



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

An annual general meeting (the "Meeting") of the shareholders of Paramount Resources Ltd. (the "Corporation") will be held on Wednesday, May 5, 2021 at 10:30 a.m. (Calgary time) in a virtual-only format that will be conducted via live webcast accessible at <https://web.lumiagm.com/233910446>. The purpose of the Meeting is to:

1. receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2020 and the independent auditors' report thereon;
2. elect the directors of the Corporation;
3. appoint the auditors of the Corporation;
4. approve unallocated options under the Corporation's Option Plan;
5. confirm certain amendments to the bylaws of the Corporation concerning the holding of shareholder meetings by electronic means; and
6. transact any other business as may properly come before the Meeting and any adjournment(s) of the Meeting.

By order of the Board of Directors

(*signed*) "Mark Franko"
Corporate Secretary

Calgary, Alberta, Canada
March 19, 2021

TABLE OF CONTENTS

GENERAL INFORMATION	3
Meeting Date and Time and Virtual-Only Format	3
Date of Information	3
Voting Shares and Principal Holders	3
Meeting Materials – Use of Notice and Access	3
Additional Information	4
Contact Information	4
VOTING AND PARTICIPATION INFORMATION	4
General Voting Information	4
Registered Shareholder Voting and Participation	5
Beneficial Shareholder Voting and Participation	6
BUSINESS OF THE MEETING	8
Financial Statements	8
Election of Directors	8
Appointment of Auditors	8
Approval of Unallocated Options Under the Corporation’s Option Plan	8
Approval of Amendments to the Bylaws of the Corporation	10
Other Matters to Be Acted Upon	10
NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS	11
Independence of Director Nominees	15
Competency Matrix for Director Nominees	16
Board Interlocks	16
COMPENSATION DISCUSSION AND ANALYSIS	17
Introduction	17
2020 Corporate Performance and Market Conditions	18
2020 Compensation Determinations	19
Compensation Mix	22
Peer Group	22
Total Return Performance Graph	23
Reported vs. Realizable Compensation	24
Compensation Governance	24
Risk Oversight in Relation to Compensation Policies and Practices	26
Anti-Hedging Policy	26
EXECUTIVE COMPENSATION	27
Summary Compensation Table	27
Outstanding Options and RSUs	28
Incentive Plan Awards – Value Vested or Earned During the Year	28
Termination and Change of Control Benefits	29
DIRECTOR COMPENSATION	30
Director Compensation Table	30
Narrative Discussion of Director Compensation	30
Outstanding Options and RSUs Held by Directors	31
Incentive Plan Awards – Value Vested or Earned During the Year	32
Share Ownership and Hold Period Requirements	32
INCENTIVE PLANS	33
Cash Bonus and Restricted Share Unit Plan (CBRSUP)	33
Option Plan	34
INDEBTEDNESS OF DIRECTORS AND OFFICERS	36
CORPORATE GOVERNANCE	36
Role of the Corporate Governance Committee	36
Statement of Corporate Governance Practices	36
ENVIRONMENTAL AND SOCIAL GOVERNANCE	42
SCHEDULE “A” – BOARD OF DIRECTORS MANDATE	43

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION

Meeting Date and Time and Virtual-Only Format

Paramount Resources Ltd. (the "**Corporation**" or "**Paramount**") will be holding an annual general meeting (the "**Meeting**") of holders ("**Shareholders**") of its Class A Common Shares ("**Common Shares**") on Wednesday, May 5, 2021 at 10:30 a.m. (Calgary time). Due to the unprecedented public health impact of the COVID-19 pandemic, and in alignment with public health requirements, the Meeting will be held in a virtual-only format conducted via live webcast online at <https://web.lumiagm.com/233910446>. The virtual-only format for the Meeting will help mitigate health and safety risks to the community, Shareholders, employees and other stakeholders. Through the meeting website, registered Shareholders and duly appointed proxyholders will be able to hear the Meeting live, submit questions and vote their Common Shares live on all items of business. Guests, including beneficial Shareholders who have not duly appointed themselves as proxyholder, will be able to log in and listen to the proceedings of the Meeting but will not be able to vote or submit questions.

Date of Information

Information in this management information circular ("**Information Circular**") is given as of March 19, 2021 unless otherwise noted.

Voting Shares and Principal Holders

On March 19, 2021, Paramount had 134,652,897 issued and outstanding Common Shares. The Common Shares trade under the symbol "POU" on the Toronto Stock Exchange ("**TSX**").

To the knowledge of Paramount's directors and executive officers, the only persons that beneficially owned or controlled or directed 10% or more of the outstanding Common Shares as at March 19, 2021 were: (i) Mr. James H.T. Riddell, Paramount's President and Chief Executive Officer and Chairman of the Board of Directors, who beneficially owned or controlled or directed, directly or indirectly, 31,977,511 Common Shares, representing approximately 23.75% of the outstanding Common Shares as of such date; (ii) Ms. Susan Riddell Rose, a director of Paramount, who beneficially owned or controlled or directed, directly or indirectly, 14,497,811 Common Shares, representing approximately 10.77% of the outstanding Common Shares as of such date; and (iii) Ms. Brenda Riddell, who beneficially owned or controlled or directed, directly or indirectly, 14,359,843 Common Shares, representing approximately 10.66% of the outstanding Common Shares as of such date.

Meeting Materials – Use of Notice and Access

Paramount has elected to use the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to beneficial Shareholders, but not in respect of mailings to registered Shareholders (i.e. a Shareholder whose name appears on the register of Shareholders). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that are intended to reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular and related materials in respect of a meeting of its shareholders.

While registered Shareholders will receive a paper copy of the notice of meeting, this Information Circular and a form of proxy, beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. In addition, a paper copy of the notice of meeting, this Information Circular, and a voting direction will be mailed to those Shareholders who do not hold their Common Shares in their own name, but who have previously requested to receive paper copies of these materials. Furthermore, Paramount's financial statements in respect of its most recently completed financial year will be mailed to registered Shareholders and those beneficial Shareholders who previously requested to receive such information.

Additional Information

Additional information concerning Paramount, including consolidated comparative interim and annual financial statements and management's discussion and analysis thereon, as well as the 2020 annual information form, is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at www.sedar.com. This information may also be accessed on the Corporation's website at www.paramountres.com. Financial information in respect of Paramount's most recently completed financial year is contained in Paramount's comparative annual financial statements and management's discussion and analysis thereon.

Upon request by a securityholder to Paramount's Corporate Secretary at the address set out below, Paramount will provide to such securityholder, without charge, copies of Paramount's 2020 annual information form, Paramount's consolidated comparative financial statements for fiscal 2020 together with the independent auditors' report and management's discussion and analysis thereon, interim financial statements for subsequent periods and this Information Circular.

Contact Information

Head Office: 2800, 421 – 7th Avenue SW
Calgary, Alberta, Canada
T2P 4K9

Attention: Corporate Secretary

Telephone: 403-290-3600

Website: www.paramountres.com

VOTING AND PARTICIPATION INFORMATION

General Voting Information

Proxy Solicitation

Proxies are being solicited by management of Paramount to be used at the Meeting, or any adjournment(s) of the Meeting. Solicitations will be primarily by mail but may also be by newspaper publication, in person or by telephone, electronic transmission or communication by directors, officers, employees or agents of Paramount. All costs of the solicitation will be paid by Paramount.

Who is Entitled to Vote

If you are a registered holder of Common Shares at the close of business on March 19, 2021 (the "**Record Date**"), you are entitled to receive notice of and vote at the Meeting. You will be entitled to vote all of the Common Shares that you held on the Record Date at the Meeting except to the extent that:

- a. you have transferred ownership of any such Common Shares after the Record Date; and
- b. not later than ten days before the Meeting, the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own such Common Shares and demands that their name be included on the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote those Common Shares at the Meeting.

When Common Shares are held jointly by two or more persons, those shares may be voted at the Meeting by any one of those holders, or, alternatively, by all such holders jointly. Each Common Share is entitled to one vote. A simple majority of votes cast (50% plus one vote) is required to approve all of the known matters to come before the Meeting.

Quorum

Quorum for the Meeting will be at least two individuals present in person (virtually), each being a Shareholder or proxyholder entitled to vote at the Meeting, who together own or represent Common Shares having at least 25% of the votes entitled to be cast at the Meeting.

Proxy Voting

You can indicate on your proxy how you want your proxyholder to vote your Common Shares or you can let your proxyholder decide for you. If you specify how you want your Common Shares voted, then your proxyholder must vote in accordance with your instructions. In the absence of specific instructions, your proxyholder can vote your Common Shares as he or she sees fit. **If you appoint Mr. James H.T. Riddell of Calgary, Alberta, or failing him, Mr. Paul R. Kinvig also of Calgary, Alberta, and do not specify how you want your Common Shares to be voted, your Common Shares will be voted as follows:**

Election of each management nominee as a director	FOR
Appointment of auditors	FOR
Approval of unallocated options under the Option Plan	FOR
Approval of amendments to the bylaws of the Corporation	FOR

Amendments or Other Matters

At the time of printing this Information Circular, Paramount's management does not know of any matter that may come before the Meeting other than the matters referred to above or of any potential amendment to, or variation of, these matters. If any other matters or any amendments to, or variations of, the above matters do properly come before the Meeting, your proxyholder will vote on them using his or her best judgment.

Registered Shareholder Voting and Participation

If your Common Shares are held in your name and you have a share certificate you are a registered Shareholder.

How to Participate in the Meeting

Registered Shareholders may participate in the Meeting by attending online and will be able to listen to the proceedings of the Meeting, submit questions and vote during the specified times. Registered Shareholders can log in to the Meeting by following the instructions below.

- a. Go to: <https://web.lumiagm.com/233910446>. The latest versions of Chrome, Safari, Microsoft Edge or Firefox will be needed. Paramount recommends that you log in at least 30 to 60 minutes before the Meeting starts. You should allow ample time to log in to the Meeting to check compatibility and complete the related procedures.
- b. Select "I have a Control Number/Username" and enter your control number and the password "para2021" (case sensitive). The control number located on the form of proxy enclosed with this Information Circular or in the e-mail notification delivered to you for the Meeting is your control number to log in to the Meeting.

How to Vote by Proxy

Registered Shareholders may vote their Common Shares by proxy delivered by mail or by proxy delivered by telephone or the internet in accordance with the instructions contained in the enclosed proxy.

If you choose to vote by proxy delivered by mail, you may use the enclosed proxy or complete another proper instrument of proxy. In either case, you must deliver the completed and executed proxy to either:

- a. the registered office of the Corporation at Suite 2800, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Attention: Corporate Secretary; or
- b. the Corporation's transfer agent, Computershare Trust Company of Canada, Ninth Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Proxy Department;

no later than 10:30 a.m. (Calgary time) on May 3, 2021 or, if the Meeting is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for the Meeting to resume (the "**Proxy Deposit Deadline**").

You may revoke a proxy delivered by mail at any time before it is acted upon by:

- a. signing a new proxy bearing a later date and delivering it to Paramount's registered office or to Paramount's transfer agent, Computershare Trust Company of Canada, at either of the above addresses at least 48 hours (excluding weekends and holidays) prior to the commencement of the Meeting or any adjournment of the Meeting; or
- b. depositing written notice of revocation at Paramount's registered office or to Paramount's transfer agent, Computershare Trust Company of Canada, at either of the above addresses at any time prior to the Meeting or any adjournment thereof.

If you choose to vote by proxy delivered by telephone or the internet, you must do so by the Proxy Deposit Deadline.

The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion without notice.

How to Appoint a Proxyholder to Participate in the Meeting

The persons named in the enclosed proxy are senior officers of Paramount. **You may appoint some other person to be your proxyholder at the Meeting by inserting that person's name in the blank space provided in the enclosed form of proxy or by completing another proper instrument of proxy.**

Registered Shareholders who appoint a proxyholder other than the persons named in the enclosed proxy **MUST** also visit <https://www.computershare.com/Paramount> prior to the Proxy Deposit Deadline to register the proxyholder's name and e-mail address so that Computershare can send via e-mail prior to the Meeting a username that will be required to log in to the Meeting.

Duly appointed proxyholders of Registered Shareholders may participate in the Meeting by attending online and will be able to listen to the proceedings of the Meeting, submit questions and vote during the specified times. Duly appointed proxyholders of Registered Shareholders can log in to the Meeting by following the instructions below.

- a. Go to: <https://web.lumiagm.com/233910446>. The latest versions of Chrome, Safari, Microsoft Edge or Firefox will be needed. Paramount recommends that you log in at least 30 to 60 minutes before the Meeting starts. You should allow ample time to log in to the Meeting to check compatibility and complete the related procedures.
- b. Select "I have a Control Number/Username" and enter the username that was e-mailed to you by Computershare and the password "para2021".

Beneficial Shareholder Voting and Participation

If your Common Shares are held in the name of a nominee or intermediary (i.e. deposited with a securities broker, bank or other institution) you are a beneficial Shareholder.

How to Vote

Beneficial Holders should note that only proxies deposited by Shareholders whose names appear on the records of the registrar and transfer agent for Paramount as the registered holders of Common Shares can be recognized and acted upon at the Meeting. Beneficial Shareholders may vote by providing voting instructions to the registered holder of the Common Shares via mail, telephone or internet. For further instructions, see the voting instruction form provided to you by your nominee or intermediary.

Applicable regulatory policies require registered shareholders who hold their shares as nominees to seek (or have an intermediary seek on their behalf) voting instructions from their respective beneficial shareholders in advance of shareholders' meetings. Every nominee and intermediary has its own mailing procedures and provides its own voting and return instructions. The voting and return instructions for your applicable nominee or intermediary are set out in the voting instruction that they have provided to you. You must carefully follow the instructions on this form in order to ensure your Common Shares are voted at the Meeting. The vast majority of nominees delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). If your nominee has appointed Broadridge, you should have received a scannable voting instruction form from Broadridge, and you will need to either complete and return this form to Broadridge by mail, or alternatively, convey your voting instructions to them via the internet or by calling a toll-free telephone number as set out in the form. Broadridge will tabulate the results of all instructions that it receives and provide appropriate voting instructions to Computershare Trust Company of Canada for use at the Meeting. **A beneficial Shareholder must comply with the instructions on the voting instruction or proxy form provided to it well in advance of the Meeting in order to ensure their Common Shares can be voted at the Meeting.**

How to Participate in the Meeting

Guests, including Beneficial Holders who have not duly appointed themselves as proxyholder, will be able to log in and listen to the proceedings of the Meeting but will not be able to vote or submit questions. Login instructions are as follows:

- a. Go to: <https://web.lumiagm.com/233910446>. The latest versions of Chrome, Safari, Microsoft Edge or Firefox will be needed. Paramount recommends that you log in at least 30 to 60 minutes before the Meeting starts. You should allow ample time to log in to the Meeting to check compatibility and complete the related procedures.
- b. Click "I am a guest" and then complete the online form to access the Meeting.

If you are a Beneficial Holder and wish to vote in person (virtually) at the Meeting or submit questions, you must:

- a. instruct your nominee or intermediary to appoint you as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you by your nominee or intermediary and following all of the applicable instructions provided by your nominee or intermediary; and
- b. visit <https://www.computershare.com/Paramount> prior to the Proxy Deposit Deadline to register your name and e-mail address so that Computershare can send via e-mail prior to the Meeting a username that will be required to log into the Meeting.

A Beneficial Shareholder that has followed the above steps to duly appoint themselves as proxyholder can log in to the Meeting by following the instructions below.

- a. Go to: <https://web.lumiagm.com/233910446>. The latest versions of Chrome, Safari, Microsoft Edge or Firefox will be needed. Paramount recommends that you log in at least 30 to 60 minutes before the Meeting starts. You should allow ample time to log in to the Meeting to check compatibility and complete the related procedures.
- b. Select "I have a Control Number/Username" and enter the username that was e-mailed to you by Computershare and the password "para2021".

BUSINESS OF THE MEETING

Financial Statements

Paramount's consolidated financial statements as at and for the year ended December 31, 2020 and the auditors' report thereon have been mailed to registered Shareholders and will be placed before the Shareholders at the Meeting.

Election of Directors

Paramount's articles provide that the Board of Directors (the "**Board**") shall consist of a minimum of three and a maximum of twelve directors. The Board has fixed the number of directors to be elected at the Meeting at 8, each of whom will serve until the next annual meeting of Shareholders or until their respective successors are elected or appointed. The 8 nominees are:

- James Riddell
- James Bell
- Wilfred Gobert
- Dirk Jungé
- Kim Lynch Proctor
- Robert MacDonald
- Keith MacLeod
- Susan Riddell Rose

All director nominees have consented to being named in this Information Circular and to serve as directors if elected. Paramount's management does not contemplate that any of the director nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, your proxyholder has the right to use his or her discretion in voting for another nominee unless you have specified in your voting instruction or proxy form that he or she does not have such authority. The Corporation's articles permit the Board, between annual meetings of Shareholders, to appoint one or more additional directors (up to a maximum of one-third of the number of directors who held office at the expiration of the last annual meeting of Shareholders).

Your proxyholder will vote FOR the election of each of these nominees as a director of Paramount unless you indicate in your voting instruction or proxy form that authority to do so is withheld in respect of one or more of the nominees.

Appointment of Auditors

Unless you indicate in the enclosed voting instruction or proxy form that authority to vote for the re-appointment of the Corporation's current auditors is withheld, your proxyholder will vote FOR the re-appointment of Ernst & Young LLP, Chartered Professional Accountants, Calgary City Centre, 2200, 215 – 2nd Street S.W., Calgary, Alberta T2P 1M4, as auditors of the Corporation to hold office until the next annual meeting of Shareholders. Ernst & Young LLP have been Paramount's auditors since its inception in 1978.

The information regarding Paramount's audit committee as required by section 5.1 of National Instrument 52-110 is set forth in Paramount's 2020 annual information form under the heading "Audit Committee Information" and in Appendix C thereto.

Approval of Unallocated Options Under the Corporation's Option Plan

The Corporation has a stock option plan (the "**Option Plan**") under which options to acquire Common Shares ("**Options**") may be granted to employees, officers and non-employee directors of the Corporation. A detailed description of the Option Plan is provided under the heading "*Incentive Plans – Option Plan*".

Under the Option Plan, the aggregate number of Common Shares issuable pursuant to outstanding Options together with the aggregate number of Common Shares issuable under any other security-based compensation arrangement of the Corporation (as defined in the TSX Company Manual), shall not exceed 10% of the issued and outstanding Common Shares from time to time. In addition, the number of Common Shares (i) issued to the Corporation's insiders (as defined in the TSX Company Manual) in any one year period or (ii) issuable to insiders, at any time, under the Option Plan together with any other security-based compensation arrangement cannot, in either case, exceed 10% of the issued and outstanding Common Shares from time to time. The Option Plan is the only compensation plan under which equity securities of Paramount have been authorized for issuance from treasury and the only security-based compensation arrangement of the Corporation as defined in the TSX Company Manual.

As of December 31, 2020, there were 134,198,717 Common Shares and 9,681,395 Options outstanding. The details of the outstanding Options are as follows:

Number of Common Shares to be issued upon exercise of outstanding Options as at December 31, 2020	Weighted-average exercise price of outstanding Options	Number of Common Shares remaining available for future issues under equity compensation plans (excluding securities reflected in the first column) as at December 31, 2020
9,681,395 (7.21% of outstanding Common Shares)	\$6.91	3,738,476 (2.79% of outstanding Common Shares)

Pursuant to TSX rules, Paramount is required to calculate and disclose the annual "burn rate" of the Option Plan for the three most recently completed financial years. The annual burn rate is equal to the number of Options granted under the Option Plan in the applicable year, divided by the weighted average number of securities outstanding in that year, expressed as a percentage. Paramount's average burn rate over the last 3 years is 2.6%.

Financial Year Ending December 31	Burn Rate (%)
2020	2.3%
2019	2.7%
2018	2.8%

The Option Plan is considered a "rolling" plan as it does not have a fixed maximum number of Common Shares that may be issued pursuant to Options. The TSX rules require that any unallocated options, rights or entitlements under a security-based compensation arrangement that does not have a fixed maximum number of securities issuable under it, such as the Option Plan, must be approved by a majority of the issuer's directors and shareholders every three years. In the case of the Option Plan, Options available for grant from time to time but not yet granted are considered unallocated.

The unallocated Options under the Option Plan were last approved by the Shareholders at the annual general meeting held on May 9, 2018. At the Meeting, the Shareholders will be asked to consider an ordinary resolution approving the unallocated Options under the Option Plan. If this resolution is passed, Paramount will not be required to seek further approval of the unallocated Options until May 5, 2024. If this resolution is not passed, outstanding Options will not be affected but all unallocated Options will be cancelled and the Corporation will not be permitted to make any further Option grants under the Option Plan until Shareholder approval has been obtained.

The Board has unanimously approved the unallocated options under the Option Plan. As discussed in this Information Circular under the heading "*Compensation Discussion and Analysis*", Options granted under the Option Plan are one of the three primary elements of Paramount's compensation program and are the primary long-term compensation awarded to Paramount's officers and employees who are responsible for the management and growth of the Corporation. The purpose of the Option Plan is to recognize the contributions of these officers and employees and advance the interests of the Corporation by encouraging and enabling their acquisition of Common Shares, thereby directly aligning their interests with those of Paramount's Shareholders. Paramount views the continuing ability to grant Options under the Option Plan as being key to attracting, retaining and motivating the personnel necessary for the Corporation's future success.

At the Meeting, Shareholders will be asked to consider, and if thought advisable, pass the following ordinary resolution to approve the unallocated Options under the Option Plan:

Be it resolved as an ordinary resolution that:

1. all unallocated Options under the Option Plan be and are hereby approved;
2. the Corporation shall have the ability to continue granting Options under the Option Plan until May 5, 2024; and
3. any officer or director of the Corporation is authorized, in the name and on behalf of the Corporation, to do all such things and execute all such documents as may be necessary or advisable to implement this resolution.

In order for this resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person (virtually) or represented by proxy at the Meeting. Management recommends voting FOR the resolution.

Approval of Amendments to the Bylaws of the Corporation

The Corporation is incorporated under the *Business Corporations Act (Alberta)* (the "**ABCA**"). Under the ABCA, if a corporation's bylaws so provide and subject to certain other requirements under the ABCA: (i) a shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other ("**Virtual Shareholder Participation**"), and (ii) if the directors or the shareholders of a corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting ("**Virtual Shareholder Meetings**").

Paramount believes that its annual general meeting is an important opportunity for shareholders to consider and vote upon matters critical to the direction of the Corporation, to interact with, and ask questions of, the Board and management and (once the formal business of the meeting has been concluded) receive an update respecting the Corporation's business and affairs. Paramount continues to be of the view that this is best accomplished by the holding of in-person meetings. However, the restrictions on in-person meetings and gatherings that have been necessitated by the COVID-19 pandemic have confirmed the need for the Corporation to have the flexibility to permit Virtual Shareholder Participation and convene Virtual Shareholder Meetings when circumstances warrant. Accordingly, on March 2, 2021 the Board approved amendments to the Corporation's bylaws (the "**Bylaw Amendments**") to add the following provisions to the Corporation's by-laws to permit Virtual Shareholder Participation and Virtual Shareholder Meetings:

- 6.21 Subject to the Act and the consent of the Board, any person entitled to attend a Meeting of Shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other. A person participating in a Meeting of Shareholders by such means will be deemed to be present at the meeting.
- 6.22 Subject to the Act, if the Board or the shareholders of the Corporation call a Meeting of Shareholders pursuant to the Act, the Board or the shareholders, as the case may be, may determine that the meeting will be held entirely by electronic means, telephone, or other communication facility that permits all participants to communicate adequately with each other during the meeting.

A complete copy of the Corporation's bylaws, as amended and restated, are available under Paramount's profile on SEDAR at www.sedar.com or on its website at www.paramountres.com. Under the ABCA, the Bylaw Amendments were effective from the date they were approved by the Board and the Corporation has relied on such amendments in convening the Meeting in a virtual-only format. The Bylaw Amendments will cease to be effective following the Meeting unless they are confirmed by an ordinary resolution of the Shareholders at the Meeting.

At the Meeting, Shareholders will be asked to consider, and if thought advisable, pass the following ordinary resolution confirming the Bylaw Amendments:

Be it resolved as an ordinary resolution that:

1. the amendments to the bylaws of the Corporation to permit Virtual Shareholder Participation and Virtual Shareholder Meetings, in the form adopted by the Board on March 2, 2021, be and are hereby confirmed; and
2. any officer or director of the Corporation is authorized, in the name and on behalf of the Corporation, to do all such things and execute all such documents as may be necessary or advisable to implement this resolution.

In order for this resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person (virtually) or represented by proxy at the Meeting. Management recommends voting FOR the resolution.

Other Matters to Be Acted Upon

Management knows of no matters to come before the Meeting other than the matters referred to in the enclosed Notice of Annual General Meeting of Shareholders to which this Information Circular is attached. If any matters which are not known at the time of the Information Circular should properly come before the Meeting, proxies will be voted on such matters in accordance with the best judgment of the person holding such proxy.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

The following table provides information with respect to the 8 director nominees. Mr. John Gorman, who has served as director since 2002 will not be standing for re-election at the Meeting. Paramount would like to thank Mr. Gorman for his long and dedicated service. The Board is pleased to put forward Ms. Kim Lynch Proctor as a new director nominee at the Meeting.

Shareholders are entitled to vote for or withhold their vote for each nominee on an individual basis. The Board has adopted a majority voting policy which provides that if a director receives more "withhold" votes than "for" votes in an uncontested election of directors that director must immediately tender his or her resignation, and the remaining Board members must determine whether or not to accept such resignation within 90 days (and will be required to accept the resignation absent exceptional circumstances).

Any Shareholder who wishes to nominate one or more other directors can do so by submitting to Paramount's Corporate Secretary the information required by Paramount's bylaws, including the nominees' names, backgrounds, qualifications and experience. Paramount's bylaws require that a Shareholder give the Corporation advance notice of any proposal to nominate directors for election to the Board when nominations are not made through the procedures set out in the ABCA. If the nomination is to be presented at an annual meeting of Shareholders, the notice must be given 30 to 65 days in advance of the meeting; provided that if the annual meeting is to be held less than 50 days after Paramount announces the meeting date, the notice must, in those circumstances, be given within 10 days of the meeting announcement. If the nomination is to be presented at a special meeting of Shareholders (that is not also an annual meeting) where one of the items of business is the election of directors, then the notice must be given within 15 days of the meeting announcement. All nominations received will be forwarded to the Chair of the Corporate Governance Committee who will present them to the committee for consideration.

James Riddell⁽⁴⁾

Calgary, Alberta, Canada
Non-Independent Director
Director Since: 2000
Age: 54

Mr. Riddell has been the President and Chief Executive Officer of Paramount since May 2015 and Chairman of the Board since November 2018. Mr. Riddell served as President and Chief Operating Officer from June 2002 to May 2015 and in various positions at Paramount from May 1991 until June 2002. Mr. Riddell is also a director of Big Rock Brewery Inc., a TSX listed company which produces and markets beer.

Mr. Riddell graduated from Arizona State University with a Bachelor of Science degree in Geology and from the University of Alberta with a Master of Science degree in Geology. He is a member of the Canadian Society of Petroleum Geologists and the American Association of Petroleum Geologists.

2020 AGM Voting Results:	Votes For	101,524,772 (99.79%)
	Votes Withheld	209,482 (0.21%)

Paramount Board / Committee Participation	2020 Meeting Attendance
Board of Directors	6/6 (100%)
Environmental, Health and Safety Committee	2/2 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 31,977,511 - \$350,793,296	Big Rock Brewery Inc.

Options: 658,233
Convertible Debentures: \$25 million
Minimum Share Ownership⁽²⁾: Attained

Cavalier Energy Inc. Holdings*
Options: 500,000

* Cavalier Energy Inc. is a private wholly-owned subsidiary of the Corporation

James Bell

Calgary, Alberta, Canada
Independent Director⁽³⁾
Director Since: 2011
Age: 46

Mr. Bell is the Co-President of Dominion Lending Centres Inc., a TSX Venture Exchange listed mortgage brokerage company, and served in various positions, including President and Chief Executive Officer, with its predecessor company Founders Advantage Capital Corp. since 2016. Prior thereto, Mr. Bell was General Counsel for Olympia Financial Group Inc., a TSX listed financial services company, and its wholly-owned subsidiary Olympia Trust Company, a non-deposit taking trust company, and practiced securities and corporate commercial law as a partner at an international law firm. Mr. Bell is also a director of Just Energy Group Inc.⁽⁵⁾

Mr. Bell graduated from the University of Saskatchewan with a Bachelor of Laws degree and is a member of the Law Society of Alberta. He has completed the Canadian Securities Course and the Partners, Directors and Senior Officers course.

2020 AGM Voting Results:

Votes For	101,192,157 (99.47%)
Votes Withheld	542,097 (0.53%)

Paramount Board / Committee Participation

Board of Directors	6/6 (100%)
Audit Committee	4/4 (100%)
Compensation Committee (Chair)	2/2 (100%)
Corporate Governance Committee	2/2 (100%)

2020 Meeting Attendance

Paramount Holdings

Common Shares⁽¹⁾: 18,880 - \$207,114
Options: 75,000
Restricted Share Units: 15,000
Minimum Share Ownership⁽²⁾: Attained

Other Public Board Directorships

Dominion Lending Centres Inc.
Just Energy Group Inc.

Wilfred Gobert

Calgary, Alberta, Canada
Independent Director⁽³⁾
Director Since: 2017
Age: 72

Mr. Gobert is an independent businessman. Until his retirement in 2006, he was Vice-Chair of Peters & Co. Limited (an investment firm specializing in the Canadian oil and gas industry), a position he held since 2002, and was a member of its board of directors and its executive committee. Prior thereto, he joined Peters & Co. Limited in 1979 as Managing Director, Research. Mr. Gobert is also a director of Canadian Natural Resources Limited, a TSX and NYSE listed oil and gas exploration and production company. Mr. Gobert is a Senior Fellow, Energy Studies, Centre for Energy Policy Studies with The Fraser Institute.

Mr. Gobert holds a Master of Business Administration (Finance) from McMaster University, a Bachelor of Science degree (Mathematics) from the University of Windsor, Ontario and a Chartered Financial Analyst designation.

2020 AGM Voting Results:

Votes For	101,321,865 (99.59%)
Votes Withheld	412,389 (0.41%)

Paramount Board / Committee Participation

Board of Directors	5/6 (83.3%)
Compensation Committee	2/2 (100%)
Corporate Governance Committee	2/2 (100%)
Reserves Committee	2/3 (66.66%)

2020 Meeting Attendance

Paramount Holdings

Common Shares⁽¹⁾: 21,038 - \$230,787
Options: 64,000
Restricted Share Units: 15,000
Minimum Share Ownership⁽²⁾: Attained

Other Public Board Directorships

Canadian Natural Resources Limited

Dirk Jungé

Bryn Athyn, Pennsylvania, U.S.A.
Independent Director⁽³⁾
Director Since: 2000
Age: 72

Mr. Jungé is an independent businessman. He was Chairman of the Board of the Pitcairn Trust Company (a private trust company) from 1991 to 2019 and its CEO from 1993 to 1996 and from 2006 to 2012. He served as President of Pitcairn Trust Company from 2006 to 2008. Mr. Jungé holds a number of director and trustee positions with philanthropic organizations. Mr. Jungé is also a director of L.B. Foster Co., a NASDAQ listed company that is a manufacturer, fabricator and distributor of products and services for the rail, construction, energy and utility markets.

Mr. Jungé obtained a Bachelor of Science degree in Economics and Finance from Lehigh University, was designated a Chartered Financial Analyst by the Institute of Chartered Financial Analysts in 1978 and is a member of the Financial Planning Association, the Association for Investment Management and Research and the National Association of Corporate Directors.

2020 AGM Voting Results:	Votes For	101,172,088 (99.45%)
	Votes Withheld	562,166 (0.55%)

Paramount Board / Committee Participation	2020 Meeting Attendance
Board of Directors	6/6 (100%)
Corporate Governance Committee	2/2 (100%)
Environmental Health & Safety Committee (Chair)	2/2 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 20,573 - \$225,686	L.B. Foster Co.
Options: 63,000	
Restricted Share Units: 15,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Kim Lynch Proctor

Calgary, Alberta, Canada
Independent Nominee
Age: 45

Ms. Lynch Proctor is an independent businesswoman. Ms. Lynch Proctor is not currently a director of Paramount and has been nominated to stand for election at the Meeting. Ms. Lynch Proctor is an experienced lawyer, accountant, executive and professional advisor with over 20 years of experience. She was the Chief Financial Officer and General Counsel of KERN Partners, an energy focused private equity firm, from 2009 to 2016 and prior thereto a practicing lawyer and chartered professional accountant with Felesky Flynn LLP, Bennett Jones LLP, and Deloitte, respectively, advising corporate clients on domestic and international transactions.

Ms. Lynch Proctor serves on the board of several non-profit and municipal organizations, including the Calgary Police Commission.

Ms. Lynch Proctor obtained both a Bachelor of Commerce and a Bachelor of Laws degree from the University of Calgary, a Master of Laws degree from New York University, is a Chartered Professional Accountant and has completed the ICD.D designation.

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 15,000 - \$164,550	None

Robert MacDonald

Oakville, Ontario, Canada
Independent Director⁽³⁾
Director Since: 2017
Age: 75

Mr. MacDonald is an independent businessman. From 1998 to 2003, he was Director, Oil & Gas and Commercial Banking with CIBC World Markets Inc. (a global investment banking firm). From 1993 to 1998, Mr. MacDonald was Vice President, Oil & Gas Group with CIBC.

Mr. MacDonald graduated from the University of Saskatchewan (Regina Campus) with a Bachelor of Business Administration degree (major in Economics and Finance and minor in Accounting). He is a Fellow of the Institute of Canadian Bankers and has completed the academic requirements for the Director Education Program of the Institute of Corporate Directors.

2020 AGM Voting Results:	Votes For	101,337,630 (99.61%)
	Votes Withheld	396,624 (0.39%)

Paramount Board / Committee Participation	2020 Meeting Attendance
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Board of Directors	6/6 (100%)
Audit Committee	4/4 (100%)
Compensation Committee	2/2 (100%)
Corporate Governance Committee (Chair)	2/2 (100%)

Paramount Holdings	Other Public Board Directorships
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Common Shares ⁽¹⁾ : 12,498 - \$137,104	None
Options: 64,000	
Restricted Share Units: 15,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Keith MacLeod⁽⁶⁾

Calgary, Alberta, Canada
Independent and Lead Director⁽³⁾
Director Since: 2017
Age: 62

Mr. MacLeod is an independent businessman and the Lead Director of Paramount. Until June 2014, he was a director, partner and CEO of Sproule (a worldwide petroleum consulting firm), which he first joined in 1979. Mr. MacLeod is Chair of the Canada–Nova Scotia Offshore Petroleum Board and the Chair of the Verschuren Centre for Sustainability in Energy and the Environment. Mr. MacLeod is also a director of Prairie Storm Resources Corp., a TSX Venture Exchange listed oil and gas exploration and production company.

Mr. MacLeod is a professional engineer with more than 30 years of experience in the oil and gas industry in Alberta. Mr. MacLeod holds a B.S. (Honors) in Mining Engineering from the Montana College of Mineral Science and Technology and a diploma in Technology in Mineral Science in 1978 from the College of Cape Breton. He has completed the Director Education Program of the Institute of Corporate Directors. Mr. MacLeod is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Society of Petroleum Evaluation Engineers and the Society of Petroleum Engineers and has participated in numerous committees of those organizations.

2020 AGM Voting Results:	Votes For	101,345,347 (99.62%)
	Votes Withheld	388,907 (0.38%)

Paramount Board / Committee Participation	2020 Meeting Attendance
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Board of Directors	6/6 (100%)
Corporate Governance Committee	2/2 (100%)
Environmental, Health and Safety Committee	2/2 (100%)
Reserves Committee (Chair)	3/3 (100%)

Paramount Holdings	Other Public Board Directorships
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Common Shares ⁽¹⁾ : 9,200 - \$100,924	Prairie Storm Resources Corp.
Options: 64,000	
Restricted Share Units: 15,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Susan Riddell Rose

Calgary, Alberta, Canada
Non-independent Director
Director Since: 2000
Age: 56

Ms. Riddell Rose has been the President and a director of Perpetual Energy Inc., a TSX listed oil and gas exploration and production company, and its predecessor Paramount Energy Trust since 2002 and its CEO since 2005. Prior thereto, Ms. Riddell Rose was Corporate Operating Officer of Paramount and began her career as a geological engineer with Shell Canada Limited. Ms. Riddell Rose is also a director of Tervita Corporation, a TSX listed industrial waste management and environmental services company, and a director of Altalink LP, a reporting issuer whose shares are not publicly traded.

Ms. Riddell Rose graduated from Queen's University with a Bachelor of Science degree in Geological Engineering. Ms. Riddell Rose is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Canadian Society of Petroleum Geologists, and the American Association of Petroleum Geologists and a governor of the Canadian Association of Petroleum Producers.

2020 AGM Voting Results:

Votes For	100,860,709 (99.14%)
Votes Withheld	873,545 (0.86%)

Paramount Board / Committee Participation	2020 Meeting Attendance
Board of Directors	6/6 (100%)

Paramount Holdings	Other Public Board Directorships
Common Shares ⁽¹⁾ : 14,497,811 - \$159,040,987	Perpetual Energy Inc.
Options: 75,000	Tervita Corporation
Restricted Share Units: 15,000	
Minimum Share Ownership ⁽²⁾ : Attained	

Notes:

- (1) Represents all Common Shares beneficially owned or controlled or directed, directly or indirectly, by the proposed director, including Common Shares registered in the name of other entities. Value of Common Shares represents the number of common shares held multiplied by the closing price of the Common Shares on the TSX on March 19, 2021 of \$10.97.
- (2) The Corporation adopted a share ownership policy in March 2013 requiring each of its directors to acquire, within three years of: (i) the date they become a director; or (ii) the date of the share ownership policy (whichever is later), Common Shares having a value equal to at least three times their annual base retainer, and to continue to hold these Common Shares during their tenure. Once a director acquires the requisite number of Common Shares, the number of shares required to be held is not subject to readjustment by reason of increases or decreases in the market price of the shares.
- (3) Independence is based on the definitions contained in National Instrument 52-110, National Instrument 58-101 and National Policy 58-201. Each year and upon appointment all independent directors complete an independence questionnaire to assess, or re-assess, their status as independent directors.
- (4) Mr. Riddell was a director of Sonde Resources Corp. ("Sonde") and Great Prairie Energy Services Inc. ("Great Prairie"), both public oil and gas companies, within one year of Sonde becoming bankrupt and Great Prairie having a receiver-manager appointed to manage its assets, undertakings and properties. Mr. Riddell was a director of Strategic Oil & Gas Ltd., a public oil and gas company, when it filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) and when it became subject to a cease trade order for failing to file its annual financial statements and management's discussion and analysis, which order remains in effect.
- (5) Mr. Bell is a director of Just Energy Group Inc., a retail energy provider. On March 9, 2021, Just Energy sought and received creditor protection under the *Companies' Creditors Arrangement Act* ("CCAA") and similar protection under Chapter 15 of the Bankruptcy Code in the United States. Just Energy remains in CCAA as it addresses liquidity issues caused by an extreme winter weather event in Texas in February 2021.
- (6) Mr. MacLeod was a director of Manito Energy Inc. ("Manitok"), a public oil and gas company, within one year of Manito filing a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).

Independence of Director Nominees

Of the 8 director nominees, 6 are independent. All members of the Audit Committee, Corporate Governance Committee, Compensation Committee and Reserves Committee are independent.

Director Nominee	Independent	Non-Independent	Reason for Non-Independence
James Riddell		✓	President & CEO of the Corporation
James Bell	✓		
Wilfred Gobert	✓		
Dirk Jungé	✓		
Kim Lynch Proctor	✓		
Robert MacDonald	✓		
Keith MacLeod	✓		
Susan Riddell Rose		✓	Familial relationship with President & CEO of the Corporation

Mr. Keith MacLeod, an independent director, is the Board's Lead Director. His duties include, among other things, ensuring that differences between the responsibilities of the Board and management are understood by all, ensuring that independent directors have adequate opportunities to meet to discuss issues without management present, and acting as a liaison between the independent directors and management. The position description for the Lead Director is available on the Corporation's website at www.paramountres.com.

The Board has a policy requiring that an *in-camera* meeting of independent directors be held in connection with all Board and committee meetings.

Competency Matrix for Director Nominees

The Board, through the Corporate Governance Committee, has developed a competency matrix to ensure that the members of the Board, through their knowledge, business expertise and experience, meet the needs of the Board. The following table sets out some of the relevant knowledge, expertise and experience of the director nominees:

	James Riddell	James Bell	Wilfred Gobert	Dirk Jungé	Kim Lynch Proctor	Robert MacDonald	Keith MacLeod	Susan Riddell Rose
Board Experience	✓	✓	✓	✓	✓	✓	✓	✓
CEO Experience	✓	✓		✓			✓	✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓
Operations	✓		✓	✓				✓
Project Management	✓		✓	✓		✓	✓	✓
Governance	✓	✓	✓	✓	✓	✓	✓	✓
Accounting/Finance	✓	✓	✓	✓	✓	✓	✓	✓
Executive Compensation	✓	✓	✓	✓	✓	✓	✓	✓
Government/Public Policy	✓	✓	✓		✓		✓	✓
Human Resources	✓	✓	✓	✓	✓	✓	✓	✓
Legal		✓			✓			✓
Environment/Health/Safety	✓			✓		✓	✓	✓
Information Security		✓	✓	✓	✓			

Board Interlocks

None of the director nominees: (i) serve together as directors of any company other than the Corporation or (ii) are employed by a company of which any director nominee or executive officer of the Corporation is a director.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Compensation Philosophy

Paramount's compensation philosophy is to be competitive with other Canadian oil and gas companies of similar size in order to attract, retain and motivate a highly-qualified workforce and provide career opportunities within Paramount. The compensation program for Paramount's named executive officers ("**NEOs**") is built around base salaries and reward systems that recognize Paramount's financial and operational results and individual and departmental performance. This program is also designed to ensure that the interests of Paramount's executives are aligned with its Shareholders by making a majority of the compensation paid to the NEOs variable or at risk.

Elements of Compensation

There are three primary elements to Paramount's compensation program: base salary, awards under the Corporation's Cash Bonus and Restricted Share Unit Plan ("**CBRSUP**") and stock option grants ("**Options**") under the Corporation's Stock Option Plan ("**Option Plan**"). Each element of compensation is discussed in more detail below under "*2020 Compensation Determinations*". Detailed descriptions of the CBRSUP and the Option Plan are provided under the heading "*Incentive Plans*".

Key Features of Paramount's Compensation Program

The following list highlights some of the key features of Paramount's compensation program that are intended to ensure that the actions of Paramount's executives are aligned with the interests of its Shareholders. These features are described in more detail elsewhere in this "*Compensation Discussion and Analysis*" or in other sections of this Information Circular:

- Compensation is performance-based with an emphasis on long-term incentive awards. Approximately 57% of the CEO's 2020 compensation was variable or at-risk, with the variable or at-risk portion of 2020 compensation of the other NEOs averaging approximately 41%.
- Options:
 - generally vest over five years, with the first vesting only occurring in the year following the grant date, and expire six months after the final vesting;
 - do not automatically vest upon a change of control; and
 - cannot be re-priced without first obtaining the approval of the Shareholders, which has never been sought.
- Paramount's CBRSUP has reasonable target levels, with the awards granted under the CBRSUP tied to performance goals (individual, departmental or corporate) and generally comprised of a cash component targeted to be 1/3 of the value of the award and a restricted share unit ("**RSU**") component targeted to be 2/3 of the value of the award, with the RSUs vesting over two years.
- Paramount does not award any large perquisites and does not have any pension plans or other post-retirement obligations.
- A policy is in place prohibiting the hedging of Paramount's securities by officers and directors.
- No loans can be made to Paramount's executives for any purpose, including the purchase of Paramount's securities.
- Paramount's compensation program is regularly reviewed by Paramount's Compensation Committee, which is comprised exclusively of independent directors, to ensure it is competitive and consistent with the executive compensation programs of Paramount's peer group and does not encourage excessive risk taking by the NEOs.
- The alignment of interests between Paramount's executives and its Shareholders is further strengthened by the fact that Paramount's CEO owns, controls or directs, directly or indirectly, approximately 23.75% of the Common Shares.

Compensation Process

The Compensation Committee of the Board determines the compensation of the CEO and, after considering the recommendations of the CEO, approves the compensation of the other NEOs. The Compensation Committee meets at least twice annually, with a meeting generally held in April each year to consider CBR SUP awards and in December of each year to set salaries for the forthcoming year and consider Option grants.

In determining the overall compensation of the NEOs, the Compensation Committee considers a range of factors including general industry and market conditions, the Corporation's total shareholder return ("TSR"), the compensation practices and performance of its peer group and Paramount's corporate financial and operating results, including its progress in advancing its overall corporate strategy. The performance of each of the NEOs is also assessed. Specific factors that the Compensation Committee considered in determining 2020 compensation for the NEOs are set out below under "2020 Compensation Determinations".

Named Executive Officers

Under applicable securities laws, a company's NEOs are: (i) the Chief Executive Officer, (ii) the Chief Financial Officer, (iii) the next three most highly compensated executive officers serving at the end of the most recent financial year and (iv) any officer who would have been among the next three most highly compensated executive officers if they had been serving at the end of the most recent financial year. The Corporation's NEOs for the purpose of this Information Circular are listed below.

James Riddell, President and Chief Executive Officer and Chairman ("**CEO**")
Paul Kinvig, Chief Financial Officer
Bernard Lee, Executive Vice President, Finance
Mitchell Shier, General Counsel and Vice President, Land
Blake Reid, Executive Vice President, Operations
Rodrigo Sousa, Executive Vice President, Corporate Development and Planning

Bernard Lee is included as a NEO in addition to Paramount's current Chief Financial Officer, Paul Kinvig, due to the fact that he held such office until Mr. Kinvig's appointment on March 3, 2020.

2020 Corporate Performance and Market Conditions

Paramount's performance in 2020 reflected both the significant impact of the COVID-19 pandemic and the Corporation's successful response:

- Shortly after Paramount's March 4, 2020 announcement of its initial 2020 capital expenditure guidance of between \$350 million and \$450 million, a decline in oil and condensate prices that had begun in late-February due to disputes among members of OPEC+ and growing concerns respecting the potential impact of the COVID-19 pandemic rapidly accelerated. The Corporation responded swiftly by announcing on March 19, 2020 a reduction of capital expenditure guidance to a range of between \$185 and \$250 million. Paramount also implemented significant cost reduction initiatives aimed at lowering general and administrative expenses and operating costs, including securing reduced contractor and supplier rates. These initiatives included workforce reductions, a 20% reduction in the salary of the CEO and in the cash compensation of the Board, a 10% reduction in the salaries of all other staff and the suspension or elimination of a number of benefits and incentive compensation programs. As a further response, Paramount moved to temporarily shut-in certain production at various properties.
- Despite resolution of the OPEC+ disputes in the latter part of the second quarter of 2020, the erosion of global demand for crude oil and petroleum products in connection with the COVID-19 pandemic further negatively and materially impacted the oil and condensate prices received by the Corporation in the quarter. On May 13, 2020, Paramount further revised 2020 capital expenditure guidance to \$165 million.
- The third quarter of 2020 saw moderate stabilization and improvement in oil and condensate prices. To capitalize on the strengthening pricing environment and to position itself for a 2021 price recovery, Paramount announced on September 14, 2020 that it was accelerating \$60 million of development activities at its Karr and Wapiti properties from 2021 to the second half of 2020. This resulted in 2020 capital expenditure guidance being revised to \$225 million. By the end of the quarter, the Corporation had exceeded its 2020 cost reduction targets of \$25 million in operating costs and \$15 million in general and administrative expenses. The Corporation largely brought production back on from wells that had been shut-in earlier in the year.
- Oil and condensate prices continued to recover as the fourth quarter of 2020 progressed and the Corporation delivered strong operational results while maintaining capital discipline. The continued realization of significant capital costs savings enabled the completion of additional development activities at Karr and Wapiti not contemplated in the capital budget while keeping total 2020 capital expenditures under guidance. Fourth

quarter sales volumes exceeded the upper range of guidance as a result of higher than expected production at Karr from the five-well 2-1 pad and the five-well 5-16 West pad.

2020 achievements included:

- The continued realization of significant cost savings in the Corporation's capital program by a combination of advancements in well design, drill bit technology, fluid selection and reducing vendor rates. Average drilling, completion, equipping and tie-in costs were reduced by 36% at Karr compared to 2018-2019 and by 27% at Wapiti compared to the initial two Wapiti pads, resulting in significantly improved capital efficiencies, without compromising completion effectiveness.
- The bringing on production of 21 new Montney wells in the Grande Prairie Region, including 10 in the fourth quarter.
- Completing the Corporation's multi-year project to replace all high vent controllers with low or no vent units, reducing greenhouse gas emissions.
- Abandoning 254 wells and completing the permanent suspension of all pipelines and facilities at Zama under the Corporation's area-based closure program.

As a result of Paramount's actions, the Corporation exited 2020 with a significantly lower cost structure and in a position to deliver free cash flow for both production growth and debt reduction. To provide greater certainty of free cash flow levels and the funding of 2021 planned capital expenditures, the Corporation has hedged approximately 57% of forecast midpoint 2021 production.

Capital market conditions for Canadian energy producers in 2020 were adversely affected by the economic impacts of the COVID-19 pandemic. Paramount's TSR (and that of its peers) for 2020, as well as the three and five year average TSR for each, are described below under "*Compensation Discussion and Analysis – Peer Group*".

2020 Compensation Determinations

Overall

The Compensation Committee approved compensation payable to the NEOs in 2020 consisting of a combination of base salary, CBRSUP awards and Option grants. The factors considered by the Compensation Committee in determining each specific component of compensation are described below.

As shown in the table under the heading "*Executive Compensation – Summary Compensation Table*", the total value of the compensation package paid to the CEO and other NEOs in 2020 was significantly less than that paid in 2019, representing a year-over-year reduction of approximately 55% in the case of the CEO and an average of 21% in the case of the other NEOs. As discussed further below, this year-over-year reduction in compensation was attributable to: (i) a 20% reduction in the salary of the CEO and a 10% reduction in the salaries of the other NEOs that was implemented effective April 1, 2020; (ii) a suspension of RRSP contributions made on behalf of the NEOs that was implemented effective April 1, 2020; and (iii) material decreases in the value of CBRSUP awards and Option grants made in 2020.

Base Salary

The objective of an NEO's base salary is to provide a fixed level of cash compensation for performing day-to-day responsibilities. It is designed to reward executives for providing the services within their job description in a competent, professional manner. Paramount strives to pay base salaries that are competitive with its peer group and the Canadian oil and gas industry generally as salary is believed to be an important factor in attracting and retaining high-caliber people capable of achieving the Corporation's business objectives.

The following base salaries were paid to the NEOs in 2020 and 2019:

Base Salaries in the Last Two Fiscal Years		
NEO	2020	2019
James Riddell	\$349,180	\$410,800
Paul Kinvig	\$257,418	\$248,600
Bernard Lee	\$302,290	\$326,800
Mitchell Shier	\$281,848	\$304,700
Blake Reid	\$282,125	\$293,450
Rodrigo Sousa	\$282,125	\$293,450

As discussed above, as part of Paramount's cost reduction initiatives in response to the impact of the COVID-19 pandemic, Paramount implemented a 20% reduction in the salary of the CEO and a 10% reduction in the salaries of each of the other NEOs effective April 1, 2020. These reductions remained in place for the remainder of 2020. The necessity of controlling costs in the face of the challenging conditions facing the Corporation overrode all other considerations with respect to base salary and the Compensation Committee did not give weight to other factors, such as peer comparables and individual performance, that might otherwise have warranted adjustments of base salaries of the NEOs compared to 2019.

The increase in Mr. Kinvig's base salary in 2020 compared to 2019 is attributable to his appointment as Chief Financial Officer on March 3, 2020 and a resulting increase in base salary commensurate with the increase in responsibility from his previous role as Vice President Finance, Capital Markets. Mr. Kinvig's salary as Chief Financial Officer was subject to the 10% reduction referenced above.

CBRSUP Awards

Awards under the CBRSUP are typically comprised of a cash bonus component and a RSU component, with the weighting targeted at 1/3 and 2/3, respectively. This weighting places twice as much emphasis on the share component of the award to focus NEOs on, and incentivize them to pursue, longer-term versus short-term corporate growth and performance. The RSUs typically vest 1/2 at the first anniversary of the award and the final 1/2 at the second anniversary of the award, provided the employee remains employed with the Corporation on the applicable vesting date. However, RSU grants to the CEO vest immediately. As the CEO is a major Shareholder, it is not necessary for there to be a delayed vesting feature in his RSU awards to ensure that his interests are aligned with Paramount's other Shareholders.

The objective of the CBRSUP is to reward officers and employees for meeting or exceeding individual, departmental or corporate goals, which are described further under "*Incentive Plans - Cash Bonus and Restricted Share Unit Plan (CBRSUP) – Goals and Targets for Awards*". RSU awards are intended to encourage Paramount's officers and employees to have an ongoing investment in the Common Shares and to further align them with the goal of creating long-term Shareholder value. As the value of the Common Shares increases or decreases, the value of the RSUs also increases or decreases, thereby aligning the interests of Paramount's officers and employees with those of its Shareholders. Paramount believes the delayed vesting of RSU awards that are made to officers and employees who are responsible for managing the Corporation's assets and operations helps ensure that they do not undertake actions that achieve short-term results at the expense of long-term value creation for Shareholders.

The following CBRSUP awards were made to the NEOs in 2020 and 2019:

CBRSUP Awards in the Last Two Fiscal Years				
NEO	2020		2019	
	Cash Bonus (\$)	RSUs⁽¹⁾	Cash Bonus (\$)	RSUs⁽¹⁾
James Riddell	nil	100,000 / \$248,300	Nil	100,000 / \$649,500
Paul Kinvig	nil	32,891 / \$81,668	34,133	8,365 / \$68,267
Bernard Lee	nil	32,891 / \$81,668	35,553	8,709 / \$71,074
Mitchell Shier	nil	32,891 / \$81,668	29,767	7,295 / \$59,534
Blake Reid	nil	32,864 / \$81,601	29,533	7,238 / \$59,069
Rodrigo Sousa	nil	35,576 / \$88,335	38,700	9,485 / \$77,407

Notes:

(1) Dollar amounts represent the grant date fair value of the RSUs calculated by multiplying the number of RSUs by the weighted average price of the Common Shares over the five trading days preceding the grant date.

CBRSUP awards to the NEOs are generally approved by Paramount's Compensation Committee in April each year following consultation with Paramount's other independent directors. In 2020, the scheduled April meeting of the Compensation Committee was postponed in light of the market conditions facing the Corporation at the time, ongoing workforce reductions and the fact that the making of CBRSUP awards at that time would be inconsistent with recently implemented cost reduction initiatives. A meeting of the Compensation Committee was ultimately convened in October after it was determined that market conditions had sufficiently improved and stabilized to permit the consideration of CBRSUP awards.

The quantum of the CBRSUP awards made to the NEOs in 2020 was set with reference to the financial and operating results of the Corporation in 2019 and the achievement of individual, departmental and corporate goals during that year, which included goals related to production, capital program costs and execution, operating costs, reserves additions and finding and development costs. In addition, the following achievements in the preceding year were considered:

- the continued positive results from the drilling and development programs at Karr and Wapiti; and
- the successful execution of the Corporation's acquisition and divestiture strategy, including the sale of the 6-18 natural gas processing facility at Karr for gross cash proceeds of \$331.6 million and the disposition of certain non-core natural gas weighted properties in the Central Alberta and Other Region for gross cash proceeds of \$52.4 million.

Consistent with prior years, the CBRSUP award made to the CEO was comprised entirely of RSUs, thereby completely aligning his interests with Shareholder interests. The Compensation Committee also determined that the 2020 CBRSUP awards made to the remaining NEOs and other employees of the Corporation should also be comprised entirely of RSUs and not include a cash component in order to reduce cash outlay, encourage performance and retention through the application of the vesting periods associated with the RSUs and further align the interests of the NEOs with the Shareholders.

Compared to 2019, the grant date value of the CBRSUP award made to the CEO in 2020, as set out in the table under the heading "*Executive Compensation – Summary Compensation Table*", decreased by 62% and the grant date fair value of the awards to each of the other NEOs in 2020 decreased by an average of 17%.

Option Plan

The intent of the Option Plan is to recognize the contributions of Paramount's officers and employees who are responsible for Paramount's management and growth by granting them Options to acquire Common Shares, serving to directly align their interests with those of Paramount's Shareholders. Option grants under the Option Plan are the primary long-term compensation awarded to Paramount's executives.

NEOs are eligible for grants of Options when they commence employment with Paramount and thereafter on an annual basis. Options generally vest in equal tranches each successive year over a five-year period and expire six months after their last vesting date. Paramount believes that five-year vesting schedules help ensure that Paramount's NEOs, as well as its other officers and eligible employees, all feel a responsibility to manage Paramount's assets and operations with a view to the long-term health and growth of the Corporation.

The following Option grants were made to the NEOs in 2020 and 2019:

Options Granted in the Last Two Fiscal Years		
NEO	2020⁽¹⁾	2019⁽²⁾
James Riddell	150,000 / \$216,000	308,233 / \$730,512
Paul Kinvig	75,000 / \$108,000	56,000 / \$132,720
Bernard Lee	75,000 / \$108,000	110,000 / \$260,700
Mitchell Shier	75,000 / \$108,000	90,640 / \$214,817
Blake Reid	75,000 / \$108,000	83,000 / \$196,710
Rodrigo Sousa	100,000 / \$144,000	90,000 / \$213,300

Notes:

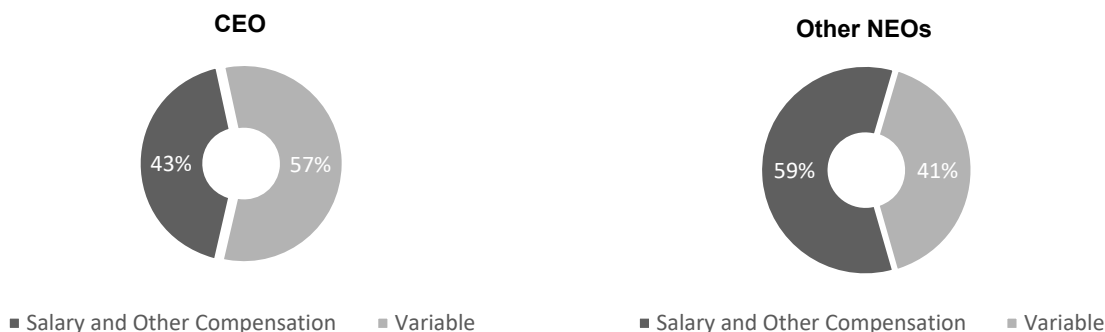
- (1) The weighted average price of the Common Shares over the five trading days preceding the grant date of December 2, 2020 was \$3.84. Dollar amounts represent the grant date fair value of the Options granted to each NEO, the calculation of which is described in the notes to the table under the heading "*Executive Compensation – Summary Compensation Table*".
- (2) The weighted average price of the Common Shares over the five trading days preceding the grant date of December 28, 2019 was \$7.50. Dollar amount represent the grant date fair value of the Options granted to each NEO, the calculation of which is described in the notes to the table under the heading "*Executive Compensation – Summary Compensation Table*".

Option grants are generally approved by Paramount's Compensation Committee in December of each year. In making Option grants to NEOs in 2020, the Compensation Committee considered individual contributions and responsibilities and the corporate performance described under "*2020 Corporate Performance and Market Conditions*". The grant date fair value of the Option grants and the resulting alignment of total compensation payable to the NEOs with the Corporation's selected peer group and the overall level of Option holdings necessary to incentivize long-term performance by each NEO were also considered.

Compared to 2019, the grant date fair value of the Options granted to the CEO in 2020, as described in the table under the heading "*Executive Compensation – Summary Compensation Table*", decreased by 70% and the grant date fair value of Options granted to each of the other NEOs in 2020 decreased by an average of 41%.

Compensation Mix

In determining compensation awards to be made to the Corporation's NEOs, consideration is given to all forms of compensation paid or payable so that an appropriate mix is attained between fixed compensation (consisting primarily of base salary) versus variable or at-risk pay (consisting of CBR SUP awards and Option grants), with the majority of such compensation intended to be variable or at-risk. The following graphs show the percentages of fixed compensation versus variable or at-risk compensation for the CEO in 2020 and the average percentages of fixed versus variable or at-risk compensation for the other NEOs in 2020. In 2019, the CEO's fixed compensation comprised 24% of his total compensation and the fixed compensation of the other NEOs comprised an average of 50% of their total compensation. The average variable or at-risk compensation of the NEOs other than the CEO did not exceed their fixed compensation in 2020 as the decrease in the value of CBR SUP awards and Option grants in 2020 significantly exceeded the decrease in salary and other fixed compensation.



Peer Group

Paramount competes for executive talent with a wide range of Canadian exploration and development companies, but in particular with other intermediate-sized entities. Each year Paramount's Compensation Committee conducts a review of Paramount's competitors to determine which companies it believes are most appropriate to benchmark the Corporation against for performance and compensation purposes. The 2020 peer group consisted of the following companies:

Advantage Oil & Gas Ltd.	ARC Resources Ltd.	Baytex Energy Corp.
Birchcliff Energy Ltd.	Crescent Point Energy Corp.	Enerplus Corporation
NuVista Energy Ltd.	Peyto Exploration and Development Corp.	Seven Generations Energy Ltd.
Whitecap Resources Inc.		

For 2020, the peer group was adjusted from the group utilized in 2019 to add Advantage Oil & Gas Ltd. and remove Tourmaline Oil Corp. In selecting the 2020 peer group, primary emphasis was given to companies with comparable production and asset levels as they generally represent direct competitors to Paramount with similar complexity in operational and financial profiles. Secondary emphasis was given to market capitalization and enterprise value given that these measures, while indicative of the relative public market positioning of the entities compared to Paramount, can fluctuate significantly at any given time as a result of volatility in share prices.

The below table shows Paramount's production, assets, market capitalization and enterprise value as at December 31, 2020 compared against its peer group by percentile rank. Market capitalization and enterprise value amounts shown in the table below are based on values reported by Standard & Poor's Capital IQ and calculated in accordance with its methodologies.

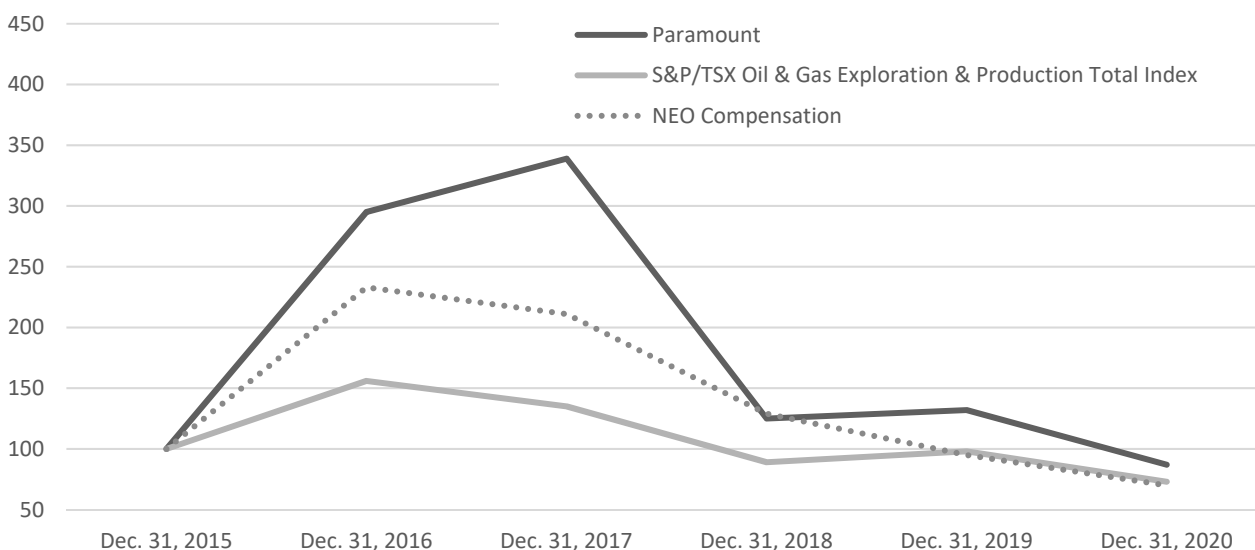
Paramount's Production, Assets, Market Capitalization and Enterprise Value vs. Peer Group				
	Production (Boe/d)	Assets (Millions \$)	Market Capitalization (Millions \$)	Enterprise Value (Millions \$)
Peer Group 25 th Percentile	64,107	2,002	371	1,250
Peer Group Median	77,989	3,395	684	1,941
Peer Group 75 th Percentile	131,623	5,139	2,018	3,437
Paramount	68,340	3,497	671	1,518
Percentile Rank December 2019	27th Percentile	59th Percentile	50th Percentile	41st Percentile

As part of its annual process of setting executive compensation, Paramount considers the compensation paid to the NEOs of its peer group as well as a range of other factors, including general trends affecting executive compensation in the Canadian oil and gas industry, the relative complexity of Paramount's business versus the peer group and the Corporation's growth prospects and performance as compared to its peers. The Corporation's 1, 3 and 5-year annual average returns compared to the peer group's average are set forth in the table below.

Paramount's Annual Average Return vs. Peer Group Average		
	Paramount	Peer Group
1-Year	-34%	-37%
3-Year	-36%	-31%
5-Year	-3%	-19%

Total Return Performance Graph

The following graph compares the cumulative TSR for Paramount on the TSX of \$100 invested in Common Shares on December 31, 2015 with the total returns over the same five-year period of the S&P/TSX Oil & Gas Exploration & Production Total Index. Returns in both cases reflect the reinvestment of dividends. The graph also shows the percentage change in the total reported compensation of the Corporation's NEOs during this same five-year period.



TOTAL RETURN	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
Paramount	100	295	339	125	132	87
S&P/TSX Oil & Gas E&P Total Return Index	100	156	135	89	98	73
NEO Compensation	100	233	211	129	95	70

The above graph and accompanying table demonstrate that NEO compensation has been generally aligned with Paramount's TSR during the past five years. On a yearly basis, increases and decreases in NEO compensation have tracked increases and decreases in Paramount's TSR, with the exception of 2017 and 2019 when compensation decreased and TSR increased. It should be noted that the NEOs for 2018 and 2020 included a total of six executive officers, as compared to five executive officers in each of the other financial years, resulting in an increase in the total NEO compensation over that which would have otherwise been reported for 2018 and 2020.

Reported vs. Realizable Compensation

The following table compares the aggregate total reported compensation (as used in the Total Return Performance Graph above) paid by the Corporation to its NEOs in each of the last three financial years to the realizable compensation of such officers over such period. Realizable compensation differs from reported compensation as the value of Options granted in the applicable year is calculated based on the “in-the-money” amount as at December 31, 2020, as opposed to grant date fair value calculated using a Black-Scholes model, and the value of RSUs is calculated based on the market price of the Common Shares as at December 31, 2020, as opposed to grant date fair value. The closing price of the Common Shares on December 31, 2020 of \$5.00 was used in calculating realizable value for Options and RSUs in each year in the table below. It should be noted that the NEOs for 2018 and 2020 included a total of six executive officers as compared to five executive officers in 2019.

Compensation Type	2020 ⁽¹⁾		2019 ⁽²⁾		2018 ⁽³⁾	
	Reported	Realizable	Reported	Realizable	Reported	Realizable
Options	\$ 792,000	\$ 638,000	\$ 1,616,039	\$ Nil	\$ 1,091,850	\$ Nil
RSU awards	663,242	1,335,565	916,585	663,635	2,678,991	864,525
Base Pay	1,754,986	1,754,986	1,629,200	1,629,200	1,921,390	1,921,390
Cash Bonuses	Nil	Nil	133,553	133,553	177,434	177,434
All Other Compensation	28,514	28,514	97,752	97,752	115,283	115,283
Total	\$ 3,238,741	\$ 3,757,064	\$ 4,393,129	\$ 2,524,140	\$ 5,984,947	\$ 3,078,632

Notes:

- (1) The reported compensation for the NEOs for 2020 is set out under the heading “Executive Compensation – Summary Compensation Table”.
- (2) The reported compensation for the named executive officers of the Corporation in 2019 is set out under the heading “Executive Compensation – Summary Compensation Table” in the Corporation’s management information circular dated March 20, 2020.
- (3) The reported compensation for the named executive officers of the Corporation in 2018 is set out under the heading “Executive Compensation – Summary Compensation Table” in the Corporation’s management information circular dated March 21, 2019.

Compensation Governance

Role of the Compensation Committee

The Compensation Committee determines the compensation of the NEOs. The Compensation Committee is composed entirely of independent directors. The written charter of the Compensation Committee, which is available on the Corporation’s website at www.paramountres.com, sets out its composition, procedure and organization as well as its primary duties and responsibilities, which include:

- recommending to the Board compensation policies and general human resources policies and guidelines concerning employee compensation and benefits;
- ensuring that the Corporation has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management;
- considering and, after reasonable consultation by the Chair of the Committee with all other independent directors of the Corporation, approving the annual salary, bonus and other benefits, direct and indirect, of the CEO and approving compensation for all other designated officers of the Corporation (in the latter case after considering the recommendations of the CEO), all in accordance with the Corporation’s compensation policies and general human resources policies and guidelines concerning employee compensation and benefits, and with such compensation to realistically reflect the responsibilities and risks of such positions;
- implementing and administering policies and guidelines relating to the following:
 - executive compensation, contracts, stock plans or other incentive plans; and
 - proposed personnel changes involving officers reporting to the CEO;
- reviewing, from time to time, the Corporation’s broad policies and programs in relation to benefits;

- annually receiving from the CEO recommendations concerning annual compensation policies and budgets for all employees;
- reviewing, from time to time, with the CEO the Corporation's broad policies on compensation for all employees and overall labour relations strategy for employees; and
- reporting regularly to the Board on all of the Committee's activities and findings.

Members of the Compensation Committee

The members of the Compensation Committee as at the date of this Information Circular were Mr. James Bell (Chair), Mr. Robert M. MacDonald and Mr. Wilfred Gobert. Messrs. Bell, MacDonald and Gobert are all independent directors. A brief biography for each member of the Compensation Committee, setting out their relevant skills and experience, is provided below. When making decisions with respect to compensation, the Committee has the benefit of peer information obtained from public and third-party sources as well as information from Paramount's Human Resources department. Given their wealth of experience and the resources available to them, the members of the Compensation Committee are well positioned to make decisions with respect to Paramount's compensation policies and practices.

James Bell (Chair)

Mr. Bell is currently Co-President of Dominion Lending Centres Inc., a public mortgage brokerage company listed on the TSXV, and served in various positions, including President and Chief Executive Officer, with its predecessor company Founders Advantage Capital Corp. since 2016. From 2010 to 2016, Mr. Bell was General Counsel for Olympia Financial Group Inc. (a TSX listed company) and its wholly-owned subsidiary Olympia Trust Company (a non-deposit taking trust company). Prior thereto, Mr. Bell practiced securities and corporate commercial law as a partner at an international law firm until December 31, 2009. Mr. Bell has been involved in the negotiation and preparation of various executive compensation packages for both his current and former employers and has worked closely with the compensation committee at both entities as well. Further, Mr. Bell has experience with compensation principles and assessing risk factors relating to executive compensation. Further, in his role as a private practitioner, Mr. Bell advised numerous clients with respect to executive compensation matters.

Robert M. MacDonald

Mr. MacDonald is an oil and gas banking professional with 17 years of experience as a corporate director and 27 years of experience as a senior officer of several Canadian chartered banks, including 18 years in Alberta and 9 years in the United States. He has expertise in oil and gas banking/financing, having handled and provided advisory services on strategic alternatives for senior and bridge debt structuring, project financing, mezzanine debt structuring, portfolio management, financial analysis and loan re-structuring. Mr. MacDonald has acquired significant experience in human resource policies, compensation and benefits having served in senior banking roles and on the compensation committee of the board of directors of another publicly traded issuer. From 1998 to 2003, he was a Director, Oil & Gas, Commercial Banking, with CIBC World Markets Inc. From 1993 to 1998, Mr. MacDonald was Vice President, Oil & Gas Group with CIBC. Mr. MacDonald graduated from the University of Saskatchewan (Regina Campus) with a Bachelor of Business Administration degree (major in Economics and Finance and minor in Accounting). He is a Fellow of the Institute of Canadian Bankers and has completed the academic requirements for the Director Education Program of the Institute of Corporate Directors.

Wilfred Gobert

Mr. Gobert has been involved in the oil and gas industry in Calgary since 1976, working with Peters & Co. Limited since 1979. When he retired from Peters & Co. Limited in 2006, Mr. Gobert was its Vice Chairman and through this role had significant involvement in compensation programs and practices for staff and executives. In addition to his B.Sc. (Honours) in Mathematics, Mr. Gobert received his Masters' in Business Administration (MBA) with a major in Finance, and holds a CFA designation. He is also a member of the compensation committee of Canadian Natural Resources Limited (a major Canadian oil and gas producer listed on both the TSX and the NYSE).

Risk Oversight in Relation to Compensation Policies and Practices

The Compensation Committee has discussed and assessed the risks related to Paramount's compensation policies and practices and is of the view that, when considered in their totality, Paramount's compensation policies and practices do not incentivize excessive risk taking.

Base Salary

Paramount's Compensation Committee believes that Paramount's salary program does not encourage inappropriate or excessive risk taking for the following reasons:

- Base salaries provide a steady income regardless of share price performance. This allows executives and employees to focus on both Paramount's near-term business plans and long-term goals and objectives without undue reliance on share price performance or short-term market fluctuations.
- Base salaries are competitive to attract high performing employees but are not excessive.
- Increases to base salaries are generally moderate.
- Severance is based on common law principles, except in the case of one NEO as set out under "*Executive Compensation - Termination and Change of Control Benefits*", and there are no arrangements in place that would provide for a payment on change of control. Accordingly, management is focused on long-term value creation versus short-term growth with a view to a corporate sale that would trigger payout arrangements.

CBRSUP Awards

The Compensation Committee believes that the CBRSUP awards do not encourage inappropriate or excessive risk taking for the following reasons:

- Paramount's CBRSUP awards are variable at-risk components of compensation. The RSU component, which is typically 2/3 of the value of awards, encourages an ownership mentality among all recipients.
- The RSUs' delayed vesting provisions (two tranches over two years) encourage a focus on longer-term value creation. These delayed vesting provisions apply to all employees eligible to receive a CBRSUP award other than the CEO, whose significant equity interest in Paramount achieves the same result.

Option Grants

Paramount's Compensation Committee believes that the Option Plan does not encourage inappropriate or excessive risk taking for the following reasons:

- The quantum of any Option grant is tied to past performance as well as the perceived future value of the recipient to Paramount. Grants of Options generally vest over five years, with the first tranche vesting only after the first year. This motivates the achievement of long-term objectives and aligns recipients' interests with Shareholders.
- Paramount generally does not award off-cycle grants of Options, except in the case of new employees.
- There is no automatic vesting upon a change of control and, with limited exceptions, upon resignation or termination all unvested options terminate.

Anti-Hedging Policy

The Corporation has a policy prohibiting its directors and officers from purchasing financial instruments including put and call options, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation to them or held or controlled, directly or indirectly, by them.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides a summary of compensation earned by Paramount's NEOs in the three most recently completed financial years.

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation ⁽³⁾ (\$)	All other compensation ⁽⁴⁾ (\$)	Total compensation (\$)
James Riddell ⁽⁵⁾ President and CEO and Chairman	2020	349,180	248,300	216,000	Nil	6,162	819,642
	2019	410,800	649,500	730,512	Nil	24,648	1,815,460
	2018	410,800	1,549,400	502,000	Nil	24,648	2,486,848
Paul Kinvig Chief Financial Officer	2020	257,418	81,668	108,000	Nil	3,729	450,815
	2019	248,600	68,267	132,720	34,133	14,916	498,636
	2018	244,343	68,003	100,400	34,000	14,661	461,407
Bernard Lee Executive Vice President, Finance	2020	302,290	81,668	108,000	Nil	4,902	496,860
	2019	326,800	71,074	260,700	35,553	19,608	713,735
	2018	326,800	96,342	188,250	48,167	19,608	679,167
Mitchell Shier General Counsel and Vice- President, Land	2020	281,848	81,668	108,000	Nil	4,571	476,086
	2019	304,700	59,534	214,817	29,767	18,282	627,100
	2018	300,200	96,342	150,600	48,167	18,012	613,321
Blake Reid Executive Vice President, Operations	2020	282,125	81,601	108,000	Nil	4,575	476,301
	2019	293,450	59,069	196,710	29,533	17,607	596,369
	2018	275,000	68,003	163,150	34,000	16,500	556,653
Rodrigo Sousa Executive Vice President, Corporate Development and Planning	2020	282,125	88,335	144,000	Nil	4,575	519,035
	2019	293,450	77,407	213,300	38,700	17,607	640,464
	2018	275,000	90,671	150,600	45,333	16,500	578,104

Notes:

- (1) Amounts represent the grant date fair value of the RSU component of CBRSUP awards, calculated by multiplying the number of RSUs comprised in each CBRSU award by the weighted average price of the Common Shares over the five trading days preceding the grant date. For the CEO, the entire grant of RSUs vested on the grant date. For the remaining NEOs, one-half of the RSUs generally vest on the first anniversary of the grant date and the final one-half generally vest on the second anniversary of the grant date. See "Incentive Plans – Cash Bonus and Restricted Share Unit Plan (CBRSUP)".
- (2) Amounts represent the grant date fair value of Options granted, calculated using a Black-Scholes model. This methodology is consistent with the method used to estimate the fair value of Options in Paramount's financial statements. For the 2020 grants, the inputs were: expected life 3.9 years, volatility 50% and interest rate 0.4%. For the 2019 grants, the inputs were: expected life 3.5 years, volatility 43% and interest rate 1.6%. For the 2018 grants, the inputs were: expected life 4.0 years, volatility 42% and interest rate 2.1%. See "Incentive Plans – Option Plan".
- (3) Amounts represent the cash component of CBRSU awards. See "Incentive Plans – Cash Bonus and Restricted Share Unit Plan (CBRSUP)".
- (4) Amounts represent contributions made by the Corporation in respect of RRSPs of the NEOs. Paramount does not have any defined benefit or defined contribution pension plan for its employees, including the NEOs. No amounts are reflected for perquisites, such as parking. No NEO received perquisites not generally available to all employees of the Corporation in any financial year with an aggregate value in excess of 10% of the salary of the NEO.
- (5) The CEO did not receive compensation in his capacity as a director of Paramount.

Outstanding Options and RSUs

The following table summarizes the outstanding Options and RSUs held by the NEOs as at December 31, 2020.

Name	Options				RSUs		
	Number of securities underlying unexercised Options (#)	Option Exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of unvested RSUs (#)	Market or payout value of unvested RSUs ⁽¹⁾ (\$)	Market or payout value of vested RSUs not paid out or distributed (\$)
James Riddell	150,000	3.84	April 30, 2026	174,000	nil	nil	nil
	308,233	7.50	April 30, 2025	nil			
	200,000	7.28	April 30, 2024	nil			
Paul Kinvig	75,000	3.84	April 30, 2026	87,000	37,073	185,365	nil
	56,000	7.50	April 30, 2025	nil			
	40,000	7.28	April 30, 2024	nil			
Bernard Lee	75,000	3.84	April 30, 2026	87,000	37,245	186,225	nil
	110,000	7.50	April 30, 2025	nil			
	75,000	7.28	April 30, 2024	nil			
Mitchell Shier	75,000	3.84	April 30, 2026	87,000	36,538	182,690	nil
	90,640	7.50	April 30, 2025	nil			
	60,000	7.28	April 30, 2024	nil			
Blake Reid	75,000	3.84	April 30, 2026	87,000	36,483	182,415	nil
	83,000	7.50	April 30, 2025	nil			
	65,000	7.28	April 30, 2024	nil			
Rodrigo Sousa	100,000	3.84	April 30, 2026	116,000	40,318	201,590	nil
	90,000	7.50	April 30, 2025	nil			
	60,000	7.28	April 30, 2024	nil			

Note:

(1) The amounts set out in the "Value of unexercised in-the-money options" and "Market or payout value of unvested RSUs" columns are in respect of all vested and unvested Options, and all unvested RSUs, respectively, held by the NEOs as at December 31, 2020. These amounts were calculated using the \$5.00 closing trading price of the Common Shares on December 31, 2020. For the CEO, grants of RSUs vest on the grant date and he does not hold any unvested RSUs.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of Options and RSUs held by NEOs that vested during 2020. No cash bonuses were paid in 2020.

Name	Options – Value vested during the year (\$) ⁽¹⁾	RSUs – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
James Riddell	nil	248,300	nil
Paul Kinvig	nil	7,525	nil
Bernard Lee	nil	8,808	nil
Mitchell Shier	nil	7,973	nil
Blake Reid	nil	6,859	nil
Rodrigo Sousa	nil	9,049	nil

Notes:

- (1) The value of Options vested is the number of Common Shares underlying that portion of the Option that vested during the year multiplied by the positive difference, if any, between \$3.47, the last closing price of the Common Shares prior on the vesting date of October 19, 2020, and the exercise price.
- (2) Amounts shown for NEOs other than the CEO are based on the number of RSUs vested multiplied by \$1.18, the closing price of the Common Shares on the vesting date of April 15, 2020. For the CEO, the entire grant of RSUs made in 2020 vested on the grant date and the amount shown is based the grant date fair value of the RSUs calculated by multiplying the number of RSUs by the weighted average price of the Common Shares over the five trading days preceding the grant date.

Termination and Change of Control Benefits

No NEO, other than Mr. Shier, has an agreement with the Corporation providing for a payment upon termination, retirement, resignation or a change of control. Mr. Shier has an employment agreement with the Corporation that specifies that, if his employment is terminated without cause, he is entitled to receive a severance amount equal to two times his annual salary plus all outstanding vacation pay to the date of termination. In addition, upon a termination without cause: (i) Mr. Shier's unvested Options which are scheduled to vest during the 24 months following the date of termination immediately vest and become exercisable; and (ii) his unvested RSUs also vest. Mr. Shier otherwise has the same rights and entitlements as the other NEOs. Mr. Shier's employment agreement does not provide for any payment upon a change of control, retirement or resignation. The table below sets out the estimated amounts that Mr. Shier would have been entitled to if he had been terminated without cause on December 31, 2020.

	Severance ⁽¹⁾	Option Benefit ⁽²⁾	RSU Benefit ⁽³⁾	Total
Mitchell Shier	\$572,836	\$34,800	\$182,690	\$790,326

Notes:

- (1) Severance is calculated using annual cash compensation for 2020.
- (2) Option benefit is the "in-the-money" amount of all unvested options held as at December 31, 2020 scheduled to vest in the 24 months following that date, calculated using the \$5.00 closing trading price of the Common Shares on December 31, 2020.
- (3) RSU benefit is the value of all unvested RSUs held as at December 31, 2020 calculated using the \$5.00 closing trading price of the Common Shares on December 31, 2020. No taxes have been deducted from the total.

As discussed below under "*Incentive Plans*", Paramount's CBR SUP and Option Plan provide that the vesting of all unvested RSUs and Options may be accelerated in certain circumstances at the discretion of the Board, including upon a change of control. See "*Executive Compensation - Outstanding Options and RSUs*" for a summary of the value of Options and RSUs held by each NEO as at December 31, 2020, which value would have been fully realizable by each NEO at such date if the vesting of all Options and RSUs in connection with a change of control had occurred on such date.

DIRECTOR COMPENSATION

Director Compensation Table

The following table provides a summary of compensation earned by the non-management directors of Paramount in each of the last three financial years.

Name	Year	Fees earned (\$)	Share-based Awards ⁽¹⁾ (\$)	Option-based Awards ⁽²⁾ (\$)	Total Compensation (\$)
James Bell	2020	42,500	33,930	21,600	98,030
	2019	50,000	nil	30,000	80,000
	2018	50,000	nil	37,650	87,650
John Gorman ⁽³⁾	2020	42,500	33,930	21,600	98,030
	2019	53,750	nil	30,000	83,750
	2018	65,000	nil	37,650	102,650
Dirk Jungé	2020	42,500	33,930	21,600	98,030
	2019	50,000	nil	30,000	80,000
	2018	50,000	nil	37,650	87,650
Susan Riddell Rose	2020	34,000	33,930	21,600	89,530
	2019	40,000	nil	30,000	70,000
	2018	40,000	nil	37,650	77,650
John Roy ⁽⁴⁾	2020	16,566	nil	nil	16,566
	2019	50,000	nil	30,000	80,000
	2018	50,000	nil	37,650	87,650
Wilfred Gobert	2020	34,000	33,930	21,600	89,530
	2019	40,000	nil	30,000	70,000
	2018	40,000	nil	37,650	77,650
Robert MacDonald	2020	39,187	33,930	21,600	94,717
	2019	40,000	nil	30,000	70,000
	2018	40,000	nil	37,650	77,650
R. Keith MacLeod	2020	55,250	33,930	21,600	110,780
	2019	61,250	nil	30,000	91,250
	2018	50,000	nil	37,650	87,650

Notes:

- (1) Amounts represent the grant date fair value of the RSU awards, calculated by multiplying the number of RSUs by the weighted average price of the Common Shares over the five trading days preceding the grant date. One-half of the RSUs generally vest on the first anniversary of the grant date and the final one-half generally vest on the second anniversary of the grant date. See "Incentive Plans – Cash Bonus and Restricted Share Unit Plan (CBRSUP)".
- (2) Amounts represent the grant date fair value of Options granted calculated using a Black-Scholes model. This methodology is consistent with the method used to estimate the fair value of options in Paramount's financial statements. For the 2020 grants, the inputs were: expected life 3.9 years, volatility 50% and interest rate 0.4%. For the 2019 grants, the inputs were: expected life 4.0 years, volatility 42% and interest rate 1.6%. For the 2018 grants, the inputs were: expected life 4.0 years, volatility 42% and interest rate 2.1%. See "Incentive Plans – Option Plan".
- (3) Mr. Gorman is currently a director but is not standing for re-election at the Meeting.
- (4) Mr. Roy retired as a director on May 7, 2020.

Narrative Discussion of Director Compensation

Fees Earned

Fees are reviewed and set by the Corporate Governance Committee, after consultation with all independent directors. Since January 1, 2018, fees for each non-management director have consisted of: (i) a \$40,000 annual honorarium, (ii) an additional \$10,000 annual honorarium for chairing a committee of the Board, and (iii) an additional \$15,000 honorarium for acting as Lead Director. No fees are payable for attending meetings or signing written resolutions. A 20% reduction in the fees payable to the non-management directors was implemented effective April 1, 2020 in light of the challenging economic conditions resulting from the COVID-19 pandemic.

Share-based Awards

In November 2020, the Board, on the recommendation of the Corporate Governance Committee, approved an award of 15,000 RSUs under the CBRSUP to each non-management director. The RSUs vest as to one-half on each of April 15, 2021 and April 15, 2022. Although the Corporation has not previously awarded RSUs to non-management directors, the award was deemed appropriate after a review of the total compensation paid to the directors of the Corporation's peer group companies and in light of additional unscheduled Board meetings that had been convened in 2020 as the Corporation responded to the impact of the COVID-19 pandemic.

Option-based Awards

Option grants to the non-management directors are considered annually by the Compensation Committee in December of each year. Option grants are intended to align the interests of the non-management directors with those of the Shareholders by providing a long-term incentive that tracks share price performance. 15,000 Options have been granted to each of the non-management directors in each of the last three financial years.

Pension Plans

The Corporation does not have any defined benefit or defined contribution pension plan for any director, officer or employee.

Outstanding Options and RSUs Held by Directors

The following table summarizes the outstanding Options and RSUs held by non-management directors as at December 31, 2020.

Name	Options				RSUs		
	Number of securities underlying unexercised Options (#)	Option Exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of unvested RSUs (#)	Market or payout value of unvested RSUs ⁽¹⁾ (\$)	Market or payout value of vested RSUs not paid out or distributed (\$)
James Bell	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	15,000	18.23	April 30, 2022	nil			
John Gorman	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	15,000	18.23	April 30, 2022	nil			
Dirk Jungé	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	12,000	18.23	April 30, 2022	nil			
Susan Riddell Rose	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	15,000	18.23	April 30, 2022	nil			
Wifred Gobert	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	4,000	25.50	May 2, 2022	nil			
Robert MacDonald	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	4,000	25.50	May 2, 2022	nil			
R. Keith MacLeod	15,000	3.84	April 30, 2026	17,400	15,000	75,000	nil
	15,000	5.93	April 30, 2025	nil			
	15,000	7.28	April 30, 2024	nil			
	15,000	19.94	April 30, 2023	nil			
	4,000	25.50	May 2, 2022	nil			

Note:

- (1) The amounts set out in the "Value of unexercised in-the-money options" and "Market or payout value of unvested RSUs" columns are in respect of all vested and unvested Options, and all unvested RSUs, respectively, held by the directors as at December 31, 2020. These amounts were calculated using the \$5.00 closing trading price of the Common Shares on December 31, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of Options and RSUs held by non-management directors that vested during 2020. No cash bonuses were paid in 2020.

Name	Options – Value vested during the year (\$) ⁽¹⁾	RSUs – Value vested during the year (\$) ⁽²⁾
James Bell	nil	nil
John Gorman	nil	nil
Dirk Jungé	nil	nil
Susan Riddell Rose	nil	nil
John Roy	nil	nil
Wilfred Gobert	nil	nil
Robert MacDonald	nil	nil
R. Keith MacLeod	nil	nil

Notes:

- (1) The value of Options vested is the number of Common Shares underlying that portion of the Option that vested during the year multiplied by the positive difference, if any, between \$3.47, the last closing price of the Common Shares prior on the vesting date of October 19, 2020, and the exercise price.
- (2) The non-management directors did not hold any RSUs that vested during 2020.

Share Ownership and Hold Period Requirements

Paramount's directors must acquire Common Shares having a value equal to at least three times their annual base retainer and continue to hold such Common Shares throughout their tenure. Once a director acquires the requisite number of Common Shares, the number of Common Shares required to be held is not subject to readjustment by reason of changes to the market price of the Common Shares.

Each of Paramount's directors has acquired the requisite number of shares under this policy. See "Nominees for Election to the Board of Directors" for the Common Shares held by each nominee director.

INCENTIVE PLANS

Cash Bonus and Restricted Share Unit Plan (CBRSUP)

Purposes, Eligible Participants and Awards

The purposes of the CBRSUP are to: (i) attract and retain qualified officers and employees, (ii) encourage the acquisition of Common Shares by officers and employees, thereby aligning their interests with the interests of the Shareholders and (iii) focus officers and employees on meeting and exceeding corporate, departmental and individual goals, achieving high standards of operating performance and creating long-term Shareholder value.

Under Paramount's CBRSUP, awards may only be granted to officers and full-time employees (unless and to the extent the Board or the Compensation Committee in its sole discretion determines otherwise). CBRSUP awards are generally granted annually at the discretion of the Compensation Committee and are subject to corporate, departmental and individual goals being met or exceeded. Typically, awards will be calculated following the completion of the previous fiscal year and granted to eligible employees in April.

Each CBRSUP award generally consists of a combination of cash and a grant of RSUs. Subject to the discretion of the Compensation Committee: (i) the value of each CBRSUP award is paid 1/3 in cash and 2/3 in RSUs; (ii) RSUs vest as to 1/2 on each anniversary of the date of grant, except in the case of RSUs granted to the President and Chief Executive Officer, which vest immediately, and (iii) upon vesting, each RSU is exchanged for one Common Share or, at the discretion of the Compensation Committee, a cash payment equivalent to the five day volume weighted average trading price of the Common Shares prior to the vesting date.

Common Shares issued pursuant to RSUs awarded under the CBRSUP are acquired through the facilities of the TSX by a third-party custodian. Neither management nor the Board (either directly or through the Compensation Committee) have any direct or indirect control over the time, price, amount or manner of such purchases of Common Shares.

Goals and Targets for Awards

The potential corporate, departmental and individual goals on which the CBRSUP awards for each recipient are based are summarized below. The weighting of these goals will be different for each eligible employee. In the case of NEOs, and in particular the President and CEO, relatively more weighting is placed on corporate goals.

Corporate Goals: Corporate goals are established by the President and CEO at the end of each year for the ensuing year. Corporate goals would typically include targets in respect of the Corporation's: (i) production; (ii) reserves additions; (iii) inventory additions; (iv) operating costs, finding and development costs and general and administrative expenses; (v) capital program costs and execution; and (vi) safety. The corporate goals component also considers Paramount's financial, operating and share performance results versus its peers in the applicable year.

Departmental Goals: Departmental goals are established by the applicable department leader and approved by one of Paramount's executive officers having oversight over such department. Goals for each department are unique to each department, but typically include such things as: (i) improvement in lost time incidents; (ii) process improvements; and (iii) better efficiency.

Individual Goals: Individual goals as established during the annual performance review process and the employee's job performance for the preceding year. This component also reflects any significant tangible benefits that the employee brought to his or her department and/or the Corporation in the year over and above those identified as part of his or her individual goals for the year. The employee's individual goals are established by the employee's supervisor and approved by the applicable department leader.

Each employee has a target CBRSUP award based on his or her role and position within the Corporation.

Termination of Rights

If employment with Paramount ceases for any reason, other than retirement (after age 65 and a minimum of five years of service), long-term disability or death, all outstanding unvested RSUs held by the employee terminate, unless the Compensation Committee determines otherwise. In the event of death, all outstanding unvested RSUs vest immediately. Unvested RSUs held by retiring employees or employees on long-term disability continue to vest in accordance with their existing original vesting schedule.

Change of Control or Sale

The definition of a change of control under the CBRSUP is substantially the same as that under the Option Plan (see below). In the event of a change of control or a sale by the Corporation of all or substantially all of its assets, the Compensation Committee may determine, in its sole discretion, to accelerate the vesting of unvested RSUs.

Adjustments

In the event of any: (i) change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) rights granted to Shareholders to purchase Common Shares at prices substantially below fair market value; (iii) recapitalization, merger, consolidation or other transaction that is not a Change of Control, and as a result the Common Shares are converted into or exchangeable for any other securities or Shareholders are entitled to receive new or additional securities of the Corporation and/or securities of another corporation, trust, partnership or other entity and/or other property; or (iv) dividends or distributions, the Compensation Committee may make such adjustments to the CBRSUP and to any awards outstanding as they in their sole discretion consider appropriate.

Administration

The CBRSUP is administered by the Compensation Committee on behalf of the Board. The Compensation Committee has the full right and authority to administer the CBRSUP and to exercise all the powers and authorities either specifically granted to it under the plan or that the Committee otherwise deems necessary or advisable to properly administer the plan (provided they are not inconsistent with any of the express provisions of the plan).

Amendments

The Compensation Committee may revise or amend the terms of the CBRSUP and/or any RSUs from time to time, should business circumstances warrant. The Board and the Compensation Committee also have the discretion to terminate the CBRSUP and/or any RSUs at any time. If the CBRSUP is terminated, the provisions of the CBRSUP in force at that time will continue in effect as long as any awards of RSUs remain outstanding. Any amendment to the CBRSUP and/or any RSUs takes effect only with respect to awards granted after the date of such amendment, provided that the amendment may apply to any outstanding awards with the mutual consent of Paramount and the holders of such RSUs.

Option Plan

Purpose, Eligible Participants, Plan Limits and Administration

The purpose of the Option Plan is to recognize those persons who are responsible for the management and growth of the Corporation and advance the interests of the Corporation by encouraging and enabling the acquisition of Common Shares by participants.

The Option Plan enables the Board to grant to key employees, officers and non-employee directors Options to acquire Common Shares.

Under the Option Plan, the aggregate number of Common Shares issuable pursuant to outstanding Options together with the aggregate number of Common Shares issuable under any other security-based compensation arrangement of the Corporation (as defined in the TSX Company Manual), shall not exceed 10% of the issued and outstanding Common Shares from time to time. In addition, the number of Common Shares (i) issued to the Corporation's insiders (as defined in the TSX Company Manual) in any one year period or (ii) issuable to insiders, at any time, under the Option Plan together with any other security-based compensation arrangement cannot, in either case, exceed 10% of the issued and outstanding Common Shares from time to time. The Option Plan is the only compensation plan under which equity securities of Paramount have been authorized for issuance from treasury and the only security-based compensation arrangement of the Corporation as defined in the TSX Company Manual.

The Board is responsible for administering the Option Plan and may delegate its administrative authority to the Compensation Committee. References to the Board in this description of the Option Plan include the Compensation Committee acting on behalf of the Board.

Exercise Price and Terms

The exercise price of an Option cannot be less than the volume weighted average trading price of the Common Shares on the TSX for the five completed trading days immediately prior to the date of grant.

Optionholders may either: (i) exercise vested Options for Common Shares or (ii) at the discretion of the Board, surrender vested Options for a cash payment in an amount equal to the positive difference, if any, between the volume weighted average trading price of the Common Shares on the TSX for the five completed trading days preceding the date of surrender and the exercise price of the Option. In order for Paramount to comply with applicable income tax and related withholding obligations with respect to stock option exercises, optionholders are required, when exercising Options, to provide Paramount with the necessary funds to satisfy such obligations and Paramount has the irrevocable right to set off any amounts required to be withheld against amounts otherwise owed to optionholders or to make such other arrangements as are satisfactory to Paramount.

No Financial Assistance and Assignment

No financial assistance is provided by Paramount to optionholders to facilitate the exercise of Options. Options may be exercised only by the optionholder and are not assignable, except on death in which case the personal representative of the optionholder may exercise such vested Options to the extent the holder was entitled at the date of death.

Term and Vesting

The Option Plan provides that Option grants may be made for a term not exceeding ten years from the date of the grant and on such vesting terms as may be approved by the Board.

Options granted under the Option Plan generally have a 5-year vesting schedule, with one 1/5th of the Options vesting annually. All currently outstanding Options have expiry dates that are six months after their final vesting date and all expire no later than April 30, 2026.

For Options that would expire on, or within nine business days immediately following, a date upon which a holder is prohibited from exercising an Option due to a black-out period or other trading restriction imposed by the Corporation, the expiry date of such Options is automatically extended to the 10th business day following the date the black-out period or other trading restriction is removed.

Termination of Rights

Unless otherwise determined by the Board: (i) in the event an optionholder ceases to be employed with, or ceases to be a director of, Paramount for any reason, other than death, the optionholder shall have sixty days from the date of notice of such termination, or such shorter or longer period (not to exceed three years) as may be otherwise determined by the Board and specified in an Option agreement, to exercise his or her vested Options, with any unvested Options as of such date being terminated; and (ii) in the event of the death of an optionholder, his or her vested Options may be exercised or surrendered for cash by his or her personal representative at any time up to and including one year after death, unless specified otherwise in the optionholder's Option agreement, with any unvested Options terminating at the date of death.

Adjustments

Options may be adjusted in the sole discretion of the Board as a result of a reorganization, merger or dissolution of Paramount or a sale of all or substantially all of Paramount's assets or in the event of a subdivision or consolidation of the Common Shares.

Change of Control, Sale or Takeover Bid

A change of control is defined in the Option Plan as: (i) Paramount entering into an agreement resulting in a person or persons acquiring more than 50% of Paramount's then outstanding Common Shares; (ii) the passing of a resolution by the Board or Shareholders to substantially liquidate or wind up the business or significantly rearrange Paramount's affairs; or (iii) a change to the majority of the Board at a meeting in which the election of directors is contested. If a change of control occurs or there is a sale by the Corporation of all or substantially all of its assets, optionholders may be authorized, at the sole discretion of the Board, to exercise or surrender, in full or in part, any unexercised Options (including all unvested Options) during the term of the Options or within 60 days after the date of their termination of employment with Paramount. In the event of a formal take-over bid being made for the Common Shares, the Board, in their sole discretion, may accelerate the vesting of any outstanding Options so that all unvested Options vest and become exercisable.

Amendments to the Option Plan and/or Options Thereunder; Suspension or Termination of the Option Plan

The following changes to the Option Plan and/or Options granted thereunder may be made by the Board without the approval of Shareholders: (a) to the provisions of the Option Plan respecting the persons eligible to receive Options; (b) to the terms or conditions of vesting applicable to any Option; (c) to accelerate the expiry date or change the termination provisions of an Option; (d) to the adjustment provisions of the Option Plan; (e) to the Option Plan or any Options as necessary to comply with, satisfy or address applicable laws or regulatory requirements; (f) of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Option Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Option Plan or correct any grammatical or typographical errors; (g) to the mechanics of exercise of the Options; (h) respecting the administration of the Option Plan; and (h) any other amendment to the Option Plan or any Options that does not require shareholder approval under the rules, regulations and policies of the TSX.

The following changes to the Option Plan and/or Options granted thereunder may not be made without the approval of the Shareholders: (a) to increase the percentage of Common Shares issuable under the Option Plan; (b) to increase or remove the insider participation limits set out in the Option Plan; (c) add any financial assistance provision to, or change the assignment and transferability provisions of, the Option Plan; (d) to extend the expiry date of any Option(s); (e) to reduce the exercise price of any Option(s) or otherwise effectively re-price any Option(s); (f) to the amendment

provisions of the Option Plan; and (g) that otherwise require shareholder approval under the rules, regulations and policies of the TSX.

The Option Plan may also be discontinued, suspended or terminated by the Board at any time, subject to any required TSX approvals; provided, however, that no such actions or amendments may adversely alter or impair any Option previously granted without the consent of the holder thereof unless it is required by applicable laws or regulations.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The Corporation has a policy prohibiting it from making loans to its directors and officers and no such indebtedness is outstanding.

CORPORATE GOVERNANCE

Role of the Corporate Governance Committee

The Corporate Governance Committee is presently comprised of Robert MacDonald (Chair), John Gorman, James Bell, Wilfred Gobert, Dirk Jungé, and Keith MacLeod (Lead Director). All members of the Corporate Governance Committee are independent directors. Mr. Gorman is not standing for re-election at the Meeting. The Corporate Governance Committee's mandate is to develop and monitor Paramount's overall approach to corporate governance, and subject to the approval of the Board, to implement and administer a system of corporate governance which reflects high standards of corporate governance practices. The Corporate Governance Committee advises the Board and its committees of any corporate governance issues requiring their consideration. These include matters relating to risk management and information security. The Corporate Governance Committee conducts a periodic review of the principal risks associated with the Corporation's business and reports its findings to the Board. The Corporation has implemented information security training and testing programs and, in each of the last three financial years, the Corporate Governance Committee has received a report from management respecting information security. In addition, the Corporate Governance Committee is responsible for the nomination of new candidates for directors as well as director orientation and continuing education.

Statement of Corporate Governance Practices

Board of Directors

Disclose the identity of directors who are independent.

James Bell, Wilfred Gobert, John Gorman, Dirk Jungé, Robert MacDonald and Keith MacLeod are independent as that term is defined in section 1.4 and 1.5 of *National Instrument 52-110 - Audit Committees*.

Disclose the identity of directors who are not independent and describe the basis for that determination.

James Riddell and Susan Riddell Rose are the members of Paramount's current Board who are not independent. James Riddell is not independent because he is the President and CEO of the Corporation. Susan Riddell Rose has a familial relationship with the President and CEO of the Corporation.

Disclose whether or not a majority of directors is independent. If a majority of directors is not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.

A majority of the directors (6 of 8) are independent.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

Outside directorships of reporting issuers (or the equivalent) are disclosed under the section "*Nominees for Election to the Board of Directors*".

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.

The Corporate Governance Committee is comprised of all of the independent directors. The Corporate Governance Committee meets at least semi-annually. The Corporate Governance Committee also meets on an ad hoc basis where

circumstances warrant. Non-independent directors and members of management are not in attendance at these meetings. The Corporate Governance Committee met twice in 2020.

The Board has a policy requiring that an in-camera meeting of independent directors be held in connection with all Board and committee meetings.

Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.

James Riddell is the Chairman of Board and is not an independent director as he is the Corporation's President and CEO. As the Chairman is not an independent director, the Board has appointed Keith MacLeod, an independent director, as Lead Director. The Lead Director is responsible for: (a) facilitating the functioning of the Board independent of management and ensuring that directors have an independent leadership contact; (b) ensuring that the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making requirements; (c) assisting and providing input to the Chairman on preparation of agendas for Board meetings as required; (d) consulting with the Chairman on the effectiveness of Board committees; (e) ensuring that independent directors have adequate opportunities to meet to discuss issues without management present; (f) chairing Board meetings when the Chairman is not in attendance; (g) ensuring delegated committee functions are carried out and reported to the Board, for example, the CEO performance assessment, CEO and Board succession planning, and strategic planning; and (h) acting as a liaison between the Board and management.

Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

The attendance of each director at Board and committee meetings in 2020 is disclosed under the section "Nominees for Election to the Board of Directors."

Board Mandate

Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged and to ensure that there are appropriate systems in place to monitor and manage these risks. This oversight function is performed by the Board both directly and through its Compensation, Corporate Governance, Audit, Reserves and Environmental, Health and Safety Committees.

The complete text of the mandate of the Board is attached as Schedule "A" to this Information Circular.

Position Descriptions

Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

Written position descriptions have been developed for the Chairman, the Lead Director and for the Chair of each Board committee. The position descriptions for the Chairman and the Lead Director are available on the Corporation's website at www.paramountres.com.

Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

A written position description has been developed for the CEO and CFO by the Corporate Governance Committee of the Board.

Orientation and Continuing Education

Briefly describe what measures the Board takes to orient new directors regarding the role of the Board, its committees and its directors, and the nature and operation of the issuer's business.

The Board has delegated to the Corporate Governance Committee the responsibility of ensuring there is in place an education and comprehensive orientation program for new members of the Board and a continuing education program for all directors. Under the guidance of the Lead Director, the Corporate Governance Committee has developed and maintains a Corporate Governance Manual to assist new and existing Board members in understanding the role of the Board, its committees and the contribution individual Board members are expected to make. The Corporate Governance Manual contains a historical profile of Paramount, a discussion on the nature and objectives of corporate

governance, copies of all relevant corporate, board and committee policies, mandates and charters as well as reference material relating to the legal duties and obligations of a director in a publicly held company. New directors are made aware of the nature and operation of Paramount's business through interviews and meetings with the CEO, other directors, officers and management personnel during which they are briefed on Paramount and its business. If requested, an experienced director will be assigned to mentor and coach any new Board member during their initial months of service. In May and November each year, a comprehensive review of Paramount's operations is presented to the Board.

Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Directors are provided with any available information that will facilitate the maintenance of their industry knowledge and professional skills. Directors are regularly updated on the business operations of Paramount at Board meetings, particularly through the semi-annual sessions to review operations, and through regular communications from management. These updates are conducted by senior management and other invited Paramount employees and include discussions on strategic issues affecting Paramount and any other developments that could materially affect Paramount's business. Directors are also updated on developments in best corporate governance practices through reports from the Corporate Governance Committee. Significant developments in legislation, policy or case law are discussed at Board and applicable committee meetings. Directors are updated on changes to financial reporting requirements through presentations from management and Paramount's auditors, either at regularly scheduled Audit Committee meetings or at special meetings arranged for the Board for that purpose. Directors are invited to suggest to the Corporation other means of maintaining the skills and knowledge necessary for them to fulfill their responsibilities and steps are taken to implement such suggestions when feasible.

The Corporation uses a secure board portal to distribute information to the Board of Directors. Information on the board portal includes both current and historic board and committee meeting materials, minutes and resolutions, and the Corporate Governance Manual. All existing board members have received, and all new board members will receive, training on the use of the board portal.

Ethical Business Conduct

Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code: (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Board has adopted a written Code of Business Conduct for all directors, officers, employees and consultants. There is also a written Code of Ethics for the CEO, CFO, Controller and any person performing similar functions. In addition, each director has a copy of the Corporate Governance Manual which sets out a standard of conduct expected of directors as does the Disclosure and Insider Trading Policy. The Board has also adopted a Whistleblower Policy.

The Code of Business Conduct, the Disclosure and Insider Trading Policy and the Whistleblower Policy are available to officers, employees and consultants on Paramount's intranet site. Additionally, the Code of Ethics, the Code of Business Conduct and the Whistleblower Policy are available on the Corporation's website at www.paramountres.com. The Code of Ethics and the Code of Business Conduct are also filed on SEDAR. Lastly, should anyone wish a hard copy of any of these policies, they may be obtained on request from the Corporate Secretary at 2800, 421 – 7th Avenue S.W., Calgary, Alberta T2P 4K9.

Compliance is monitored by the Audit Committee receiving, annually, certificates from Paramount's officers and senior management confirming their compliance with the Code of Business Conduct and where applicable, the Code of Ethics. The Audit Committee reviews the certifications and reports to the Board. In addition to the annual certification of the officers, each employee and consultant receives annually a communication from management or People Operations reiterating the need to comply with the Code of Business Conduct and reminding them that the Whistleblower Policy facilitates anonymous disclosure of any breach. The Corporation's website at www.paramountres.com contains directions outlining how anonymous reports may be made under the Whistleblower Policy and provides a link to a separate, stand alone website through which anonymous reports may be made.

No material change reports were filed by Paramount during 2020 relating to a director's or executive officer's departure from the Code of Business Conduct or the Code of Ethics.

Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Directors must disclose all interests and relationships of which the director is aware which may give rise to a conflict of interest. Directors are also required to disclose any actual or potential personal interest in a matter on which the Board is making a decision and withdraw from deliberations and voting on the matter.

Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

All directors, officers, employees and consultants are provided with a copy of the Code of Business Conduct which stresses that directors, officers, employees and consultants are expected and required to adhere to the highest ethical standards. Directors, officers, employees and consultants are reminded of their obligation to review and comply with the provisions of the Code of Business Conduct regularly. Officers certify that they understand the content and consequences of the Code of Business Conduct annually. The Whistleblower Policy facilitates anonymous disclosure of any ethical breach.

Nomination of Directors

Describe the process by which the Board identifies new candidates for Board nomination.

The Corporate Governance Committee is responsible for identifying new candidates for nomination to the Board and recommending them to the Board when appropriate. Upon there being a vacancy on the Board or a determination being made that the Board should be expanded, the CEO and the chair of the Corporate Governance Committee meet to review whether there are particular competencies needed by the Board and to set forth criteria in the selection process. Once a suitable candidate(s) is identified, the CEO and/or chair of the Committee meet with the nominee(s) to discuss his or her interest and ability to devote sufficient time and resources to the position. If the nominee agrees to the appointment or to stand for election, he or she is presented to the Corporate Governance Committee. If the proposed nominee is acceptable to the Corporate Governance Committee, the Corporate Governance Committee then makes a recommendation to the Board.

Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.

The Corporate Governance Committee is composed entirely of independent directors and is charged with recommending new candidates for nomination to the Board.

If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Corporate Governance Committee is responsible for considering the appropriate size of the Board, establishing the criteria for Board membership, assessing the competencies and skills of each existing director and any new nominees with a view to achieving competencies and skills that the Board as a whole should possess, proposing candidates for election or re-election and ensuring there is an orientation program in place for new Board members and a continuing education program in place for all directors.

Compensation

Describe the process by which the Board determines the compensation for the issuer's directors and officers.

The Corporate Governance Committee periodically reviews the adequacy and form of compensation to directors to ensure that the level of compensation reflects the responsibilities and risks involved in being an effective director and reports and makes recommendations to the Board accordingly.

The Compensation Committee considers and, after reasonable consultation by the Chair of the Committee with all other independent directors of the Corporation, approves the annual salary, bonus and other benefits, direct and indirect, of the CEO and all other designated officers in the Corporation (in the latter case after considering the recommendations of the CEO), all in accordance with the Corporation's compensation policies and general human resources policies and guidelines concerning employee compensation and benefits, and with such compensation to realistically reflect the responsibilities and risks of such positions. See "Compensation Discussion and Analysis" for more detailed information respecting the determination of compensation of NEOs.

Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The Compensation Committee is composed entirely of independent members. James Bell (Chair), Wilfred Gobert and Robert MacDonald are the members of the Compensation Committee. The CEO's compensation must also be approved by the Compensation Committee, after consultation with all other independent directors.

If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

In addition to the functions described above, the Compensation Committee ensures that Paramount has programs in place to attract and develop management of the highest caliber and to ensure orderly succession of management; implements and administers compensation and general human resource policies and guidelines concerning executive compensation, contracts, stock option and other incentive plans, and proposed personnel changes involving officers reporting to the CEO; reviews the Corporation's policies and programs relating to benefits; receives the CEO's recommendations relating to annual compensation policies and budgets for all employees; reviews the Corporation's compensation policies, including assessing such policies to ensure they do not encourage excessive risk taking; and makes regular reports to the Board on the Committee's activities and findings.

Other Board Committees

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Paramount currently has five standing committees, namely, the Corporate Governance Committee, the Compensation Committee, the Audit Committee, the Reserves Committee and the Environmental, Health and Safety Committee. All are comprised entirely of independent directors except the Environmental, Health and Safety Committee which has a majority of independent directors.

The main functions of the Corporate Governance Committee are described above the section titled "*Corporate Governance – Role of the Corporate Governance Committee*".

The main functions of the Compensation Committee are described under the section titled "*Compensation Governance*".

The Audit Committee's main functions are to assist the Board in the discharge of its responsibilities relating to accounting principles, reporting practices and internal controls as well as to oversee the work of the external auditors. In addition, the Audit Committee is responsible for identifying and monitoring the principal risks that could impact the financial reporting of the Corporation.

The overall purpose of the Reserves Committee is to review the Corporation's externally disclosed oil and gas reserves estimates including reviewing the qualifications of, and procedures used by, the independent engineering firm responsible for evaluating the Corporation's reserves. In addition, the Reserves Committee is responsible for, among other things, reviewing Paramount's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the requirements of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

The Environmental, Health and Safety Committee's mandate is to review and monitor the environmental, health and safety policies and activities of Paramount and its subsidiaries and to ensure that there are appropriate systems in place to manage the environmental, health and safety risks associated with the operations of the Corporation and its subsidiaries. See also "*Environmental and Social Governance*" for a description of the Environment, Health and Safety Committee's role in ESG matters.

The written charters of each Committee of the Board are available on the Corporation's website at www.paramountres.com.

Assessments

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

The Board is responsible for making regular assessments of its effectiveness as well as the effectiveness and contribution of each Board committee and each individual director. The Corporate Governance Committee establishes and administers a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole, each of the Board committees and individual directors. A Board assessment

and evaluation questionnaire is included in the Corporate Governance Manual and each director, as part of the overall assessment process, completes a confidential questionnaire on an annual basis. This questionnaire asks directors to evaluate, among other things: the size and structure of the Board and each of its committees; the knowledge, understanding and diversity of the directors; the effectiveness of the Chairman, the chair of each committee and the Lead Director; the effectiveness of each committee; preparation for meetings, including the setting of agendas and the adequacy and timeliness of information provided to the Board and committees; overall Board operations; and ability to function independently of management. The questionnaire also includes a peer-assessment whereby each director is asked to answer a series of questions evaluating the skills, performance and contributions of each of the other Board members. The Corporate Governance Committee analyzes the directors' responses to these questionnaires and presents them to the full Board each year.

In addition to the detailed evaluation and assessment mentioned above, each Board committee conducts regular reviews and assessments of its performance, including compliance with its charter and its role, duties and responsibilities and submits a report to the Board for consideration and recommendations.

Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Paramount has not adopted formal term limits or a formal retirement policy for its directors. However, in 2009 the Corporate Governance Committee developed a flexible, phased-in director succession plan with the intent of replacing certain long-term directors who wished to retire. The plan has been revised as necessary to address changing circumstances and implemented.

The purpose of this succession planning has been to ensure that Paramount's Board at all times has the appropriate mix of skills, expertise and knowledge, and that ample time is available to identify qualified replacements for departing Board members. The Board feels that this plan has been a very effective mechanism for facilitating board renewal, and it is not currently contemplating imposing any formal director term limits. In fact, Paramount feels that the imposition of such limits could be counter-productive as it has been Paramount's experience that its directors become increasingly more effective, and better able to provide fresh insights and perspectives and to function independently from management, as they gain experience and a deeper understanding of Paramount's business and its strategic and operational objectives.

Board renewal is also facilitated through the previously discussed annual assessments of the Board, its committees, committee chairs and individual directors in which Board members evaluate each other and the Board as a whole in order to determine whether there are areas where the Board requires improvement.

Policies Regarding the Representation of Women on the Board

Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Board has not adopted a written policy relating to the identification and nomination of women directors, as it believes that the interests of Paramount and its shareholders are best served by ensuring that new directors are identified and selected from the widest possible group of potential candidates, without any restrictions or preferences relating to gender. The Board feels that having written policies governing the selection of Board nominees could unduly restrict the Board's ability to select the most capable candidates. Paramount is committed to ensuring that its Board at all times has the required range of skills, knowledge, experience and perspectives to provide the strategic direction and leadership necessary for Paramount to achieve its business objectives.

If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

See above.

Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether, and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

Given Paramount's belief that candidates for directors should be identified and selected from the widest possible group of qualified individuals, the level of representation of women on the Board is not considered in identifying and nominating candidates for election or re-election to the Board.

Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

Paramount's position with respect to the representation of women in executive officer positions is the same as its position with respect to the representation of women on the Board. It believes that people should be hired and promoted based on their professional qualifications, accomplishments and merit. Accordingly, the level of representation of women in executive officer positions is not considered in making executive officer appointments.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

The Board has not adopted a target regarding women on the Board or in executive officer positions for the reasons set out above. The Board feels that adopting such a target could unduly restrict Paramount's ability to identify and select the most qualified people.

Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

See above.

Number of Women on the Board and in Executive Officer Positions

Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

Paramount currently has one female Board member. This represents 11.1% of the current Board. If the currently proposed nominees for director are elected to the Board at the Meeting, the Board will have two female Board members, representing 25% of the Board.

Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

Paramount currently has no executive officers who are women.

ENVIRONMENTAL AND SOCIAL GOVERNANCE

The Environmental, Health and Safety Committee of the Board oversees Paramount's environmental policies and programs, including those pertaining to sustainability, emissions tracking, reduction and reporting, water use and environmental and climate-related risk assessment and management. The Environmental, Health and Safety Committee also reviews Paramount's approach to ESG reporting and is mandated to review any ESG report prior to issuance. The CEO serves as a member of the Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee meets and reports to the Board at least semi-annually. In 2020, Paramount released its inaugural ESG report, which is available for review on the Corporation's website at www.paramountres.com.

SCHEDULE "A" – BOARD OF DIRECTORS MANDATE

The Board of Directors' Mandate was adopted by the Board on May 19, 2005. The Mandate is set out in its entirety below.

A. Introduction

The Board of Directors (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long term Shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chairman and President & Chief Executive Officer, shall set the standards of conduct for the Corporation.

B. Procedures and Organization

The Board operates by delegating certain of its powers to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining Director compensation. Subject to the Articles and By-Laws of the Corporation and the Business Corporations Act, Alberta (the "Act"), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

C. Duties and Responsibilities

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

1. Legal Requirements
 - (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
 - (b) The Board has the statutory responsibility to:
 - (i) manage the business and affairs of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the Business Corporations Act, Alberta and the regulations thereto, the Corporation's Articles and By-Laws, securities legislation of each province and territory of Canada, and other relevant legislation and regulations;
 - (c) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
 - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the directors or in the office of auditor;
 - (iii) the issuance of securities;
 - (iv) the declaration of dividends;
 - (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;

- (vii) the approval of management proxy circulars;
- (viii) the approval of the annual financial statements of the Corporation, MD&A and AIF; and
- (ix) the adoption, amendment or repeal of By-Laws of the Corporation.

2. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to facilitate the Board to function independently of management. In this regard, the Board shall consist of a majority of "independent directors"¹, as that term is defined in Section 1.4 of Multilateral Instrument 52-110, Audit Committee or such guidelines as may hereafter replace the same. The independent board members should hold separate, regularly scheduled meetings at which members of management are not in attendance. In as much as the chair of the Board of Paramount Resources Ltd. is not independent, an independent director has been appointed as "lead director."

3. Strategy Determination

The Board has the responsibility to ensure there are long term goals and a strategic planning process in place for the Corporation and to participate with management directly or through its committees in developing and approving, as required, the mission of the business of the Corporation and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Corporation's business.

4. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. Division of Responsibilities

The Board has the responsibility to:

- (a) appoint and delegate responsibilities to committees where appropriate to do so; and
- (b) develop position descriptions for:
 - (i) the Chairman;
 - (ii) the lead director;
 - (iii) the President and Chief Executive Officer; and
 - (iv) the Chief Financial Officer.

6. Appointment, Training and Monitoring Senior Management

The Board has the responsibility to:

- (a) appoint the Chief Executive Officer, to monitor and assess the Chief Executive Officer's performance, to determine and approve the Chief Executive Officer's compensation, and to provide advice and counsel in the execution of the Chief Executive Officer's duties;
- (b) approve the appointment and remuneration of all other designated corporate officers, acting upon the advice of the Chief Executive Officer;
- (c) the extent feasible, to satisfy itself as to the integrity of the Chief Executive Officer and other corporate officers and that the Chief Executive Officer and other corporate officers create a culture of integrity throughout the organization;

¹ Definitions have been omitted.

- (d) ensure that adequate provision has been made to train and develop management and for the orderly succession of management; and
- (e) ensure that management is aware of the Board's expectations of management.

7. Policies, Procedures and Compliance

The Board has the responsibility to:

- (a) ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) ensure the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (d) ensure the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace.

8. Reporting and Communication

The Board has the responsibility to:

- (a) ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) ensure that the financial performance of the Corporation is adequately reported to shareholders, other securityholders and regulators on a timely and regular basis;
- (c) ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- (e) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- (f) develop appropriate measures for receiving shareholder feedback.

9. Monitoring and Acting

The Board has the responsibility to:

- (a) monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) ensure that the Corporation has implemented adequate internal control and management information systems which ensure the effective discharge of its responsibilities; and
- (d) make regular assessments of the Board's effectiveness, as well as the effectiveness and contribution of each Board Committee. This responsibility has been delegated to the Corporate Governance Committee working in conjunction with the Chairman.