.3 | 404.8 | 443.6 |
| Revenue | 280.4 | 259.9 | 191.1 | 165.2 | 349.6 | 509.5 | 438.0 | 461.9 |
| Net income (loss) | 53.2 | (1.9) | (2.3) | 4.2 | 1,288.8 | 87.4 | 95.8 | 84.5 |
| Per share – basic (\$/share) | 0.37 | (0.01) | (0.02) | 0.03 | 8.90 | 0.60 | 0.65 | 0.58 |
| Per share – diluted (\$/share) | 0.36 | (0.01) | (0.02) | 0.03 | 8.74 | 0.59 | 0.64 | 0.57 |
| Cash from operating activities | 116.2 | 185.4 | 42.3 | 39.8 | 149.9 | 187.7 | 205.7 | 220.5 |
| Per share – basic (\$/share) ⁽³⁾ | 0.80 | 1.29 | 0.30 | 0.28 | 1.03 | 1.28 | 1.40 | 1.51 |
| Per share – diluted (\$/share) ⁽³⁾ | 0.79 | 1.29 | 0.30 | 0.27 | 1.02 | 1.26 | 1.38 | 1.47 |
| Adjusted funds flow ⁽³⁾ | 143.4 | 140.1 | 96.8 | 81.5 | 149.1 | 237.8 | 200.7 | 266.2 |
| Per share – basic (\$/share) | 0.99 | 0.97 | 0.67 | 0.57 | 1.03 | 1.62 | 1.37 | 1.82 |
| Per share – diluted (\$/share) | 0.97 | 0.97 | 0.67 | 0.56 | 1.01 | 1.59 | 1.34 | 1.78 |
| Free cash flow ⁽³⁾ | (146.9) | (84.6) | (124.5) | (85.5) | (90.6) | 52.8 | (26.3) | 20.3 |
| Per share – basic (\$/share) | (1.02) | (0.59) | (0.87) | (0.60) | (0.63) | 0.36 | (0.18) | 0.14 |
| Per share – diluted (\$/share) | (0.99) | (0.59) | (0.87) | (0.60) | (0.63) | 0.35 | (0.18) | 0.14 |
| Dividends and distributions declared (\$/share) | 0.15 | 0.15 | 0.15 | 0.15 | 15.25 | 0.45 | 0.45 | 0.425 |
| Sales volumes | | | | | | | | |
| Natural gas (MMcf/d) | 144.5 | 133.1 | 112.4 | 103.3 | 179.6 | 317.3 | 294.5 | 296.8 |
| Condensate and oil (Bbl/d) | 18,137 | 19,472 | 13,997 | 11,636 | 20,542 | 42,835 | 38,770 | 39,206 |
| Other NGLs (Bbl/d) | 6,037 | 5,318 | 3,363 | 2,786 | 3,934 | 6,753 | 7,045 | 6,928 |
| Total (Boe/d) | 48,255 | 46,973 | 36,087 | 31,631 | 54,409 | 102,477 | 94,892 | 95,609 |
| Liquids % | 50% | 53% | 48% | 46% | 45% | 48% | 48% | 48% |
| Realized prices ⁽³⁾ | | | | | | | | |
| Natural gas (\$/Mcf) | 3.52 | 3.58 | 1.96 | 3.07 | 3.25 | 1.99 | 1.37 | 1.69 |
| Condensate and oil (\$/Bbl) | 96.27 | 76.66 | 82.01 | 82.84 | 97.70 | 96.26 | 96.15 | 103.07 |
| Other NGLs (\$/Bbl) | 30.61 | 27.15 | 27.04 | 27.02 | 40.47 | 34.32 | 36.25 | 33.07 |
| Petroleum and natural gas (\$/Boe) | 52.65 | 45.92 | 43.43 | 44.20 | 54.43 | 48.72 | 46.37 | 50.99 |

(1) Includes the results of operations of the Sold Assets.

(2) Includes the results of operations of the Sold Assets from January 1, 2025 to the closing date of the Grande Prairie Disposition on January 31, 2025.

(3) 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. In the fourth quarter of 2025, the Company updated its free cash flow measure to deduct provisions settled. Free cash flow for the third quarter of 2025 was updated to conform to this updated method of calculation. There was no impact to free cash flow of other periods presented as a result of this update.

Significant Items Impacting Quarterly Results

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

- First quarter 2026 earnings include a \$28.5 million gain on the sale of oil and gas assets.
- Fourth quarter 2025 earnings include an additional provision expense of \$21.7 million relating to a pipeline release.
- Third quarter 2025 earnings include a provision expense of \$16.9 million relating to a pipeline release and \$5.3 million of income related to the final resolution of Paramount's insurance claims for 2023 Alberta wildfire business interruption losses.

- Second quarter 2025 earnings include a \$33.8 million gain on risk management contracts and a \$12.0 million loss on sale of oil and gas assets related to finalization of adjustments to the purchase price for the Grande Prairie Disposition.
- First quarter 2025 earnings include a \$1,619.1 million gain on the sale of oil and gas assets, \$383.0 million of deferred tax expense, \$23.7 million of transaction and reorganization costs and \$11.1 million of income related to the second interim payment from insurers for 2023 Alberta wildfire business interruption losses.
- Fourth quarter 2024 earnings include a \$25.3 million loss on risk management contracts and lower depletion and depreciation expense mainly from transferring the Sold Assets to held for sale during the fourth quarter of 2024.
- 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 the first interim payment from insurers for 2023 Alberta wildfire business interruption losses and \$7.9 million in dividends on the Company's investments in securities.

OTHER INFORMATION

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.

CHANGES IN ACCOUNTING STANDARDS

Adoption of Accounting Standards

Effective January 1, 2026, the Company adopted amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments: Disclosures*. These amendments clarify the date of recognition and derecognition of financial assets and liabilities, including the settling of financial liabilities using an electronic payment system, 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. As a result of the adoption of the amendment to IFRS 9, Paramount no longer deducts the value of outstanding cheques from cash and cash equivalents and accounts payable and accrued liabilities at the end of each reporting period. To December 31, 2025, the value of outstanding cheques were deducted from cash and cash equivalents and accounts payable and accrued liabilities. This change was accounted for prospectively for periods beginning on and after January 1, 2026.

The following table summarizes the impact of adopting amendments to IFRS 9 on the Company's balance sheet at January 1, 2026:

| As at | December 31, 2025 | Effect of change | January 1, 2026 |
|--|-------------------|------------------|-----------------|
| Cash and cash equivalents | 730.8 | 16.3 | 747.1 |
| Accounts payable and accrued liabilities | 173.2 | 16.3 | 189.5 |

Future Changes in Accounting Standards

In April 2024, the International Accounting Standards Board issued *IFRS 18 – Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 – Presentation of Financial Statements* and establishes a revised structure for the consolidated statements of comprehensive income, required disclosures for certain management-defined performance measures and additional requirements for the grouping of information in the financial statements. IFRS 18 is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted. Paramount expects that as a result of the adoption of IFRS 18, in addition to the matters mentioned above, certain items will be reclassified from operating activities in the consolidated statements of cash flows to financing and investing activities. In particular, interest and financing expenses will be reclassified as financing activities and interest income and dividend income will be reclassified as investing activities. In addition, operating profit will replace net income as the starting point for determining cash flows from operating activities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three months ended March 31, 2026, 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.

Hostilities in the Middle East, including between the United States and Iran, have resulted in additional volatility in global financial and commodity markets which could increase the Company's exposure to the risks described in the "Risk Factors" section of the Annual Information Form under "Volatility of Oil, NGLs and Natural Gas Prices and Price Differentials", "Market Price of Common Shares", "Investment Risk" and "Hedging, Interest Rates and Foreign Exchange Rates".

The United States has imposed import tariffs on goods from certain major trading partners, including Canada. As of the date of this MD&A these tariffs include: (i) a 10 percent import duty on products imported into the United States, excluding energy and energy products and other specified products and excluding products that are compliant under the Canada-United States-Mexico Agreement ("CUSMA") and (ii) a 50 percent tariff on steel, aluminum and copper imports. Canada has imposed certain import tariffs on the

United States and other trading partners which remain in effect at the date of this MD&A, including a 25 percent retaliatory tariff on United States steel and aluminum products and 25 percent tariffs on global imports of select steel derivative products. Further, tariff rate quota levels for imported steel products have been set to 20 percent of 2024 levels for non-free trade agreement partners of Canada and 75 percent of 2024 levels for non-CUSMA free-trade agreement partners, with imports over the specified quotas being subject to a 25 percent tariff.

The first joint review of CUSMA by Canada, the United States and Mexico must be completed by July 1, 2026. Upon completion of the review, each country must confirm in writing whether it wishes to extend CUSMA for another 16 years, until 2042. If all three parties agree, the agreement is extended, and the next review will be scheduled for 2032. If any party does not confirm its support of an extension, CUSMA remains in force, but annual joint reviews must take place until the agreement's scheduled expiry in 2036. In addition, any party may withdraw from CUSMA at any time by providing six months' written notice. If only one country withdraws, the agreement continues in force between the remaining two.

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

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

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures regarding contingent assets and liabilities. Estimates and assumptions are regularly evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in judgments, estimates and assumptions based on new information could result in a material change to the carrying amount of assets or liabilities and have a material impact on assets, liabilities, revenues and expenses recognized in future periods.

For additional information concerning accounting judgments, estimates and assumptions that are considered significant, refer to Note 3 in the Annual Financial Statements.

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.

| | 2026 | 2025 | | | | 2024 | | | | Annual | |
|--|---------------|--------|--------|--------|--------|---------|--------|--------|---------|--------|--------|
| | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | 2025 | 2024 |
| SALES VOLUMES – TOTAL COMPANY BY PRODUCT TYPE | | | | | | | | | | | |
| Shale gas (MMcf/d) | 107.9 | 96.5 | 72.8 | 58.9 | 134.2 | 269.2 | 249.0 | 243.1 | 268.5 | 90.4 | 257.5 |
| Conventional natural gas (MMcf/d) | 36.6 | 36.6 | 39.6 | 44.4 | 45.4 | 48.1 | 45.5 | 53.7 | 50.2 | 41.5 | 49.3 |
| Natural gas (MMcf/d) | 144.5 | 133.1 | 112.4 | 103.3 | 179.6 | 317.3 | 294.5 | 296.8 | 318.7 | 131.9 | 306.8 |
| Condensate (Bbl/d) | 16,623 | 17,777 | 12,180 | 9,688 | 18,922 | 41,243 | 36,830 | 36,825 | 38,332 | 14,632 | 38,311 |
| Other NGLs (Bbl/d) | 6,037 | 5,318 | 3,363 | 2,786 | 3,934 | 6,753 | 7,045 | 6,928 | 6,954 | 3,853 | 6,920 |
| NGLs (Bbl/d) | 22,660 | 23,095 | 15,543 | 12,474 | 22,856 | 47,996 | 43,875 | 43,753 | 45,286 | 18,485 | 45,231 |
| Light and medium crude oil (Bbl/d) | 887 | 1,065 | 1,188 | 1,263 | 971 | 792 | 1,235 | 1,566 | 1,595 | 1,122 | 1,296 |
| Tight oil (Bbl/d) | 243 | 238 | 254 | 285 | 291 | 393 | 368 | 466 | 592 | 267 | 454 |
| Heavy crude oil (Bbl/d) | 384 | 392 | 375 | 400 | 358 | 407 | 337 | 349 | 389 | 381 | 371 |
| Crude oil (Bbl/d) | 1,514 | 1,695 | 1,817 | 1,948 | 1,620 | 1,592 | 1,940 | 2,381 | 2,576 | 1,770 | 2,121 |
| Total (Boe/d) | 48,255 | 46,973 | 36,087 | 31,631 | 54,409 | 102,477 | 94,892 | 95,609 | 100,977 | 42,238 | 98,490 |

| | | | | | | | | | | | |
|--|---------------|--------|--------|-------|-------|-------|-------|-------|-------|--------|-------|
| SALES VOLUMES – BY PROPERTY BY PRODUCT TYPE | | | | | | | | | | | |
| WILLESDEN GREEN | | | | | | | | | | | |
| Shale gas (MMcf/d) | 69.9 | 56.1 | 30.3 | 19.4 | 17.6 | 19.7 | 14.2 | 17.7 | 19.7 | 31.0 | 17.8 |
| Conventional natural gas (MMcf/d) | 0.2 | 2.6 | 2.8 | 3.0 | 3.4 | 3.4 | 3.6 | 4.5 | 2.2 | 2.9 | 3.4 |
| Natural gas (MMcf/d) | 70.1 | 58.7 | 33.1 | 22.4 | 21.0 | 23.1 | 17.8 | 22.2 | 21.9 | 33.9 | 21.2 |
| Condensate (Bbl/d) | 12,141 | 11,843 | 5,701 | 3,759 | 2,991 | 3,118 | 1,963 | 2,272 | 3,233 | 6,097 | 2,645 |
| Other NGLs (Bbl/d) | 4,716 | 3,926 | 2,132 | 1,517 | 1,179 | 1,284 | 918 | 1,149 | 1,138 | 2,196 | 1,122 |
| NGLs (Bbl/d) | 16,857 | 15,769 | 7,833 | 5,276 | 4,170 | 4,402 | 2,881 | 3,421 | 4,371 | 8,293 | 3,767 |
| Light and medium crude oil (Bbl/d) | 20 | 21 | 22 | 22 | 28 | 20 | 11 | 22 | 22 | 23 | 19 |
| Tight oil (Bbl/d) | 187 | 178 | 190 | 211 | 234 | 220 | 160 | 239 | 239 | 203 | 214 |
| Crude oil (Bbl/d) | 207 | 199 | 212 | 233 | 262 | 240 | 171 | 261 | 261 | 226 | 233 |
| Total (Boe/d) | 28,750 | 25,752 | 13,550 | 9,223 | 7,929 | 8,488 | 6,014 | 7,386 | 8,268 | 14,161 | 7,537 |

| | | | | | | | | | | | |
|------------------------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| KAYBOB | | | | | | | | | | | |
| Shale gas (MMcf/d) | 38.0 | 38.1 | 36.7 | 39.5 | 39.7 | 35.7 | 31.8 | 35.8 | 30.6 | 38.4 | 33.5 |
| Conventional natural gas (MMcf/d) | 36.2 | 33.8 | 36.6 | 41.2 | 41.8 | 44.3 | 41.6 | 48.8 | 47.7 | 38.4 | 45.6 |
| Natural gas (MMcf/d) | 74.2 | 71.9 | 73.3 | 80.7 | 81.5 | 80.0 | 73.4 | 84.6 | 78.3 | 76.8 | 79.1 |
| Condensate (Bbl/d) | 4,481 | 5,933 | 6,478 | 5,928 | 5,500 | 6,794 | 5,943 | 6,617 | 6,038 | 5,962 | 6,348 |
| Other NGLs (Bbl/d) | 1,316 | 1,368 | 1,223 | 1,263 | 1,292 | 1,480 | 1,403 | 1,599 | 1,480 | 1,287 | 1,490 |
| NGLs (Bbl/d) | 5,797 | 7,301 | 7,701 | 7,191 | 6,792 | 8,274 | 7,346 | 8,216 | 7,518 | 7,249 | 7,838 |
| Light and medium crude oil (Bbl/d) | 867 | 1,044 | 1,166 | 1,241 | 943 | 772 | 1,224 | 1,544 | 1,573 | 1,099 | 1,277 |
| Tight oil (Bbl/d) | 56 | 60 | 64 | 74 | 57 | 60 | 85 | 80 | 212 | 64 | 109 |
| Crude oil (Bbl/d) | 923 | 1,104 | 1,230 | 1,315 | 1,000 | 832 | 1,309 | 1,624 | 1,785 | 1,163 | 1,386 |
| Total (Boe/d) | 19,088 | 20,387 | 21,155 | 21,962 | 21,371 | 22,441 | 20,894 | 23,946 | 22,353 | 21,216 | 22,404 |

| | 2026 | 2025 | | | | 2024 | | | | Annual | |
|-----------------------------------|------------|------------|--------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | 2025 | 2024 |
| OTHER | | | | | | | | | | | |
| Shale gas (MMcf/d) | – | 2.3 | 5.8 | – | – | – | – | 2.6 | 16.7 | 2.0 | 4.8 |
| Conventional natural gas (MMcf/d) | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 |
| Natural gas (MMcf/d) | 0.2 | 2.5 | 6.0 | 0.2 | 0.2 | 0.3 | 0.2 | 2.9 | 16.9 | 2.2 | 5.0 |
| Condensate (Bbl/d) | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | – | 1 | 1 |
| Other NGLs (Bbl/d) | 5 | 24 | 8 | 6 | 7 | 12 | 6 | 7 | 6 | 11 | 8 |
| NGLs (Bbl/d) | 6 | 25 | 9 | 7 | 8 | 14 | 7 | 8 | 6 | 12 | 9 |
| Heavy crude oil (Bbl/d) | 384 | 392 | 375 | 400 | 358 | 407 | 337 | 349 | 389 | 381 | 371 |
| Crude oil (Bbl/d) | 384 | 392 | 375 | 400 | 358 | 407 | 337 | 349 | 389 | 381 | 371 |
| Total (Boe/d) | 417 | 834 | 1,382 | 446 | 405 | 484 | 376 | 840 | 3,217 | 770 | 1,226 |

| | | | | | | | | | | | |
|-----------------------------------|----------|----------|----------|----------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|
| SOLD ASSETS | | | | | | | | | | | |
| Shale gas (MMcf/d) | – | – | – | – | 76.9 | 213.8 | 203.0 | 187.0 | 201.5 | 19.0 | 201.4 |
| Conventional natural gas (MMcf/d) | – | – | – | – | – | 0.1 | 0.1 | 0.1 | 0.1 | – | 0.1 |
| Natural gas (MMcf/d) | – | – | – | – | 76.9 | 213.9 | 203.1 | 187.1 | 201.6 | 19.0 | 201.5 |
| Condensate (Bbl/d) | – | – | – | – | 10,430 | 31,329 | 28,923 | 27,935 | 29,061 | 2,572 | 29,317 |
| Other NGLs (Bbl/d) | – | – | – | – | 1,456 | 3,977 | 4,718 | 4,173 | 4,330 | 359 | 4,300 |
| NGLs (Bbl/d) | – | – | – | – | 11,886 | 35,306 | 33,641 | 32,108 | 33,391 | 2,931 | 33,617 |
| Tight oil (Bbl/d) | – | – | – | – | – | 113 | 123 | 147 | 141 | – | 131 |
| Crude oil (Bbl/d) | – | – | – | – | – | 113 | 123 | 147 | 141 | – | 131 |
| Total (Boe/d) | – | – | – | – | 24,704 | 71,064 | 67,608 | 63,437 | 67,139 | 6,091 | 67,323 |

Paramount is forecasting 2026 annual average sales volumes of between 48,000 Boe/d and 52,000 Boe/d (50% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs):

- First half 2026 average sales volumes are expected to be between 43,000 Boe/d and 46,000 Boe/d (52% shale gas and conventional natural gas combined, 36% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 12% other NGLs).
- Third quarter 2026 average sales volumes are expected to be between 46,500 Boe/d and 51,500 Boe/d (49% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).
- Fourth quarter 2026 average sales volumes are expected to be between 59,000 Boe/d and 64,000 Boe/d (47% shale gas and conventional natural gas combined, 39% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).

2027 annual average sales volumes are expected to be between 60,000 Boe/d to 65,000 Boe/d (50% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs). Year-end 2027 exit sales volumes are expected to be over 100,000 Boe/d (65% shale gas and conventional natural gas combined, 27% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 8% 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 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 months ended March 31, 2026 and 2025 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 months ended March 31, 2026 and 2025 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 months ended March 31, 2026 and 2025 is provided in this MD&A under "Consolidated Results – Free Cash Flow".

A calculation of net (cash) debt as at March 31, 2026 and December 31, 2025 is provided in this MD&A under the "Liquidity and Capital Resources" section. Paramount's net debt to adjusted funds flow ratio was considered not meaningful at March 31, 2026 and December 31, 2025, as the Company was not in a net debt position.

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 natural gas transportation assignment income and 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:

- the expected closing of the Fox Transaction and the expected timing thereof and Paramount's intention to distribute the AKITA shares received pursuant to the Fox Transaction to its shareholders;
- the expected timing of start-up of the second phase of the Alhambra Plant and the expected capacity thereof on completion;
- the expected timing of completion of the Sinclair Plant and the expected capacity thereof on completion;
- expected average sales volumes for 2026 and certain periods therein;
- expected capital expenditures in 2026;
- expected abandonment and reclamation expenditures in 2026;
- the Company's outlook for capital expenditures and sales volumes in 2027 and the year-end 2027 exit rate of sales volumes;
- the expected sources of funding for forecast 2026 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 expected impact of future changes in accounting standards.

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:

- with respect to forward-looking information concerning the Fox Transaction, the assumption that all closing conditions to the Fox Transaction will be satisfied and the closing of the Fox Transaction will occur as anticipated;
- future commodity prices;
- the potential scope and duration of tariffs, export taxes, export restrictions or other trade actions;
- the impact of international conflicts, including in Ukraine and the Middle East;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;
- the availability to Paramount of the funds required for exploration, development and other operations (including the construction of the Sinclair Plant) and the meeting of commitments and financial obligations;
- the ability of Paramount to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs to carry out its activities;
- the ability of Paramount to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms and the capacity and reliability of facilities, pipelines and other infrastructure;
- the ability of Paramount to obtain the volumes of water required for completion activities;
- the ability of Paramount to market its production successfully;

- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated sales volumes, reserves additions, product yields and product recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the merits of legal claims, audits, assessments or other regulatory matters and proceedings;
- the application of laws and regulations;
- the timely receipt of required governmental and regulatory approvals; and
- anticipated timelines and budgets being met in respect of: (i) drilling programs and other operations, including well completions and tie-ins, (ii) the design, construction, commissioning and start-up of new and expanded Company and third-party facilities, pipelines and other infrastructure, including the expansion of the Alhambra Plant and the Sinclair Plant, and (iii) facility turnarounds and maintenance.

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

- those risks set out in this MD&A under "Risk Factors";
- with respect to forward-looking information concerning the Fox Transaction, the risk that the Fox Transaction will not be completed on the terms anticipated or at all, including due to a closing condition not being satisfied;
- fluctuations in commodity prices;
- uncertainties respecting the course and outcome of the conflict in the Middle East, including its impact on the supply and pricing of commodities and on general economic conditions;
- changes in capital spending plans and planned exploration and development activities;
- changes in political and economic conditions, including risks associated with tariffs, export taxes, export restrictions or other trade actions;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, cash flows, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks, blowouts or induced seismicity events;
- 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, constructing, expanding, commissioning, starting-up or operating new, expanded or existing facilities, pipelines and other infrastructure, including third-party facilities, the expansion of the Alhambra Plant and the Sinclair Plant;
- processing, transportation, fractionation, disposal, storage and electrical supply 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 (including the construction of the Sinclair Plant and the drilling, completion, equipping and tie-in of new wells necessary to maintain and grow production) and meet current and future commitments and obligations (including asset retirement obligations and processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner (including those required for the Sinclair Plant) and to obtain and maintain leases and licenses;
- 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;
- uncertainties and risks respecting the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

In addition to the above, there are no assurances as to the continuing declaration and payment of future monthly dividends by the Company or the amount or timing of any such dividends. There are risks that may result in the Company changing, suspending or discontinuing its monthly dividend program, including changes to free cash flow, operating results, capital requirements, financial position, market conditions or corporate strategy and the need to comply with requirements under debt agreements and applicable laws respecting the declaration and payment of 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, 2025, 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.

Oil and Gas Measures and Definitions

| Liquids | | Natural Gas | |
|-----------------------|-----------------------------------|--------------------|---|
| Bbl | Barrels | Mcf | Thousands of cubic feet |
| Bbl/d | Barrels per day | MMcf/d | Millions of cubic feet per day |
| NGLs | Natural gas liquids | GJ | Gigajoules |
| Condensate | Pentane and heavier hydrocarbons | GJ/d | Gigajoules per day |
| WTI | West Texas Intermediate | 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 |
| Oil Equivalent | | | |
| Boe | Barrels of oil equivalent | | |
| Boe/d | Barrels of oil equivalent per day | | |

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 three months ended March 31, 2026, the value ratio between crude oil and natural gas was approximately 40:1. 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 months ended March 31, 2026**

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(\$ millions)

| As at | Note | March 31 2026 | December 31 2025 |
|---|------|------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 14 | 671.5 | 730.8 |
| Accounts receivable | | 92.3 | 98.4 |
| Risk management – current | 11 | 4.1 | 2.1 |
| Prepaid expenses and other | | 16.3 | 16.8 |
| | | 784.2 | 848.1 |
| Investments in securities | 4 | 141.4 | 137.3 |
| Risk management – long-term | 11 | 3.5 | 6.2 |
| Exploration and evaluation | 2 | 497.3 | 489.7 |
| Property, plant and equipment, net | 3 | 2,320.3 | 2,105.9 |
| | | 3,746.7 | 3,587.2 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 264.3 | 173.2 |
| Risk management – current | 11 | 13.4 | 3.3 |
| Asset retirement obligations and other – current | 6 | 27.3 | 48.6 |
| | | 305.0 | 225.1 |
| Risk management – long-term | 11 | 4.2 | 7.2 |
| Asset retirement obligations and other – long-term | 6 | 401.7 | 377.2 |
| Deferred income tax | | 281.3 | 265.9 |
| | | 992.2 | 875.4 |
| Commitments and contingencies | 16 | | |
| Shareholders' equity | | | |
| Share capital | 7 | 537.5 | 526.3 |
| Retained earnings | | 1,943.9 | 1,912.4 |
| Reserves | 8 | 273.1 | 273.1 |
| | | 2,754.5 | 2,711.8 |
| | | 3,746.7 | 3,587.2 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(\$ millions, except as noted)

| Three months ended March 31 | Note | 2026 | 2025 |
|--|------|--------------|------------------|
| Petroleum and natural gas sales | | 228.6 | 266.6 |
| Royalties | | (12.6) | (26.7) |
| Sales of commodities purchased | | 64.4 | 109.7 |
| Revenue | 12 | 280.4 | 349.6 |
| (Loss) gain on risk management contracts | 11 | (4.2) | 9.0 |
| | | 276.2 | 358.6 |
| Expenses | | | |
| Operating expense | | 42.6 | 67.8 |
| Transportation and NGLs processing | | 21.0 | 20.4 |
| Commodities purchased | | 63.9 | 107.2 |
| General and administrative | | 12.4 | 14.1 |
| Share-based compensation | 9 | 7.4 | 18.6 |
| Depletion and depreciation | 3 | 84.9 | 53.0 |
| Exploration and evaluation | 2 | 1.6 | 1.8 |
| Gain on sale of oil and gas assets | 2,3 | (28.5) | (1,619.1) |
| Accretion of asset retirement obligations and provisions | 6 | 6.3 | 7.2 |
| Transaction and reorganization costs | 9 | – | 23.7 |
| Interest and financing expense | 14 | 1.4 | 2.5 |
| Interest income | 14 | (4.9) | (7.4) |
| Dividend income and other | 13 | (1.4) | (3.0) |
| | | 206.7 | (1,313.2) |
| Income before tax | | 69.5 | 1,671.8 |
| Income tax expense | | | |
| Deferred | 10 | 16.3 | 383.0 |
| | | 16.3 | 383.0 |
| Net income | | 53.2 | 1,288.8 |
| Other comprehensive loss, net of tax | 8 | | |
| <i>Items that will be reclassified to net income</i> | | | |
| Change in fair value of cash flow hedges, net of tax | | (5.1) | (6.1) |
| Reclassification to net income, net of tax | | 0.7 | 0.7 |
| <i>Items that will not be reclassified to net income</i> | | | |
| Change in fair value of securities, net of tax | 4 | 3.6 | (6.4) |
| Comprehensive income | | 52.4 | 1,277.0 |
| Net income per common share (\$/share) | 7 | | |
| Basic | | 0.37 | 8.90 |
| Diluted | | 0.36 | 8.74 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(\$ millions)

| Three months ended March 31 | Note | 2026 | 2025 |
|---|-------|----------------|------------------|
| Operating activities | | | |
| Net income | | 53.2 | 1,288.8 |
| Add (deduct): | | | |
| Items not involving cash | 14 | 88.6 | (1,164.7) |
| Asset retirement obligations settled | 6 | (26.5) | (22.2) |
| Provisions expense (recovery) | 13 | 0.2 | (0.5) |
| Provisions settled | 6 | (5.5) | – |
| Change in non-cash working capital | | 6.2 | 48.5 |
| Cash from operating activities | | 116.2 | 149.9 |
| Financing activities | | | |
| Net repayment of long-term debt | 5 | – | (173.6) |
| Lease liabilities – principal repayments | 6 | (0.9) | (1.0) |
| Dividends and distributions | 7 | (21.7) | (2,184.8) |
| Common Shares issued, net of issue costs | 7 | 6.3 | 8.6 |
| Common Shares purchased under NCIB | 7 | – | (157.1) |
| CBRSU plan | 9 | (1.2) | (3.3) |
| Change in non-cash working capital | | (2.1) | 2.4 |
| Cash used in financing activities | | (19.6) | (2,508.8) |
| Investing activities | | | |
| Capital expenditures | 2,3 | (256.9) | (215.7) |
| Land and property acquisitions | 2,3 | (22.3) | (3.2) |
| Proceeds of disposition | 2,3,4 | 30.0 | 3,289.2 |
| Change in non-cash working capital | | 76.3 | 128.5 |
| Cash (used in) from investing activities | | (172.9) | 3,198.8 |
| Net (decrease) increase | | (76.3) | 839.9 |
| Foreign exchange on cash and cash equivalents | | 0.7 | 0.6 |
| Cash and cash equivalents, beginning of period | | 730.8 | 2.4 |
| Effects of IFRS 9 amendment, January 1, 2026 | 1 | 16.3 | – |
| Cash and cash equivalents, end of period | | 671.5 | 842.9 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

Supplemental cash flow information

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

(\$ millions, except as noted)

| Three months ended March 31 | Note | 2026 | | 2025 | |
|--|------|----------------------|----------------|----------------------|----------------|
| | | Shares (millions) | | Shares (millions) | |
| Share capital | | | | | |
| Balance, beginning of period | | 144.2 | 526.3 | 146.9 | 2,323.3 |
| Issued on exercise of Paramount Options | 7,9 | 0.6 | 10.0 | 1.1 | 11.7 |
| Common Shares purchased & cancelled under NCIB | 7 | – | – | (4.9) | (111.1) |
| Change in Common Shares for CBRSU plan | 9 | 0.1 | 1.2 | 0.1 | 4.2 |
| Return of capital distribution | 7 | – | – | – | (1,718.7) |
| Balance, end of period | | 144.9 | 537.5 | 143.2 | 509.4 |
| Retained earnings | | | | | |
| Balance, beginning of period | | | 1,912.4 | | 766.7 |
| Net income | | | 53.2 | | 1,288.8 |
| Dividends | 7 | | (21.7) | | (466.1) |
| Common Shares purchased & cancelled under NCIB | 7 | | – | | (46.0) |
| Reclassification of accumulated gain on securities | 4 | | – | | 22.2 |
| Balance, end of period | | | 1,943.9 | | 1,565.6 |
| Reserves | | | | | |
| Balance, beginning of period | 8 | | 273.1 | | 605.3 |
| Other comprehensive loss | | | (0.8) | | (11.8) |
| Contributed surplus | | | 0.8 | | (0.9) |
| Reclassification of accumulated gain on securities | 4 | | – | | (22.2) |
| Balance, end of period | | | 273.1 | | 570.4 |
| Shareholders' equity | | | 2,754.5 | | 2,645.4 |

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

1. Basis of Presentation

Paramount Resources Ltd. ("Paramount" or the "Company") is an independent, publicly traded 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. The Company'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 Fox Drilling Limited Partnership ("Fox Drilling") 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 months ended March 31, 2026 (the "Interim Financial Statements"), were authorized for issuance by the Audit Committee of Paramount's Board of Directors on May 11, 2026.

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, 2025 (the "Annual Financial Statements"). Certain comparative figures have been reclassified to conform to the current year's presentation.

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 and all references to "US\$" are to United States dollars. 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.

Adoption of Accounting Standards

Effective January 1, 2026, the Company adopted amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments: Disclosures*. These amendments clarify the date of recognition and derecognition of financial assets and liabilities, including the settling of financial liabilities using an electronic payment system, 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. As a result of the adoption of the amendment to IFRS 9, Paramount no longer deducts the value of outstanding cheques from cash and cash equivalents and accounts payable and accrued liabilities at the end of each reporting period. To December 31, 2025, the value of outstanding cheques were deducted from cash and cash equivalents and accounts payable and accrued liabilities. This change was accounted for prospectively for periods beginning on and after January 1, 2026.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

The following table summarizes the impact of adopting amendments to IFRS 9 on the Company's balance sheet at January 1, 2026:

| As at | December 31, 2025 | Effect of change | January 1, 2026 |
|--|-------------------|------------------|-----------------|
| Cash and cash equivalents | 730.8 | 16.3 | 747.1 |
| Accounts payable and accrued liabilities | 173.2 | 16.3 | 189.5 |

Future Changes in Accounting Standards

In April 2024, the International Accounting Standards Board issued *IFRS 18 – Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 – Presentation of Financial Statements* and establishes a revised structure for the consolidated statements of comprehensive income, required disclosures for certain management-defined performance measures and additional requirements for the grouping of information in the financial statements. IFRS 18 is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted. Paramount expects that as a result of the adoption of IFRS 18, in addition to the matters mentioned above, certain items will be reclassified from operating activities in the consolidated statements of cash flows to financing and investing activities. In particular, interest and financing expenses will be reclassified as financing activities and interest income and dividend income will be reclassified as investing activities. In addition, operating profit will replace net income as the starting point for determining cash flows from operating activities.

2. Exploration and Evaluation

| | Three months ended March 31, 2026 | Twelve months ended December 31, 2025 |
|---|--------------------------------------|--|
| Balance, beginning of period | 489.7 | 427.1 |
| Additions | 0.5 | 47.5 |
| Acquisitions | 27.8 | 85.7 |
| Transfers to property, plant and equipment | (13.4) | (69.6) |
| Expired lease costs | (0.2) | (0.8) |
| Reversal of exploration and evaluation asset impairment | – | 7.7 |
| Dispositions | (7.1) | (7.9) |
| Balance, end of period | 497.3 | 489.7 |

Exploration and Evaluation Expense

| Three months ended March 31 | 2026 | 2025 |
|------------------------------------|------------|------------|
| Geological and geophysical expense | 1.4 | 1.8 |
| Expired lease costs | 0.2 | – |
| | 1.6 | 1.8 |

In March 2026, Paramount sold certain undeveloped heavy oil exploration and evaluation assets in northeast Alberta for cash proceeds of \$23.0 million, realizing a \$21.6 million gain on sale of oil and gas assets in connection with the transaction.

At March 31, 2026, the Company assessed its exploration and evaluation assets for indicators of potential impairment or impairment reversal and none were identified.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

3. Property, Plant and Equipment

| Three months ended March 31, 2026 | Petroleum and natural gas assets | Drilling rigs | Right-of-use assets | Other | Total |
|--|----------------------------------|----------------|---------------------|---------------|------------------|
| Cost | | | | | |
| Balance, beginning of period | 3,585.4 | 182.6 | 27.8 | 65.8 | 3,861.6 |
| Additions | 255.5 | 1.5 | – | 1.1 | 258.1 |
| Transfers | 13.4 | – | – | – | 13.4 |
| Dispositions | (0.1) | – | (0.7) | – | (0.8) |
| Change in asset retirement provision | 23.2 | – | – | – | 23.2 |
| Cost, end of period | 3,877.4 | 184.1 | 27.1 | 66.9 | 4,155.5 |
| Accumulated depletion and depreciation | | | | | |
| Balance, beginning of period | (1,592.9) | (109.0) | (11.3) | (42.5) | (1,755.7) |
| Depletion and depreciation | (75.1) | (2.7) | (0.9) | (1.4) | (80.1) |
| Dispositions | – | – | 0.6 | – | 0.6 |
| Accumulated depletion and depreciation, end of period | (1,668.0) | (111.7) | (11.6) | (43.9) | (1,835.2) |
| Net book value, December 31, 2025 | 1,992.5 | 73.6 | 16.5 | 23.3 | 2,105.9 |
| Net book value, March 31, 2026 | 2,209.4 | 72.4 | 15.5 | 23.0 | 2,320.3 |

The Company closed the sale of its Karr, Wapiti and Zama properties on January 31, 2025 for cash proceeds of \$3.243 billion, after adjustments, plus certain Horn River Basin properties of the acquiror (the "Grande Prairie Disposition"). For the three months ended March 31, 2025, the Company recognized a gain on sale of oil and gas assets of \$1.606 billion in respect of the Grande Prairie Disposition. For additional information concerning the Grande Prairie Disposition, refer to Note 4 of the Annual Financial Statements.

Depletion and Depreciation

| Three months ended March 31 | 2026 | 2025 |
|--|-------------|------|
| Depletion and depreciation | 78.3 | 51.3 |
| Change in asset retirement obligations | 6.6 | 1.7 |
| | 84.9 | 53.0 |

For the three months ended March 31, 2026, the Company recorded a charge of \$6.6 million (March 31, 2025 – \$1.7 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. For the three months ended March 31, 2026, the changes mainly resulted from a reduction in the credit-adjusted risk-free rate used to discount obligations from 7.0 percent per annum to 6.5 percent per annum.

At March 31, 2026, the Company assessed its property, plant and equipment assets for indicators of potential impairment and none were identified.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

4. Investments in Securities

| As at | March 31, 2026 | December 31, 2025 |
|------------------------|----------------|-------------------|
| Level One Securities | 14.8 | 10.7 |
| Level Three Securities | 126.6 | 126.6 |
| | 141.4 | 137.3 |

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 price. 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 Three Securities at March 31, 2026 included investments in the shares of Sultran Ltd. and other minor investments in securities. In March 2025, Paramount sold all of its shares of Westbrick Energy Ltd. for cash consideration of \$33.9 million, resulting in \$22.2 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings.

For the three months ended March 31, 2026, the Company recorded a before tax gain of \$4.1 million to other comprehensive income ("OCI") related to changes in the fair value estimates of its investments in securities.

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

| | Three months ended March 31, 2026 | Twelve months ended December 31, 2025 |
|---|--------------------------------------|--|
| Investments in securities, beginning of period | 137.3 | 563.9 |
| Changes in fair value of Level One Securities | 4.1 | 85.6 |
| Changes in fair value of Level Three Securities | – | 35.8 |
| Acquired – non-cash | – | 7.7 |
| Proceeds of disposition ⁽¹⁾ | – | (555.7) |
| Investments in securities, end of period | 141.4 | 137.3 |

(1) Includes cash proceeds of \$519.2 million on the sale of the Company's remaining investment in the common shares of NuVista Energy Ltd. (Level One Security) and \$33.9 million on the sale of the Company's investment in the common shares of Westbrick Energy Ltd. (Level Three Security).

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

5. Long-Term Debt

| As at | March 31, 2026 | December 31, 2025 |
|---------------------------|----------------|-------------------|
| Revolving Credit Facility | — | — |
| Term Loan Facility | — | — |
| Long-Term Debt | — | — |

The Company has a \$500 million financial covenant-based senior secured revolving bank credit facility (the "Revolving Credit Facility") with a syndicate of lenders. The Revolving Credit Facility has a maturity date of December 15, 2029.

At Paramount's request, the capacity of the Revolving Credit Facility can be increased from \$500 million to up to \$750 million pursuant to an accordion feature in the facility, subject to incremental lender commitments and the Company achieving average quarterly production of at least 55,000 Boe/d for two consecutive fiscal quarters.

Paramount also has a \$250 million secured, non-revolving, non-amortizing, delayed draw term loan facility (the "Term Loan Facility") with Export Development Canada ("EDC"). The Company may make drawdowns under the Term Loan Facility to fund capital expenditures related to its Willesden Green and Sinclair developments (excluding the Sinclair plant) prior to December 16, 2027, after which any undrawn availability will be cancelled. The Term Loan Facility has a maturity date of December 15, 2030.

Paramount was in compliance with all financial covenants in the Revolving Credit Facility and the Term Loan Facility at March 31, 2026.

The Company had undrawn letters of credit outstanding under the Revolving Credit Facility totaling \$5.1 million at March 31, 2026 (December 31, 2025 – \$4.8 million) that reduce the amount available to be drawn on the facility.

For additional information concerning the Revolving Credit Facility and the Term Loan 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 ("PSG") from EDC. In April 2026, the term of the PSG was extended to May 31, 2028. At March 31, 2026, \$74.5 million in undrawn letters of credit were outstanding under the LC Facility (December 31, 2025 – \$33.0 million).

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

6. Asset Retirement Obligations and Other

| As at March 31, 2026 | Current | Long-term | Total |
|---|-------------|--------------|--------------|
| Asset retirement obligations | 12.5 | 370.6 | 383.1 |
| Provisions | 11.2 | 10.1 | 21.3 |
| Lease liabilities | 3.6 | 21.0 | 24.6 |
| Asset retirement obligations and other | 27.3 | 401.7 | 429.0 |

| As at December 31, 2025 | Current | Long-term | Total |
|---|-------------|--------------|--------------|
| Asset retirement obligations | 30.6 | 343.5 | 374.1 |
| Provisions | 14.3 | 11.9 | 26.2 |
| Lease liabilities | 3.7 | 21.8 | 25.5 |
| Asset retirement obligations and other | 48.6 | 377.2 | 425.8 |

Asset Retirement Obligations

| | Three months ended March 31, 2026 | Twelve months ended December 31, 2025 |
|--|--------------------------------------|--|
| Asset retirement obligations, beginning of period | 374.1 | 341.0 |
| Additions | 0.3 | 1.1 |
| Acquisitions | – | 11.3 |
| Change in estimates | 5.5 | 36.3 |
| Change in discount rate | 23.9 | – |
| Obligations settled | (26.5) | (39.0) |
| Dispositions | (0.1) | (1.8) |
| Accretion expense | 5.9 | 25.2 |
| Asset retirement obligations, end of period | 383.1 | 374.1 |

As at March 31, 2026, estimated undiscounted, uninflated asset retirement obligations were \$780.1 million (December 31, 2025 – \$792.0 million). Asset retirement obligations have been discounted using a credit-adjusted risk-free rate of 6.5 percent per annum (December 31, 2025 – 7.0 percent per annum) and inflated at a rate of 2.0 percent per annum (December 31, 2025 – 2.0 percent per annum).

Provisions

| | Three months ended March 31, 2026 | Twelve months ended December 31, 2025 |
|----------------------------------|--------------------------------------|--|
| Provisions, beginning of period | 26.2 | – |
| Additions | – | 38.1 |
| Change in discount rate | 0.2 | – |
| Provisions settled | (5.5) | (11.9) |
| Accretion expense | 0.4 | – |
| Provisions, end of period | 21.3 | 26.2 |

The undiscounted, uninflated provision at March 31, 2026 was \$23.7 million, which has been discounted at a rate of 6.5 percent per annum over the next nine years. The provision relates to anticipated future costs associated with a release believed to have originated from a Company owned pipeline.

For additional information concerning provisions, refer to Note 9 of the Annual Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

Lease Liabilities

| | Three months ended March 31, 2026 | Twelve months ended December 31, 2025 |
|-------------------------------|--------------------------------------|--|
| Balance, beginning of period | 25.5 | 28.9 |
| Additions | – | 0.9 |
| Interest expense | 0.4 | 1.5 |
| Obligations settled | (1.3) | (5.8) |
| Balance, end of period | 24.6 | 25.5 |

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 three months ended March 31, 2026, total cash principal payments made in respect of these lease liabilities were \$0.9 million (March 31, 2025 – \$1.0 million).

For the three months ended March 31, 2026, expenses related to arrangements containing variable operating costs, short-term and low value leases which have not been included in the lease liabilities were \$0.7 million (March 31, 2025 – \$0.7 million).

7. Share Capital

At March 31, 2026, 144.9 million (December 31, 2025 – 144.2 million) class A common shares of Paramount ("Common Shares") were outstanding, net of 0.1 million (December 31, 2025 – 0.2 million) Common Shares held in trust under the Company's cash bonus and restricted share unit ("CBRSU") plan.

For the three months ended March 31, 2026, the Company paid regular monthly cash dividends totaling \$0.15 per Common Share or \$21.7 million (March 31, 2025 – \$0.25 per Common Share or \$36.5 million). On April 30, 2026, the Company paid a cash dividend of \$7.3 million, or \$0.05 per Common Share. In May 2026, Paramount declared a cash dividend of \$0.05 per Common Share that is payable on May 29, 2026 to shareholders of record on May 15, 2026.

In February 2025, the Company used a portion of the proceeds from the Grande Prairie Disposition to pay a special cash distribution of \$15.00 per Common Share, totaling \$2,148 million (the "Special Distribution"), comprised of a \$12.00 return of capital, totaling \$1,718 million, and a \$3.00 special dividend totaling \$430 million.

In July 2025, Paramount implemented a normal course issuer bid (the "2025 NCIB") under which the Company may purchase up to 7.5 million Common Shares for cancellation. The 2025 NCIB will terminate on the earlier of July 7, 2026 and the date on which the maximum number of Common Shares that can be acquired pursuant to the 2025 NCIB are purchased. Purchases of Common Shares under the 2025 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 2025 NCIB to date.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

Paramount previously implemented a normal course issuer bid in July 2024 (the "2024 NCIB"), which expired on July 7, 2025. In early February 2025, prior to the Special Distribution, Paramount purchased and cancelled 4.9 million Common Shares under the 2024 NCIB at a total cost of \$154.7 million. The Company purchased and cancelled a total of 5.7 million Common Shares under the 2024 NCIB at a total cost of \$177.0 million. The difference between the total acquisition cost of these Common Shares and their average carrying value was charged to retained earnings. Retained earnings for the three months ended March 31, 2025 was also reduced by \$2.4 million in respect of an estimate of the two percent Canadian federal tax on net share repurchases.

For the three months ended March 31, 2026, Paramount issued 0.6 million Common Shares for total cash consideration of \$6.3 million on the exercise of options to acquire Common Shares ("Paramount Options") (March 31, 2025 – 1.1 million Common Shares for total consideration of \$8.6 million) (see Note 9).

Net Income Per Common Share – Basic and Diluted

| Three months ended March 31 | 2026 | 2025 |
|--|--------------|---------|
| Net income – basic and diluted | 53.2 | 1,288.8 |
| Basic – weighted average Common Shares (millions) | 144.4 | 144.8 |
| Dilutive effect of Paramount Options (millions) | 3.3 | 2.6 |
| Diluted – weighted average Common Shares (millions) | 147.7 | 147.4 |
| Net income per Common Share – basic (\$/share) | 0.37 | 8.90 |
| Net income per Common Share – diluted (\$/share) | 0.36 | 8.74 |

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 months ended March 31, 2026, 2.1 million Paramount Options were anti-dilutive (March 31, 2025 – 1.5 million).

8. Reserves

| Three months ended March 31, 2026 | Unrealized gains (losses) on cash flow hedges | Unrealized gains on securities | Contributed surplus | Total reserves |
|---|---|--------------------------------|---------------------|----------------|
| Balance, beginning of period | 2.4 | 91.0 | 179.7 | 273.1 |
| Other comprehensive income (loss), before tax | (5.7) | 4.1 | – | (1.6) |
| Deferred tax | 1.3 | (0.5) | – | 0.8 |
| Share-based compensation | – | – | 4.6 | 4.6 |
| Paramount Options exercised | – | – | (3.8) | (3.8) |
| Balance, end of period | (2.0) | 94.6 | 180.5 | 273.1 |

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

9. Share-Based Compensation

Paramount Options

| | Three months ended March 31, 2026 | | Twelve months ended December 31, 2025 | |
|---|--------------------------------------|--|--|--|
| | Paramount Options (millions) | Weighted average exercise price (\$/share) | Paramount Options (millions) | Weighted average exercise price (\$/share) |
| Balance, beginning of period | 8.7 | 14.57 | 8.2 | 20.52 |
| Granted | – | – | 4.0 | 20.17 |
| Exercised ⁽¹⁾ | (0.6) | 8.99 | (2.0) | 7.81 |
| Surrendered for cash payment ⁽²⁾ | – | – | (0.9) | 4.62 |
| Reduction in exercise price ⁽³⁾ | – | – | – | (11.03) |
| Cancelled or forfeited | (0.2) | 14.70 | (0.6) | 12.86 |
| Balance, end of period | 7.9 | 15.16 | 8.7 | 14.57 |
| Options exercisable, end of period | 1.8 | 10.43 | 2.5 | 10.02 |

(1) For Paramount Options exercised during the three months ended March 31, 2026, the weighted average market price of Common Shares on the dates exercised was \$28.40 per share (twelve months ended December 31, 2025 – \$25.33 per share).

(2) For Paramount Options surrendered in connection with the Special Distribution in February 2025, the market price of the Common Shares was \$29.01 per share.

(3) Represents the impact on the weighted average exercise price of all Paramount Options of reducing the exercise price of 6.4 million Paramount Options that had an exercise price of greater than \$15.00 by \$15.00 in connection with the Special Distribution.

Transaction and reorganization costs for the three months ended March 31, 2025 includes \$22.0 million in respect of the cash payments made by the Company on the surrender of 0.9 million Paramount Options in connection with the Special Distribution in February 2025.

For additional information concerning Paramount Options, refer to Note 12 of the Annual Financial Statements.

CBRSU Plan – Shares Held in Trust

| | Three months ended March 31, 2026 | | Twelve months ended December 31, 2025 | |
|--|--------------------------------------|----------------------|--|----------------------|
| | Shares (millions) | Shares (millions) | Shares (millions) | Shares (millions) |
| Balance, beginning of period | 0.2 | 2.9 | 0.4 | 11.3 |
| Net change in vested and unvested shares | (0.1) | (1.2) | (0.2) | (8.4) |
| Balance, end of period | 0.1 | 1.7 | 0.2 | 2.9 |

During the three months ended March 31, 2026, 0.1 million Common Shares having a cost of \$1.2 million were released to CBRSU plan participants (March 31, 2025 – 0.1 million Common Shares released having a cost of \$4.2 million).

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(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 March 31 | 2026 | 2025 |
|--------------------------------------|-------------|--------------|
| Income before tax | 69.5 | 1,671.8 |
| Effective statutory income tax rate | 23.0% | 23.0% |
| Expected income tax expense | 16.0 | 384.5 |
| Effect of: | | |
| Share-based compensation | 0.6 | (0.6) |
| Transaction and reorganization costs | - | 5.1 |
| Gain on sale of oil and gas assets | - | (6.1) |
| Non-deductible items and other | (0.3) | 0.1 |
| Income tax expense | 16.3 | 383.0 |

11. Financial Instruments and Risk Management

Financial Instruments

Financial instruments at March 31, 2026 consist of cash and cash equivalents, accounts receivable, risk management assets and liabilities, investments in securities and accounts payable and accrued liabilities. 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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

Changes in the fair value of risk management assets and liabilities for the three months ended March 31, 2026 are as follows:

| | Financial commodity contracts ⁽³⁾ | Foreign currency exchange contracts | Electricity swaps | Total |
|---|--|--|----------------------|---------------|
| Three months ended March 31, 2026 | | | | |
| Fair value of asset (liability), beginning of period | (9.4) | 4.0 | 3.2 | (2.2) |
| Changes in fair value – gain (loss) ⁽¹⁾ | 0.2 | (4.4) | – | (4.2) |
| Changes in fair value – OCI | – | – | (6.6) | (6.6) |
| Risk management contract settlements paid (received) ⁽²⁾ | 2.3 | (0.2) | 0.9 | 3.0 |
| Fair value of asset (liability), end of period | (6.9) | (0.6) | (2.5) | (10.0) |
| Risk management asset – current | 4.1 | – | – | 4.1 |
| Risk management asset – long-term | 3.5 | – | – | 3.5 |
| Risk management asset, March 31, 2026 | 7.6 | – | – | 7.6 |
| Risk management (liability) – current | (10.9) | (0.5) | (2.0) | (13.4) |
| Risk management (liability) – long-term | (3.6) | (0.1) | (0.5) | (4.2) |
| Risk management (liability), March 31, 2026 | (14.5) | (0.6) | (2.5) | (17.6) |

(1) The aggregate change in fair value of (\$4.2) million related to financial commodity contracts and foreign currency exchange contracts is recorded as loss on risk management contracts.

(2) Net payments on risk management contract settlements related to financial commodity contracts and foreign currency exchange contracts totaled \$2.1 million. Risk management contract settlements relating to electricity swaps are recorded in operating expense.

(3) Financial commodity contracts include an embedded derivative with a fair value of \$4.6 million.

The Company had the following risk management contracts as at March 31, 2026:

| Instruments | Aggregate notional | Average price or rate | Remaining term |
|---|------------------------|---|------------------------------|
| Financial Commodity Contracts | | | |
| <i>Oil</i> | | | |
| NYMEX WTI Swaps (Sale) ⁽¹⁾ | 5,000 Bbl/d | CAD\$104.86/Bbl | April 2026 – December 2026 |
| NYMEX WTI Swaps (Sale) ⁽¹⁾ | 2,000 Bbl/d | CAD\$100.00/Bbl | January 2027 – December 2027 |
| <i>Natural Gas</i> | | | |
| Citygate / Malin Basis Swap ⁽²⁾ | 10,000 MMBtu/d | Citygate less US\$0.97/MMBtu (Sell) Malin (Buy) | April 2026 – October 2028 |
| Foreign Currency Exchange Contracts ⁽³⁾ | | | |
| Average Rate Forward (Sale) | US\$10 million / month | 1.3810 CAD\$/US\$1.00 | April 2026 – December 2026 |
| Average Rate Forward (Sale) | US\$10 million / month | 1.3680 CAD\$/US\$1.00 | January 2027 – December 2027 |
| Electricity Contracts ⁽⁴⁾ | | | |
| Swaps (Buy) | 120 MWh/d | \$58.19/MWh | April 2026 – December 2028 |
| Swaps (Buy) | 120 MWh/d | \$58.79/MWh | April 2026 – December 2029 |
| Swaps (Buy) | 120 MWh/d | \$61.73/MWh | April 2026 – December 2030 |

(1) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.

(2) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction Paramount sells at Citygate less US\$0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.

(3) Forward rate settled monthly against the average of the US\$/CAD\$ noon spot rate on each applicable day in that month.

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

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

The Company also has an agreement to deliver 1,000 Bbl/d of propane until January 31, 2029 at a delivery point in Alberta. The price received is based on the Argus Propane Monthly Far East Index less deductions for transportation, fuel and other charges.

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 March 31, 2026.

12. Revenue By Product

| Three months ended March 31 | 2026 | 2025 |
|--|--------------|--------------|
| Natural gas | 45.7 | 52.6 |
| Condensate and oil | 157.1 | 180.6 |
| Other natural gas liquids | 16.6 | 14.3 |
| Natural gas transportation assignment income | 8.6 | 7.4 |
| Royalty income and other revenue | 0.6 | 11.7 |
| Royalties | (12.6) | (26.7) |
| Sales of commodities purchased | 64.4 | 109.7 |
| | 280.4 | 349.6 |

Natural gas transportation assignment income relates to proceeds realized by the Company on the assignment of a portion of its ex-Alberta natural gas transportation capacity to third parties. The assignee was responsible for the cost of the transportation assigned.

Royalty income and other revenue for the three months ended March 31, 2025 includes \$11.1 million related to a second interim payment from insurers for 2023 Alberta wildfire business interruption losses.

13. Dividend Income and Other

| Three months ended March 31 | 2026 | 2025 |
|-------------------------------|--------------|--------------|
| Dividend income | (0.1) | (0.5) |
| Provisions expense (recovery) | 0.2 | (0.5) |
| Other | (1.5) | (2.0) |
| | (1.4) | (3.0) |

14. Consolidated Statement of Cash Flows – Selected Information

Items Not Involving Cash

| Three months ended March 31 | 2026 | 2025 |
|--|-------------|------------------|
| Risk management contracts | 2.1 | (7.4) |
| Share-based compensation | 7.4 | 18.6 |
| Depletion and depreciation | 84.9 | 53.0 |
| Exploration and evaluation | 0.2 | – |
| Gain on sale of oil and gas assets | (28.5) | (1,619.1) |
| Accretion of asset retirement obligations and provisions | 6.3 | 7.2 |
| Deferred income tax | 16.3 | 383.0 |
| Other | (0.1) | – |
| | 88.6 | (1,164.7) |

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

Supplemental Cash Flow Information

| Three months ended March 31 | 2026 | 2025 |
|-----------------------------|------|------|
| Interest paid | 0.4 | 1.1 |
| Interest received | 5.1 | 5.8 |

Components of Cash and Cash Equivalents

| As at | March 31, 2026 | December 31, 2025 |
|------------------|----------------|-------------------|
| Cash | 671.5 | 730.8 |
| Cash equivalents | – | – |
| | 671.5 | 730.8 |

Cash and cash equivalents is comprised of interest-bearing demand deposits with a number of banks. Interest earned on deposits for the three months ended March 31, 2026 totaled \$4.9 million (average interest rate of 2.8 percent per annum).

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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

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

| As at | March 31, 2026 | December 31, 2025 |
|--|----------------|-------------------|
| Cash and cash equivalents | (671.5) | (730.8) |
| Accounts receivable | (92.3) | (98.4) |
| Prepaid expenses and other | (16.3) | (16.8) |
| Accounts payable and accrued liabilities | 264.3 | 173.2 |
| Long-term debt | – | – |
| Net (cash) debt | (515.8) | (672.8) |

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 and provisions.

The calculation of adjusted funds flow is as follows:

| Three months ended March 31 | 2026 | 2025 |
|---------------------------------------|--------------|--------|
| Cash from operating activities | 116.2 | 149.9 |
| Change in non-cash working capital | (6.2) | (48.5) |
| Geological and geophysical expense | 1.4 | 1.8 |
| Asset retirement obligations settled | 26.5 | 22.2 |
| Provisions settled | 5.5 | – |
| Transaction and reorganization costs | – | 23.7 |
| Closure costs | – | – |
| Settlements | – | – |
| Adjusted funds flow | 143.4 | 149.1 |

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. When the Company is not in a net debt position, the ratio of net debt to adjusted funds flow is not considered meaningful.

| As at | March 31, 2026 | December 31, 2025 |
|--|--------------------------|-------------------|
| Net (cash) debt | (515.8) | (672.8) |
| Adjusted funds flow, trailing four quarters | 461.8 | 467.2 |
| Net debt to adjusted funds flow ratio | NM ⁽¹⁾ | NM ⁽¹⁾ |

(1) NM means not meaningful.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

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, asset retirement obligation settlements and provisions settlements, to service the Company's financial obligations, pay dividends, repurchase Common Shares and fund additional growth opportunities.

The calculation of free cash flow is as follows:

| Three months ended March 31 | 2026 | 2025 |
|---------------------------------------|----------------|---------|
| Cash from operating activities | 116.2 | 149.9 |
| Change in non-cash working capital | (6.2) | (48.5) |
| Geological and geophysical expense | 1.4 | 1.8 |
| Asset retirement obligations settled | 26.5 | 22.2 |
| Provisions settled | 5.5 | – |
| Transaction and reorganization costs | – | 23.7 |
| Closure costs | – | – |
| Settlements | – | – |
| Adjusted funds flow | 143.4 | 149.1 |
| Capital expenditures | (256.9) | (215.7) |
| Geological and geophysical expense | (1.4) | (1.8) |
| Asset retirement obligations settled | (26.5) | (22.2) |
| Provisions settled | (5.5) | – |
| Free cash flow | (146.9) | (90.6) |

16. Commitments and Contingencies

Commitments – Physical Contracts

The Company had the following fixed-basis physical contracts at March 31, 2026:

| | Volume | Location | Average price | Remaining Term |
|---------------------------------------|-------------|-------------|---------------|---------------------------|
| Natural gas basis swap ⁽¹⁾ | 38,654 GJ/d | AECO / Dawn | \$1.59/GJ | April 2026 – October 2027 |

(1) Paramount sells at Dawn at a fixed price of \$4.51/GJ and buys at AECO at a fixed price of \$2.92/GJ resulting in a net amount of \$1.59/GJ.

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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

17. Subsequent Events

In April 2026, Paramount entered into a purchase and sale agreement to sell all of its interests in Fox Drilling to AKITA Drilling Ltd. ("AKITA") for approximately 19.3 million voting common shares of AKITA (the "Fox Transaction"). Fox Drilling's assets include six triple drilling rigs that had a carrying value of \$72.4 million at March 31, 2026. Closing of the Fox Transaction is expected to occur in June 2026, subject to the satisfaction of closing conditions. The AKITA voting common shares had a closing trading price of \$5.00 per share on the Toronto Stock Exchange as of May 11, 2026.

On closing of the Fox Transaction, Paramount will enter into an agreement with AKITA to utilize the Fox Drilling rigs or equivalent rigs of AKITA for an aggregate of 2,700 days in the three-year period following closing.

As part of the purchase and sale agreement, Paramount has agreed to distribute the common shares of AKITA received pursuant to the Fox Transaction to its shareholders as soon as practicable following closing.

CORPORATE INFORMATION

EXECUTIVE OFFICERS

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

P. R. Kinvig
Chief Financial Officer

D. B. Reid
Executive Vice President, Operations

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

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

J. B. Williams
Executive Vice President, Northeast
British Columbia

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

S.C. Fildes
Chief Executive Officer
Lionsgate Capital Ltd.
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
Rubellite Energy Corp.
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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RESERVES EVALUATORS

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

AUDITORS

Ernst & Young LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
("POU")