

Third Quarter 2026 Results

Paramount Resources Announces Third Quarter 2026 Results, Accelerated Expansion of Willesden Green Duvernay Development, Whitemap Sale of Kaybob and 2027 Budget and Guidance

Calgary, Alberta – November 5, 2026

Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) is pleased to announce: (i) its third quarter 2026 financial and operating results, (ii) the sanctioning of an accelerated and upsized third phase expansion of its Duvernay development at Willesden Green, (iii) its 2027 capital expenditure budget and guidance and (iv) increased credit facilities totaling $1.25 billion.

The Company is also pleased to announce that it has entered into a purchase and sale agreement (the "Agreement") with Outwest Energy Inc. ("Outwest") pursuant to which Outwest will acquire Paramount's entire Kaybob operating area on a whitemap basis (the "Kaybob Properties") for $341 million, comprised of $198 million in cash and a 49% equity stake in Outwest (the "Kaybob Transaction").

Q3 HIGHLIGHTS

- Third quarter sales volumes averaged 55,742 Boe/d (49% liquids), approximately 2,750 Boe/d above the high end of the range of previous guidance as a result of the continued strong performance of the Company's Willesden Green development. (1)
    - Willesden Green sales volumes averaged 37,815 Boe/d (53% liquids), an increase of approximately 10,350 Boe/d quarter-over-quarter. Runtime at the Alhambra Plant continued to be high throughout the third quarter. The Company also successfully completed its planned turnaround and expansion of the Leafland Plant and brought the pipeline interconnecting the Alhambra and Leafland Plants into service. With gas handling capacity of the facilities nearly full, the Company is continuing to choke wells to manage production within infrastructure limits.
    - Kaybob sales volumes averaged 17,533 Boe/d (39% liquids) compared to 19,413 Boe/d (40% liquids) in the second quarter. A number of legacy gas fields were shut-in at times throughout the quarter for maintenance and due to low natural gas prices.

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

- Cash from operating activities was $154 million ($1.06 per basic share) in the third quarter. Adjusted funds flow was $175 million ($1.20 per basic share). Free cash flow was ($106) million (($0.73) per basic share). [(1)]
- Operating expenses were $9.46/Boe in the third quarter of 2026, compared to $8.66/Boe in the previous quarter and $10.18/Boe in the third quarter of 2025. Willesden Green operating expenses were $4.47/Boe for the nine months ended September 30, 2026. The Company expects per-unit operating expenses to decrease in the fourth quarter to below $8.00/Boe with a full quarter of production flowing through the expanded Willesden Green facilities.
- Third quarter capital expenditures totaled $273 million. Activities in the quarter included:
    - Willesden Green Duvernay – the construction, commissioning and start-up of expanded compression and dehydration capacity at the Leafland Plant and the pipeline interconnecting the Alhambra and Leafland Plants, the completion of water recycling facilities at the Alhambra Plant, the drilling of four (4.0 net) Duvernay wells and the bringing on production of eight (8.0 net) Duvernay wells;
    - Sinclair Montney – ongoing construction of the Sinclair Plant and the drilling of two (2.0 net) Montney wells; and
    - Kaybob – the drilling of two (2.0 net) Montney oil wells.
- Paramount set two consecutive Canadian onshore drilling records in the quarter, both on the 14-02 pad at Willesden Green, with total measured depths of 9,605 meters and 9,627 meters. In addition, the Company utilized in-basin wet sand on this pad, resulting in savings of over $300,000 per well. Average well costs in Willesden Green year-to-date are approximately 5% lower on a $/meter basis compared to full year 2025.
- Approximately 47% of Paramount's forecast natural gas sales volumes for the remainder of 2026 and approximately 69% of forecast natural gas sales volumes for 2027 (excluding any Kaybob sales volumes) are expected to be priced at diversified markets outside of AECO, including Dawn, Malin, Emerson and Empress.
- The Company now has 7,000 Bbl/d of liquids hedged for the fourth quarter of 2026 at an average WTI price of C$109.19/Bbl, 12,000 Bbl/d of liquids hedged for 2027 at an average WTI price of C$102.09/Bbl and 2,750 Bbl/d of liquids hedged for 2028 at an average WTI price of C$101.37/Bbl.
- Paramount received cash dividends of $3 million in the third quarter from one of its private company investments.
- Cash and cash equivalents totaled $325 million at September 30, 2026.
- In November 2026, the credit limit of the Company's financial covenant-based senior secured revolving bank credit facility was doubled to $1.0 billion and the maturity date of the facility was extended to November 2030. Combined with its $250 million delayed draw term loan, Paramount now has undrawn credit facilities totaling $1.25 billion. The size of these credit facilities will be maintained following completion of the Kaybob Transaction.

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

SANCTIONING OF UPSIZED WILLESDEN GREEN DUVERNAY DEVELOPMENT

Paramount is accelerating the third phase expansion of its wholly-owned and operated Alhambra Plant by approximately one year, with start-up now anticipated in the third quarter of 2028. Designed raw gas handling capacity for this phase has been doubled to 100 MMcf/d while raw liquids handling capacity will continue to be 10,000 Bbl/d. On completion, the Alhambra Plant is expected to provide raw handling capacity of over 30,000 Bbl/d of liquids and over 200 MMcf/d of natural gas. In conjunction with the expansion, Paramount will construct a new compression node in the northern portion of its Willesden Green land base to accommodate future development and gas lift requirements for the field.

The Company has also begun developing the black oil window in the eastern portion of its land base, where it has sufficient inventory to sustain a targeted plateau production level of approximately 5,000 Boe/d (>85% liquids) for over 10 years. Paramount commenced the drilling of its first four (4.0 net) well Duvernay pad in the black oil window in September. Completion operations for these wells are planned to commence next year and the pad is expected to be onstream in the second quarter of 2027. Capital expenditures in 2027 and 2028 are expected to generate incremental annualized production of over 1,500 Boe/d in 2027 and 4,000 Boe/d in 2028.

With these investments, Paramount is increasing its targeted plateau production level from the Willesden Green Duvernay development from 70,000 Boe/d to 80,000 Boe/d, which it now expects to reach in 2029.

THE KAYBOB TRANSACTION

Paramount has agreed to sell its Kaybob Properties for $341 million, comprised of $198 million in cash plus 143 million common shares of Outwest, representing approximately 49% of the equity of the company. The Kaybob Properties include Paramount's Kaybob North Duvernay and Montney Oil developments, legacy developments at Presley, Pine Creek and Fox Creek, as well as the majority-owned 8-9 natural gas processing plant and the wholly-owned 12-10 oil terminal and battery. The Kaybob Properties had 29 MMBoe (32% liquids) of proved developed producing reserves, 52 MMBoe (43% liquids) of proved reserves and 101 MMBoe (46% liquids) of proved plus probable reserves as at December 31, 2025. [(1)] Outwest will assume Paramount's processing and transportation commitments relating to the assets on closing. Paramount will retain all of its physical long-haul natural gas contracts. Third quarter 2026 sales volumes and netback for the Kaybob Properties were approximately 17,500 Boe/d (39% liquids) and $41 million, respectively. [(2)]

Outwest is a private oil and gas company based in Calgary, Alberta, recently formed with the backing of private equity funds advised by ARC Financial Corp. ("ARC"). Led by Mike Backus, Chief Executive Officer, Outwest's strong team has a track record of creating value through safe and efficient execution and will be focused on unlocking the value of the Kaybob Properties.

ARC, Canada's largest energy focused private equity manager, has worked with the Outwest team in a previous venture and brings a wealth of experience and its financial backing to support the initial capitalization of Outwest.

(1) All reserves are gross reserves based on an evaluation prepared in accordance with Canadian standards by McDaniel & Associates Consultants Ltd. dated March 2, 2026 and effective December 31, 2025. See "Reserves Data" in the Advisories section.
(2) "Netback" is a Non-GAAP financial measure. See "Specified Financial Measures" in the Advisories section.

Following completion of the Kaybob Transaction, Paramount will own approximately 49% of the outstanding common shares of Outwest, valued at $143 million on issuance, with the balance owned by ARC and the management and employees of Outwest. Paramount will be entitled, on closing, to nominate three of the seven directors of Outwest and to certain governance and shareholder rights under a unanimous shareholders agreement.

The Kaybob Transaction will enable Paramount to:

- realize significant immediate cash value for the Kaybob Properties for reinvestment in its high growth Willesden Green Duvernay, Sinclair Montney and longer-term developments;
- continue to benefit from the upside potential of the Kaybob Properties through the Company's 49% equity ownership in Outwest, as Outwest's proven management team works to unlock value;
- lower its overall cost structure and materially simplify and focus the Company's operational footprint; and
- reduce the Company's active and inactive well counts in Alberta by approximately 80% and 87%, respectively.

The cash portion of the purchase price will be subject to adjustments based on an effective date of December 31, 2026. Closing of the Kaybob Transaction is expected to occur in the first quarter of 2027, subject to the receipt of regulatory approvals on terms satisfactory to the parties and the satisfaction of other closing conditions. The Agreement provides for a $22 million deposit by Outwest. If the Kaybob Transaction is not completed, the deposit may be forfeited by Outwest to Paramount in certain circumstances set out in the Agreement. A copy of the Agreement will be filed on Paramount's SEDAR+ profile and will be available for viewing at www.sedarplus.ca.

Paramount recorded an aggregate before-tax impairment charge of $512 million at September 30, 2026, representing the portion of the total carrying value of the Kaybob Properties in excess of the purchase price, after factoring in $257 million of discounted, inflated asset retirement obligations and provisions associated with the Kaybob Properties ($545 million undiscounted, uninflated). (1)

Scotiabank, RBC Capital Markets and ATB Cormark Capital Markets acted as strategic advisors to Paramount in connection with the Kaybob Transaction. BMO Capital Markets and National Bank of Canada Capital Markets acted as strategic advisors to Outwest in connection with the Kaybob Transaction. Norton Rose Fulbright Canada LLP acted as legal counsel to Outwest.

2026 GUIDANCE

Paramount is maintaining its full-year 2026 production guidance range of 51,000 Boe/d to 53,000 Boe/d (49% liquids) and expects sales volumes to be in the upper half of this range. The Company anticipates 2026 capital expenditures at the high end of its $1,000 million to $1,100 million prior guidance range, reflecting incremental capital associated with the drilling of the four-well pad in the black oil window at Willesden Green and long-lead equipment orders associated with the third phase expansion of the Alhambra Plant. Paramount continues to expect total abandonment and reclamation expenditures of approximately $35 million in 2026.

(1) The $257 million of discounted, inflated asset retirement obligations and provisions associated with the Kaybob Properties were determined using a 6.5% per annum discount rate and a 2.0% per annum inflation rate.

2027 BUDGET AND GUIDANCE (EXCLUDING KAYBOB)

With the pending Kaybob Transaction, the Company is providing 2027 guidance excluding any capital expenditures or sales volumes associated with the Kaybob Properties.

Paramount is budgeting capital expenditures of between $1,175 million and $1,275 million in 2027, excluding any amounts associated with the Kaybob properties.

The breakdown of capital expenditures by key area at midpoint is as follows:

Willesden Green Duvernay	$685 million
Sinclair Montney	$505 million
Hoole and NE Alberta Heavy Oil	$25 million
Other	$10 million

The breakdown of capital expenditures by category at midpoint is as follows:

Drilling, completion, equipping and tie-ins	$700 million
Facilities and gathering	$500 million
Corporate and other	$25 million

At Willesden Green, Paramount plans to commence construction of the third phase expansion of the Alhambra Plant, the northern compression node and a trunkline connecting the node to the Alhambra and Leafland facilities. In addition, the Company plans to drill 29 (29.0 net) Duvernay wells and bring on production 21 (21.0 net) Duvernay wells, including the four wells in the black oil window.

At Sinclair, construction of the Sinclair Plant, which is being designed to handle up to 400 MMcf/d of raw natural gas, is expected to continue through the third quarter of 2027, with commissioning beginning in the third quarter and start-up in the fourth quarter. Other major infrastructure, including pipelines, produced water recycling and disposal facilities, are expected to be completed in advance of start-up. Paramount plans to drill 12 (12.0 net) Montney wells and complete and bring on production 12 (12.0 net) Montney wells.

Paramount continues to advance the evaluation of its Hoole thermal oil asset. Activities for 2027 include facilities design engineering, seismic and subsurface modeling and the advancing of regulatory and stakeholder engagement.

Paramount is forecasting 2027 annual average sales volumes, excluding the Kaybob Properties, of between 46,000 Boe/d and 50,000 Boe/d (49% liquids). Sales volumes are anticipated to progressively grow each quarter, with first production from the black oil window coming onstream late in the second quarter and the Sinclair Plant coming onstream in November 2027. Forecast quarterly sales volumes for 2027 at the mid-point are:

Q1: 41,000 Boe/d (48% liquids)
Q2: 44,000 Boe/d (51% liquids)
Q3: 48,500 Boe/d (54% liquids)
Q4: 58,500 Boe/d (45% liquids)

With cash and cash equivalents of $325 million at September 30, 2026 and undrawn credit facilities totaling $1.25 billion, Paramount is in a strong financial position to advance its development plans. Proceeds from the pending Kaybob Transaction will further strengthen the Company's financial position.

The Company remains committed to prudently managing its capital resources and has the flexibility to adjust its capital expenditure plans depending on commodity prices and other factors.

2028 CAPITAL AND PRODUCTION OUTLOOK (EXCLUDING KAYBOB)

The Company anticipates capital expenditures of between $1,100 million and $1,200 million for 2028 that will be focused on the Company's Willesden Green Duvernay and Sinclair Montney developments.

At Willesden Green, Paramount is expecting to: (i) complete the third phase of the Alhambra Plant, (ii) complete the new compression node and trunkline, and (iii) drill 44 (44.0 net) Duvernay wells and complete and bring on production 37 (37.0 net) Duvernay wells.

At Sinclair, Paramount is expecting to drill 12 (12.0 net) Montney wells and complete and bring on production 18 (18.0 net) Montney wells.

Pro forma the Kaybob Transaction, the Company expects 2028 annual average sales volumes to double from 2027 to a range of 100,000 Boe/d to 110,000 Boe/d (27% liquids). Sales volumes are expected to exceed 125,000 Boe/d (33% liquids) by the first half of 2029 following the start-up of the new compression node and trunkline at Willesden Green.

REVIEW OF OPERATIONS

WILLESDEN GREEN

Willesden Green sales volumes averaged 37,815 Boe/d (53% liquids) in the third quarter of 2026 compared to 27,466 Boe/d (55% liquids) in the second quarter. Sales volumes increased as a result of a full quarter of production flowing through the second phase expansion of the Alhambra Plant, which started-up in June 2026. Sales volumes exceeded the Company's expectations due to higher than forecast runtime at the Alhambra Plant and the benefits of incremental debottlenecking activities.

The Company has brought on production a total of 18 (18.0 net) Duvernay wells since the second quarter 2026 start-up of the Alhambra Plant expansion, of which 14 (14.0 net) wells are tied-in to the Alhambra Plant and four (4.0 net) wells are tied-in to the Leafland Plant. All of these wells continue to be choked as gas handling capacity of the facilities are nearly full. Gross 90-day peak production from the 14 new wells tied-in to the Alhambra Plant averaged approximately 1,340 Boe/d (46% liquids) per well. Gross 150-day peak production from the first five of these wells averaged approximately 1,580 Boe/d (64% liquids) per well. (1)

Several of the 16 (16.0 net) Duvernay wells brought on production through the Alhambra Plant in 2025 remain choked to manage production within infrastructure capacity. Gross 300-day peak production from these 16 wells averaged approximately 1,180 Boe/d (53% liquids) per well. Gross 360-day peak production from the first ten of these wells averaged approximately 1,060 Boe/d (54% liquids) per well.(1) Fifteen of these wells have reached payout, with an average payout period of 8.5 months.

Paramount successfully completed the turnaround of the Leafland Plant and the expansion of compression and dehydration capacity at the facility in the third quarter. The Company also completed the construction and commissioning of the pipeline interconnecting the Alhambra and Leafland Plants. Start-up of the expanded Leafland facility and the pipeline occurred in late August.

The Company has now increased the designed raw inlet processing capacity of the combined Alhambra – Leafland complex to over 27,000 Bbl/d of liquids and over 130 MMcf/d of natural gas. Duvernay wells brought on production to date have exhibited higher gas volumes than anticipated, resulting in the natural gas handling capacity of the complex being fully utilized, with some unutilized liquids handling remaining. Paramount is in the process of evaluating incremental near-term debottlenecking opportunities to further expand the gas handling capacity of the complex in order to fully utilize the liquids handling capacity.

Paramount's water recycling facilities at the Alhambra Plant are now fully operational. Following the conclusion of well completion activities that used recycled water directly from the facility, recycled water has recently begun to flow into onsite engineered containment ponds for use in future well completions. The use of recycled water significantly reduces the amount of fresh water required for the Company's Willesden Green development plans, simplifying water procurement and lowering well completion costs. Additionally, the recycling of produced water will reduce capital and operating costs associated with disposal.

Development activities in the third quarter included the drilling of four (4.0 net) Duvernay wells and the bringing on production of eight (8.0 net) Duvernay wells. Completion operations at three (3.0 net) Duvernay

(1) Gross 90-day, 150-day, 300-day and 360-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 90-day, 150-day, 300-day and 360-day period, as applicable, excluding days when the well did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. Natural gas sales volumes were lower by approximately 7% and liquids sales volumes were lower by approximately 13% due to shrinkage. In addition, certain liquids entrained in the natural gas stream are only recovered once processed and therefore final sales volumes cannot be imputed from wellhead volumes and shrinkage estimates alone.

wells included the use of in-basin wet sand, which comprised 95% of the total proppant volume, resulting in savings of over $300,000 per well. The Company is evaluating the broader use of in-basin wet sand in completions for its development programs.

Paramount also commenced the drilling of its first four (4.0 net) well Duvernay pad on its black oil acreage, located in the eastern portion of Willesden Green. Completion operations for these wells are planned to commence next year and the pad is expected to be onstream in the second quarter of 2027.

In the fourth quarter, the Company plans to drill 13 (13.0 net) Duvernay wells and bring onstream eight (8.0 net) Duvernay wells.

SINCLAIR

Activities at the Company's Sinclair Montney development in the third quarter included the ongoing construction of the Sinclair Plant and the drilling of the final two (2.0 net) wells of a five (5.0 net) well Montney pad.

Earthworks at the Sinclair Plant site were substantially completed in the third quarter and pile installation commenced. The Company is now taking delivery of the first equipment packages. Similar to the Alhambra Plant, Paramount is building a water recycling facility at the Sinclair Plant aimed at reducing the amount of fresh water required in development. Earthworks related to engineered containment ponds for the water recycling facility have recently commenced.

In the fourth quarter, the Company plans to drill five (5.0 net) Montney wells and continue the construction of the Sinclair Plant and other infrastructure.

KAYBOB

Kaybob sales volumes averaged 17,533 Boe/d (39% liquids) in the third quarter of 2026 compared to 19,413 Boe/d (40% liquids) in the second quarter. A number of legacy gas fields were shut-in at various times throughout the quarter as part of Paramount's maintenance program as well as due to low natural gas prices.

Development activities in the third quarter included the drilling of two (2.0 net) Montney oil wells, which have recently been completed. These wells are planned to be brought on production in the fourth quarter.

HEDGING

The Company's current hedging position is summarized below.

Instruments	Type [1]	Aggregate amount / notional	Average price or rate [2]	Remaining term
Oil				
NYMEX WTI Swaps (Sale)	Financial	7,000 Bbl/d	CAD$109.19/Bbl	Oct 2026 – Dec 2026
NYMEX WTI Swaps (Sale)	Financial	12,000 Bbl/d	CAD$102.09/Bbl	Jan 2027 – Dec 2027
NYMEX WTI Swaps (Sale)	Financial	2,750 Bbl/d	CAD$101.37/Bbl	Jan 2028 – Dec 2028
Natural Gas				
Citygate/ Malin Basis Swap [3]	Financial	10,000 MMBtu/d	Citygate less US$0.97/MMBtu (Sell) Malin (Buy)	Oct 2026 – Oct 2028
Dawn (Sale)	Physical	38,655 GJ/d	$4.51/GJ	Oct 2026 – Oct 2027
AECO (Buy)	Physical	40,200 GJ/d	$2.92/GJ	Oct 2026 – Oct 2027
Dawn (Buy)	Physical	38,655 GJ/d	$4.37/GJ	Nov 2026 – Mar 2027
Dawn (Buy)	Physical	19,328 GJ/d	$3.19/GJ	Apr 2027 – Oct 2027
AECO (Sale)	Physical	32,600 GJ/d	$1.87/GJ	Apr 2027 – Oct 2027
AECO Basis (Sale)	Physical	20,000 MMBtu/d	NYMEX less US$1.44/MMBtu [4]	Apr 2027 – Oct 2027
Propane				
AFEI Propane (Sale) [5]	Physical	1,000 Bbl/d	AFEI	Oct 2026 – Jan 2029
OPIS Conway Propane Swap (Sale) [6]	Financial	1,000 Bbl/d	CAD$54.60/Bbl	Jan 2027 – Dec 2027
Electricity Contracts [7]				
Electricity Swaps (Buy)	Financial	120 MWh/d	$58.19/MWh	Oct 2026 – Dec 2028
Electricity Swaps (Buy)	Financial	120 MWh/d	$58.79/MWh	Oct 2026 – Dec 2029
Electricity Swaps (Buy)	Financial	120 MWh/d	$61.73/MWh	Oct 2026 – Dec 2030
Foreign Currency Exchange				
Average Rate Forward (Sale)	Financial	US$10MM/Month	1.3810 CAD$ / US$ [2]	Oct 2026 – Dec 2026
Average Rate Forward (Sale)	Financial	US$10MM/Month	1.3680 CAD$ / US$ [2]	Jan 2027 – Dec 2027

(1) "Financial" refers to financial commodity contracts, electricity contracts and foreign currency exchange contracts. "Physical" refers to fixed-priced and basis physical contracts.
(2) Average price is calculated using a weighted average of notional volumes and prices. Foreign currency exchange average rate forward contracts are settled monthly against the average of the CAD$/US$ noon spot rate on each applicable day in that month.
(3) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction, Paramount sells at Citygate less US$0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.
(4) "NYMEX" refers to NYMEX pricing at Henry Hub.
(5) "AFEI" refers to Argus Propane Monthly Far East Index. Pursuant to the transaction, Paramount sells at a delivery point in Alberta at an AFEI price less deductions for transportation.
(6) "OPIS" means Oil Price Information Service.
(7) Reference electricity rate: Floating hourly rate established by the Alberta Electric System Operator ("AESO"). "MWh" means megawatt-hour.

ABOUT PARAMOUNT

Paramount is an independent, publicly traded Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas, including longer-term strategic exploration and pre-development plays. The Company's principal properties are located in Alberta and British Columbia. Paramount's class A common shares are listed on the Toronto Stock Exchange under the symbol "POU".

Paramount's third quarter 2026 results, including Management's Discussion and Analysis and the Company's Interim Consolidated Financial Statements, can be obtained on SEDAR+ at www.sedarplus.ca or on Paramount's website at www.paramountres.com/investors/financial-shareholder-reports.

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

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FINANCIAL AND OPERATING RESULTS [1]

($ millions, except as noted)	Q3 2026		Q2 2026		Q3 2025	
Net income (loss)	(387.2)		68.3		(2.3)	
per share – basic ($/share)	*(2.65)*		*0.47*		*(0.02)*	
per share – diluted ($/share)	*(2.65)*		*0.46*		*(0.02)*	
Cash from operating activities	154.3		144.4		42.3	
per share – basic ($/share)	*1.06*		*0.99*		*0.30*	
per share – diluted ($/share)	*1.06*		*0.97*		*0.30*	
Adjusted funds flow	175.3		175.6		96.8	
per share – basic ($/share)	*1.20*		*1.21*		*0.67*	
per share – diluted ($/share)	*1.20*		*1.18*		*0.67*	
Free cash flow	(106.1)		(128.5)		(124.5)	
per share – basic ($/share)	*(0.73)*		*(0.88)*		*(0.87)*	
per share – diluted ($/share)	*(0.73)*		*(0.86)*		*(0.87)*	
Total assets	3,320.8		3,832.1		3,560.9	
Investments in securities	142.3		208.0		612.9	
Long-term debt	–		–		–	
Net (cash) debt	(192.0)		(329.1)		(628.8)	
Common shares outstanding *(millions)* [2]	146.1		145.8		143.4	
Sales volumes [3]						
Natural gas (MMcf/d)	172.0		144.4		112.4	
Condensate and oil (Bbl/d)	19,930		17,803		13,997	
Other NGLs (Bbl/d)	7,148		5,415		3,363	
Total (Boe/d)	55,742		47,279		36,087	
% liquids	*49%*		*49%*		*48%*	
Willesden Green (Boe/d)	37,815		27,466		13,550	
Kaybob (Boe/d)	17,533		19,413		21,155	
Other (Boe/d)	394		400		1,382	
Total (Boe/d)	55,742		47,279		36,087	
Netback		*($/Boe)* [4]		*($/Boe)* [4]		*($/Boe)* [4]
Natural gas revenue	40.0	*2.53*	32.9	*2.50*	20.3	*1.96*
Condensate and oil revenue	211.0	*115.08*	205.7	*126.96*	105.6	*82.01*
Other NGLs revenue	23.4	*35.63*	19.0	*38.50*	8.4	*27.04*
Natural gas transportation assignment income [5]	2.9	*0.18*	2.8	*0.21*	3.6	*0.35*
Royalty income and other revenue	0.4	–	0.3	–	6.3	–
Petroleum and natural gas sales	277.7	*54.14*	260.7	*60.59*	144.2	*43.43*
Royalties	(17.9)	*(3.50)*	(14.0)	*(3.25)*	(7.3)	(2.21)
Operating expense	(48.5)	*(9.46)*	(37.3)	*(8.66)*	(33.8)	(10.18)
Transportation and NGLs processing	(22.1)	*(4.30)*	(20.4)	*(4.75)*	(14.5)	(4.37)
Sales of commodities purchased [6]	61.7	*12.03*	70.6	*16.40*	54.2	*16.33*
Commodities purchased [6]	(62.7)	*(12.23)*	(69.5)	*(16.16)*	(53.1)	(16.00)
Netback	188.2	*36.68*	190.1	*44.17*	89.7	*27.00*
Risk management contract settlements	(6.5)	*(1.27)*	(10.7)	*(2.48)*	14.0	*4.21*
Netback including risk management contract settlements	181.7	*35.41*	179.4	*41.69*	103.7	*31.21*
Capital expenditures						
Willesden Green	168.1		186.8		184.4	
Sinclair	90.5		99.7		8.0	
Kaybob	12.8		3.5		9.2	
Fox Drilling	–		4.3		1.6	
Corporate and other	1.8		2.4		3.3	
Total	273.2		296.7		206.5	
Asset retirement obligations settled	1.6		1.5		4.4	

(1) Adjusted funds flow, free cash flow and net (cash) debt are capital management measures used by Paramount. Netback and netback including risk management contract settlements are non-GAAP financial measures. Netback and Netback including risk management contract settlements presented on a $/Boe or $/Mcf basis are non-GAAP ratios. Each measure, other than net income (loss), that is presented on a per share, $/Mcf or $/Boe basis is a supplementary financial measure. Refer to the "Specified Financial Measures" section for more information on these measures.

(2) Common shares are presented net of shares held in trust under the Company's cash bonus and restricted share unit plan (millions): Q3 2026: 0.1, Q2 2026: 0.1, Q3 2025: 0.3.

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

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

(5) Natural gas transportation assignment income relates to proceeds realized by the Company on the assignment of a portion of its ex-Alberta natural gas transportation capacity to third parties. These amounts were not allocated to individual properties.

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

PRODUCT TYPE INFORMATION

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

	Total Company by Product Type			Willesden Green			Kaybob		
	Q3 2026	Q2 2026	**Q3 2025**	**Q3 2026**	Q2 2026	**Q3 2025**	**Q3 2026**	Q2 2026	**Q3 2025**
Shale gas (MMcf/d)	**137.3**	105.9	**72.8**	**107.2**	73.9	**30.3**	**30.1**	32.0	**36.7**
Conventional natural gas (MMcf/d)	**34.7**	38.5	**39.6**	**0.2**	0.2	**2.8**	**34.4**	38.1	**36.6**
Natural gas (MMcf/d)	**172.0**	144.4	**112.4**	**107.4**	74.1	**33.1**	**64.5**	70.1	**73.3**
Condensate (Bbl/d)	**18,651**	16,505	**12,180**	**13,700**	10,723	**5,701**	**4,950**	5,781	**6,478**
Other NGLs (Bbl/d)	**7,148**	5,415	**3,363**	**6,067**	4,227	**2,132**	**1,079**	1,184	**1,223**
NGLs (Bbl/d)	**25,799**	21,920	**15,543**	**19,767**	14,950	**7,833**	**6,029**	6,965	**7,701**
Light and medium crude oil (Bbl/d)	**718**	716	**1,188**	**2**	11	**22**	**716**	705	**1,166**
Tight oil (Bbl/d)	**184**	215	**254**	**141**	163	**190**	**43**	52	**64**
Heavy crude oil (Bbl/d)	**377**	367	**375**	**–**	–	**–**	**–**	–	**–**
Crude oil (Bbl/d)	**1,279**	1,298	**1,817**	**143**	174	**212**	**759**	757	**1,230**
Total (Boe/d)	**55,742**	47,279	**36,087**	**37,815**	27,466	**13,550**	**17,533**	19,413	**21,155**

Paramount is forecasting 2026 annual average sales volumes of between 51,000 Boe/d and 53,000 Boe/d (51% shale gas and conventional natural gas combined, 36% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs).

Paramount is forecasting 2027 annual average sales volumes, excluding the Kaybob Properties, of between 46,000 Boe/d and 50,000 Boe/d (51% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 12% other NGLs).

- First quarter 2027 average sales volumes are expected to be 41,000 Boe/d at the mid-point (52% shale gas and conventional natural gas combined, 34% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).
- Second quarter 2027 average sales volumes are expected to be 44,000 Boe/d at the mid-point (49% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).
- Third quarter 2027 average sales volumes are expected to be 48,500 Boe/d at the mid-point (46% shale gas and conventional natural gas combined, 41% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs).
- Fourth quarter 2027 average sales volumes are expected to be 58,500 Boe/d at the mid-point (55% shale gas and conventional natural gas combined, 34% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 11% other NGLs).

Paramount expects 2028 annual average sales volumes to double from 2027 to a range of 100,000 Boe/d to 110,000 Boe/d (73% shale gas and conventional natural gas combined, 21% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 6% other NGLs).

Paramount expects sales volumes to exceed 125,000 Boe/d (67% shale gas and conventional natural gas combined, 26% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 7% other NGLs) by the first half of 2029.

SPECIFIED FINANCIAL MEASURES

Non-GAAP Financial Measures

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

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

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

Refer to the table under the heading "Financial and Operating Results" in this press release for the calculation of netback and netback including risk management contract settlements for the three months ended September 30, 2026, June 30, 2026 and September 30, 2025.

Non-GAAP Ratios

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

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

Capital Management Measures

Adjusted funds flow, free cash flow and net (cash) debt are capital management measures that Paramount utilizes in managing its capital structure. These measures are not standardized measures and therefore

may not be comparable with the calculation of similar measures by other entities. Refer to Note 16 in the Interim Consolidated Financial Statements of Paramount as at and for the three and nine months ended September 30, 2026 for: (i) a description of the composition and use of these measures, (ii) reconciliations of adjusted funds flow and free cash flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and nine months ended September 30, 2026 and 2025 and (iii) a calculation of net (cash) debt as at September 30, 2026 and December 31, 2025.

Supplementary Financial Measures

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

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

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

ADVISORIES

Forward-looking Information

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

- the expectation that per-unit operating expenses will decrease in the fourth quarter to below $8.00/Boe;
- the targeted plateau production level of the black oil window at Willesden Green and the number of years such production level can be sustained;
- the targeted plateau production level at Willesden Green Duvernay and the expectation that such production level will be achieved by 2029;
- the expected closing of the Kaybob Transaction and the expected timing thereof;
- the expected impact of the Kaybob Transaction on Paramount;
- expected average sales volumes for 2026;
- expected capital expenditures in 2026;
- expected abandonment and reclamation expenditures in 2026;
- expected average sales volumes for 2027 and certain periods therein;
- expected capital expenditures in 2027;
- the Company's outlook for capital expenditures and sales volumes in 2028;

- the expectation that sales volumes will exceed 125,000 Boe/d (33% liquids) by the first half of 2029;
- the expected timing of construction activity at the third phase expansion of the Alhambra Plant, the expected capacity on completion and the expected timing of the start-up of the third phase expansion of the Alhambra Plant;
- the expected timing of construction activity at the Sinclair Plant, the expected capacity on completion and the expected timing of the start-up of the Sinclair Plant; and
- planned and potential exploration, development and production activities, including the drilling, completion and bringing onstream of new wells and the construction of infrastructure.

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

- that all closing conditions to the Kaybob Transaction will be satisfied and the closing of the Kaybob Transaction will occur as anticipated;
- the investment potential of the Outwest common shares;
- expectations concerning the realization of operational efficiencies and other benefits from the Kaybob Transaction;
- future commodity prices;
- the potential scope and duration of tariffs, export taxes, export restrictions or other trade actions;
- the impact of international conflicts, including in Ukraine and the Middle East;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;
- the availability to Paramount of the funds required for exploration, development and other operations (including the construction of facilities, pipelines and other infrastructure) and the meeting of commitments and financial obligations;
- the ability of Paramount to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs to carry out its activities;
- the ability of Paramount to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms and the capacity and reliability of facilities, pipelines and other infrastructure;
- the ability of Paramount to obtain the volumes of water required for completion activities;
- the ability of Paramount to market its production successfully;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated sales volumes, reserves additions, product yields and product recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals;
- the application of regulatory requirements respecting abandonment and reclamation; and
- anticipated timelines and budgets being met in respect of: (i) drilling programs and other operations, including well completions and tie-ins, (ii) the design, construction, commissioning and start-up of new and expanded third-party and Company facilities, pipelines and other infrastructure; and (iii) facility turnarounds and maintenance.

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

- risks that the Kaybob Transaction will not be completed on the terms anticipated or at all, including due to a closing condition not being satisfied;
- risks that the actual impacts of the Kaybob Transaction on the Company will not be as expected due a number of factors, including fluctuations in the value of the Outwest common shares and other investment risks or unexpected difficulties in realizing operational efficiencies or other benefits;
- fluctuations in commodity prices;
- uncertainties respecting the course and outcome of the conflict in the Middle East, including its impact on the supply and pricing of commodities and on general economic conditions;
- changes in capital spending plans and planned exploration and development activities;
- changes in political and economic conditions, including risks associated with tariffs, export taxes, export restrictions or other trade actions;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, cash flows, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks, blowouts or induced seismicity events;

- risks associated with wildfires, including the risk of physical loss or damage to wells, facilities, pipelines and other infrastructure, prolonged disruptions in production, restrictions on the ability to access properties, interruption of electrical and other services and significant delays or changes to planned development activities and facilities maintenance;
- the ability to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding, commissioning, starting-up or operating new or existing third-party and Company facilities, pipelines and other infrastructure;
- processing, transportation, fractionation, disposal and storage outages, disruptions and constraints;
- potential limitations on access to the volumes of water required for completion activities due to drought, conditions of low river flow, government restrictions or other factors;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities (including the construction of facilities, pipelines and other infrastructure and the drilling, completion, equipping and tie-in of new wells necessary to maintain and grow production) and meet current and future commitments and obligations (including asset retirement obligations, processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, including those required for facilities, pipelines and other infrastructure, and to obtain and maintain leases and licenses;
- the effects of weather and other factors including wildlife and environmental restrictions which affect field operations and access;
- uncertainties as to the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- uncertainties regarding Indigenous claims and in maintaining relationships with local populations and other stakeholders;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

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

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "*Risk Factors*" in Paramount's annual information form for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca or on the Company's website at www.paramountres.com. The forward-looking information contained in this press release is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Oil and Gas Measures and Definitions

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

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

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

This press release contains disclosures expressed as "Boe", "$/Boe" and "Boe/d". Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil when converting natural gas to Boe. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy

equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. For the nine months ended September 30, 2026, the value ratio between crude oil and natural gas was approximately 66:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

Additional information respecting the Company's oil and gas properties and operations is provided in the Company's annual information form for the year ended December 31, 2025 which is available on SEDAR+ at www.sedarplus.ca or on Paramount's website at www.paramountres.com.

Reserves Data

Reserves data set forth in this press release is based upon an evaluation of the Company's reserves prepared in accordance with Canadian standards by McDaniel & Associates Consultants Ltd. ("McDaniel") dated March 2, 2026 and effective December 31, 2025 (the "McDaniel Report"). The reserves referenced in this press release are gross reserves. The estimates of reserves contained in the McDaniel Report and referenced in this document are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates contained in the McDaniel Report and referenced in this press release. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation. Readers should refer to the Company's annual information form for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca or on Paramount's website at www.paramountres.com, for a complete description of the McDaniel Report and the material assumptions, limitations and risk factors pertaining thereto.



Management's Discussion and Analysis
For the three and nine months ended September 30, 2026

This Management's Discussion and Analysis ("MD&A"), dated November 4, 2026, should be read in conjunction with the unaudited interim condensed consolidated financial statements of Paramount Resources Ltd. ("Paramount" or the "Company") as at and for the three and nine months ended September 30, 2026 (the "Interim Financial Statements") and Paramount's audited consolidated financial statements as at and for the year ended December 31, 2025 (the "Annual Financial Statements"). Financial data included in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and is stated in millions of Canadian dollars, unless otherwise noted. All references to "$" are to Canadian dollars and all references to "US$" are to United States dollars. The Company's accounting policies have been applied consistently to all periods presented. Certain comparative figures have been reclassified to conform to the current year's presentation.

ABOUT PARAMOUNT

Paramount is an independent, publicly traded Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas, including longer-term strategic exploration and pre-development plays. Paramount commenced operations as a public company in 1978 and has adapted to a multitude of operating and economic climates over the past 45+ years. Paramount's principal properties are located in Alberta and British Columbia. The Company's class A common shares ("Common Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "POU". Additional information concerning Paramount, including its annual information form for the year ended December 31, 2025 (the "Annual Information Form"), can be found on the SEDAR+ website at www.sedarplus.ca.

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

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

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

In November 2026, Paramount entered into a purchase and sale agreement to sell its Kaybob properties on a whitemap basis (the "Kaybob Properties") for $341 million, comprised of $198 million in cash plus 143 million common shares of Outwest Energy Inc. ("Outwest"), representing approximately 49% of the equity of the company (the "Kaybob Transaction").

The Company's assets also include investments in other private and publicly traded entities. On June 30, 2026, Paramount closed the sale of its wholly-owned Fox Drilling Limited Partnership ("Fox Drilling") to AKITA Drilling Ltd. ("AKITA"). Fox Drilling's assets included six triple-sized drilling rigs. Refer to the "Operating Results – Other Items" section of this MD&A for further details.

Paramount closed the sale of its Karr, Wapiti and Zama properties (the "Sold GP Assets") on January 31, 2025 (the "Grande Prairie Disposition") for cash proceeds of $3.243 billion, after adjustments, plus certain Horn River Basin properties of the acquiror. Prior to their sale, the Karr and Wapiti properties were the major focus of the Company's development activities and operations. Paramount's results for the nine months ended September 30, 2025 include the results of operations of the Sold GP Assets from January 1, 2025 to the closing date of the Grande Prairie Disposition on January 31, 2025 and actual to estimate differences for operations of the Sold GP Assets for periods prior to their sale on January 31, 2025. Results for the nine months ended September 30, 2026 include a $6.0 million reduction to royalties expense following finalization of gas cost allowance amounts relating to the Sold GP Assets for periods prior to their sale on January 31, 2025.

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

SPECIFIED FINANCIAL MEASURES, PRODUCT TYPES AND OTHER ADVISORIES

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

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

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

FINANCIAL AND OPERATING HIGHLIGHTS [1]

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
FINANCIAL				
Petroleum and natural gas sales	**277.7**	144.2	**767.0**	538.0
Net income (loss)	**(387.2)**	(2.3)	**(265.7)**	1,290.6
Per share – basic ($/share)	***(2.65)***	*(0.02)*	***(1.83)***	*8.98*
Per share – diluted ($/share)	***(2.65)***	*(0.02)*	***(1.83)***	*8.81*
Cash from operating activities	**154.3**	42.3	**415.0**	232.0
Per share – basic ($/share) [2]	***1.06***	*0.30*	***2.86***	*1.61*
Per share – diluted ($/share) [2]	***1.06***	*0.30*	***2.86***	*1.58*
Adjusted funds flow [2]	**175.3**	96.8	**494.3**	327.1
Per share – basic ($/share)	***1.20***	*0.67*	***3.40***	*2.28*
Per share – diluted ($/share)	***1.20***	*0.67*	***3.40***	*2.23*
Free cash flow [2]	**(106.1)**	(124.5)	**(381.4)**	(301.0)
Per share – basic ($/share)	***(0.73)***	*(0.87)*	***(2.62)***	*(2.09)*
Per share – diluted ($/share)	***(0.73)***	*(0.87)*	***(2.62)***	*(2.05)*
Total assets			**3,320.8**	3,560.9
Investments in securities			**142.3**	612.9
Long-term debt			**–**	–
Net (cash) debt [2]			**(192.0)**	(628.8)
Total liabilities			**963.7**	872.9
Common shares outstanding (millions) [3]			**146.1**	143.4
Cash dividends & distributions declared & paid ($/share) [4]	**0.15**	0.15	**0.45**	15.55
OPERATING				
Sales volumes				
Natural gas (MMcf/d)	**172.0**	112.4	**153.7**	131.5
Condensate and oil (Bbl/d)	**19,930**	13,997	**18,630**	15,367
Other NGLs (Bbl/d)	**7,148**	3,363	**6,204**	3,359
Total (Boe/d)	**55,742**	36,087	**50,453**	40,642
% Liquids	***49%***	*48%*	***49%***	*46%*
Realized prices [2]				
Natural gas ($/Mcf)	**2.53**	1.96	**2.83**	2.83
Condensate and oil ($/Bbl)	**115.08**	82.01	**112.83**	89.13
Other NGLs ($/Bbl)	**35.63**	27.04	**34.85**	32.22
Petroleum and natural gas sales ($/Boe)	**54.14**	43.43	**55.68**	48.49
Capital expenditures	**273.2**	206.5	**826.7**	579.9

(1) Includes the results of operations of the Sold GP Assets from January 1, 2025 to the closing date of the Grande Prairie Disposition on January 31, 2025 and actual to estimate differences for operations of the Sold GP Assets for periods prior to their sale on January 31, 2025. For results of the Sold GP Assets, refer to the "Operating Results – Netback" section of this MD&A.

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

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

(4) Cash dividends & distributions declared & paid represents dividends and distributions paid in cash and exclude the July 2026 dividend in kind of the AKITA Shares, valued at $67.4 million ($0.46 per Common Share).

Q3 2026 OVERVIEW

Total Company sales volumes averaged 55,742 Boe/d (49% liquids) in the third quarter of 2026 compared to 47,279 Boe/d (49% liquids) in the second quarter. The increase in sales volumes was a result of a full quarter of production flowing through the second phase expansion of the Alhambra Plant at Willesden Green, which started up in June 2026. Third quarter 2026 sales volumes were approximately 2,750 Boe/d above the high end of the range of previous guidance due to higher than forecast runtime at the Alhambra Plant and the benefits of incremental debottlenecking activities at Willesden Green.

Paramount successfully completed the expansion of compression and dehydration capacity and turnaround at the Leafland Plant in the third quarter. The Company also completed the construction and commissioning of the pipeline interconnecting the Alhambra and Leafland Plants. Start-up of the expanded Leafland facility and the pipeline occurred in late-August. Paramount has now increased the designed raw inlet processing capacity of the combined Alhambra – Leafland complex to over 27,000 Bbl/d of liquids and over 130 MMcf/d of natural gas.

The Company recorded a net loss of $387.2 million ($2.65 per basic share) in the third quarter of 2026 compared to net income of $68.3 million ($0.47 per basic share) in the second quarter. Paramount recorded an aggregate after-tax impairment charge of $394.5 million in the third quarter ($512.4 million before tax impairment net of $117.9 million deferred tax recovery) representing the portion of the total carrying value of the Kaybob Properties in excess of the Purchase Price (see "The Kaybob Transaction" section of this MD&A).

Third quarter 2026 cash from operating activities was $154.3 million ($1.06 per basic share) compared to $144.4 million ($0.99 per basic share) in the second quarter. Adjusted funds flow was $175.3 million ($1.20 per basic share) in the third quarter of 2026 compared to $175.6 million ($1.21 per basic share) in the second quarter. Free cash flow was ($106.1) million (($0.73) per basic share) in the third quarter of 2026 compared to ($128.5) million (($0.88) per basic share) in the second quarter. [(1)]

Capital expenditures totaled $273.2 million in the third quarter of 2026 compared to $296.7 million in the second quarter. Third quarter 2026 activities included:

- Willesden Green Duvernay – the construction, commissioning and start-up of the Leafland Plant expansion and the pipeline interconnecting the Alhambra and Leafland Plants, the completion of water recycling facilities at the Alhambra Plant, the drilling of four (4.0 net) Duvernay wells and the bringing on production of eight (8.0 net) Duvernay wells;
- Sinclair Montney – ongoing construction of the Sinclair Plant and the drilling of two (2.0 net) Montney wells; and
- Kaybob – the drilling of two (2.0 net) Montney oil wells.

Operating expenses were $9.46/Boe in the quarter, with Willesden Green operating expenses averaging $4.40/Boe.

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

In July 2026, the Company distributed all 19.3 million common shares of AKITA (the "AKITA Shares") it received on the sale of its wholly-owned Fox Drilling subsidiary (the "Fox Drilling Sale") by way of a special dividend in kind to holders of its Common Shares. The market value of these shares totaled $67.4 million on the date of distribution (approximately 0.132 of an AKITA common share per Common Share or $0.46 per Common Share). The Company also paid $21.9 million in regular monthly cash dividends ($0.15 per Common Share in total) in the third quarter of 2026.

Paramount received cash dividends of $3.1 million in the third quarter from Sultran Ltd., one of its private company investments.

Cash and cash equivalents totaled $325.3 million at September 30, 2026.

In November 2026, the capacity of the Company's financial covenant-based senior secured revolving bank credit facility (the "Revolving Credit Facility") was doubled to $1.0 billion and the maturity date of the facility was extended to November 2030. Combined with the Company's $250 million delayed draw term loan, Paramount now has undrawn credit facilities totaling $1.25 billion. The size of these credit facilities will be maintained following completion of the Kaybob Transaction. Refer to the "Liquidity and Capital Resources – Credit Facilities and Long-Term Debt" section of this MD&A for further details.

SANCTIONING OF UPSIZED WILLESDEN GREEN DUVERNAY DEVELOPMENT

Paramount is accelerating the third phase expansion of its wholly-owned and operated Alhambra Plant by approximately one year, with start-up now anticipated in the third quarter of 2028. Designed raw gas handling capacity for this phase has been doubled to 100 MMcf/d while raw liquids handling capacity will continue to be 10,000 Bbl/d. On completion, the Alhambra Plant is expected to provide raw handling capacity of over 30,000 Bbl/d of liquids and over 200 MMcf/d of natural gas. In conjunction with the expansion, Paramount will construct a new compression node in the northern portion of its Willesden Green land base to accommodate future development and gas lift requirements for the field.

The Company has also begun developing the black oil window in the eastern portion of its land base. Paramount commenced the drilling of its first four (4.0 net) well Duvernay pad in the black oil window in September. Completion operations for these wells are planned to commence next year and the pad is expected to be onstream in the second quarter of 2027. Capital expenditures in 2027 and 2028 are expected to generate incremental annualized production of over 1,500 Boe/d in 2027 and 4,000 Boe/d in 2028.

With these investments, Paramount expects sales volumes from the Willesden Green development to reach 80,000 Boe/d in 2029.

THE KAYBOB TRANSACTION

Paramount has agreed to sell its Kaybob Properties for $341 million, comprised of $198 million in cash plus 143 million common shares of Outwest, representing approximately 49% of the equity of the company. Outwest will assume Paramount's processing and transportation commitments relating to the assets on closing. Paramount will retain all of its physical long-haul natural gas contracts. Third quarter 2026 sales volumes and netback for the Kaybob Properties were approximately 17,500 Boe/d (39% liquids) and $41 million, respectively. (1)

(1) Netback is a non-GAAP financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information on this measure.

Outwest is a private oil and gas company based in Calgary, Alberta, recently formed with the backing of private equity funds advised by ARC Financial Corp. ("ARC").

Following completion of the Kaybob Transaction, Paramount will own approximately 49% of the outstanding common shares of Outwest, valued at $143 million on issuance, with the balance owned by ARC and the management and employees of Outwest. Paramount will be entitled, on closing, to nominate three of the seven directors of Outwest and to certain governance and shareholder rights under a unanimous shareholders agreement.

The Kaybob Transaction is expected to enable Paramount to:

- realize significant immediate cash value for the Kaybob Properties for reinvestment in its high growth Willesden Green Duvernay, Sinclair Montney and longer-term developments;
- continue to benefit from the upside potential of the Kaybob Properties through the Company's 49% equity ownership in Outwest, as Outwest's proven management team works to unlock value;
- lower its overall cost structure and materially simplify and focus the Company's operational footprint; and
- reduce the Company's active and inactive well counts in Alberta by approximately 80% and 87%, respectively.

The cash portion of the purchase price will be subject to adjustments based on an effective date of December 31, 2026. Closing of the Kaybob Transaction is expected to occur in the first quarter of 2027, subject to the receipt of regulatory approvals on terms satisfactory to the parties and the satisfaction of other closing conditions. The Agreement provides for a $22 million deposit by Outwest. If the Kaybob Transaction is not completed, the deposit may be forfeited by Outwest to Paramount in certain circumstances set out in the Agreement. A copy of the Agreement will be filed on Paramount's SEDAR+ profile and will be available for viewing at www.sedarplus.ca.

Paramount recorded an aggregate before-tax impairment charge of $512.4 million at September 30, 2026, representing the portion of the total carrying value of the Kaybob Properties in excess of the purchase price, after factoring in $256.6 million of discounted, inflated asset retirement obligations and provisions associated with the Kaybob Properties ($545.4 million undiscounted, uninflated). (1)

(1) The $256.6 million of discounted, inflated asset retirement obligations and provisions associated with the Kaybob Properties were determined using a 6.5 percent per annum discount rate and a 2.0 percent per annum inflation rate.

2026 GUIDANCE

Paramount is maintaining its full-year 2026 production guidance range of 51,000 Boe/d to 53,000 Boe/d (49% liquids) and expects sales volumes to be in the upper half of this range. The Company anticipates 2026 capital expenditures at the high end of its $1,000 million to $1,100 million prior guidance range, reflecting incremental capital associated with the drilling of the four-well pad in the black oil window at Willesden Green and long-lead equipment orders associated with the third phase expansion of the Alhambra Plant. Paramount continues to expect total abandonment and reclamation expenditures of approximately $35 million in 2026.

2027 BUDGET AND GUIDANCE (EXCLUDING KAYBOB)

With the pending sale of the Kaybob Properties, the Company is providing 2027 guidance excluding any capital expenditures or sales volumes associated with the Kaybob Properties.

Paramount is budgeting capital expenditures of between $1,175 million and $1,275 million in 2027, excluding any amounts associated with the Kaybob Properties.

The breakdown of capital expenditures by key area at midpoint is as follows:

Willesden Green Duvernay	$685 million
Sinclair Montney	$505 million
Hoole and NE Alberta Heavy Oil	$25 million
Other	$10 million

The breakdown of capital expenditures by category at midpoint is as follows:

Drilling, completion, equipping and tie-ins	$700 million
Facilities and gathering	$500 million
Corporate and other	$25 million

At Willesden Green, Paramount plans to commence construction of the third phase expansion of the Alhambra Plant, the northern compression node and a trunkline connecting the node to the Alhambra and Leafland facilities. In addition, the Company plans to drill 29 (29.0 net) Duvernay wells and bring on production 21 (21.0 net) Duvernay wells, including the four wells in the black oil window.

At Sinclair, construction of the Sinclair Plant, which is being designed to handle up to 400 MMcf/d of raw natural gas, is expected to continue through the third quarter of 2027, with commissioning beginning in the third quarter and start-up in the fourth quarter. Other major infrastructure, including pipelines, produced water recycling and disposal facilities, are expected to be completed in advance of start-up. Paramount plans to drill 12 (12.0 net) Montney wells and complete and bring on production 12 (12.0 net) Montney wells.

Paramount continues to advance the evaluation of its Hoole thermal oil asset. Activities for 2027 include facilities design engineering, seismic and subsurface modeling and the advancing of regulatory and stakeholder engagement.

Paramount is forecasting 2027 annual average sales volumes, excluding the Kaybob Properties, of between 46,000 Boe/d and 50,000 Boe/d (49% liquids). Sales volumes are anticipated to progressively grow each quarter, with first production from the black oil window coming onstream late in the second quarter and the Sinclair Plant coming onstream in November 2027. Forecast quarterly sales volumes for 2027 at the mid-point are:

Q1: 41,000 Boe/d (48% liquids)
Q2: 44,000 Boe/d (51% liquids)
Q3: 48,500 Boe/d (54% liquids)
Q4: 58,500 Boe/d (45% liquids)

With cash and cash equivalents of $325 million at September 30, 2026 and undrawn credit facilities totaling $1.25 billion, Paramount is in a strong financial position to advance its development plans. Proceeds from the pending Kaybob Transaction will further strengthen the Company's financial position.

The Company remains committed to prudently managing its capital resources and has the flexibility to adjust its capital expenditure plans depending on commodity prices and other factors.

2028 CAPITAL AND PRODUCTION OUTLOOK (EXCLUDING KAYBOB)

The Company anticipates capital expenditures of between $1,100 million and $1,200 million for 2028 that will be focused on the Company's Willesden Green Duvernay and Sinclair Montney developments.

At Willesden Green, Paramount is expecting to: (i) complete the third phase of the Alhambra Plant, (ii) complete the new compressor node and trunkline, and (iii) drill 44 (44.0 net) Duvernay wells and complete and bring on production 37 (37.0 net) Duvernay wells.

At Sinclair, Paramount is expecting to drill 12 (12.0 net) Montney wells and complete and bring on production 18 (18.0 net) Montney wells.

Pro forma the sale of the Kaybob Properties, the Company expects 2028 annual average sales volumes to double from 2027 to a range of 100,000 Boe/d to 110,000 Boe/d (27% liquids). Sales volumes are expected to exceed 125,000 Boe/d (33% liquids) by the first half of 2029 following the start-up of the new compression node and trunkline at Willesden Green.

CONSOLIDATED RESULTS

Net Income (Loss)

Paramount recorded a net loss of $387.2 million for the three months ended September 30, 2026 compared to a net loss of $2.3 million in the same period in 2025. Significant factors contributing to the change are shown below:

Three months ended September 30	
Net loss – 2025	**(2.3)**
• Higher depletion, depreciation and impairment in 2026, mainly due to an impairment charge of $337.7 million related to the Kaybob Properties in 2026	(365.8)
• Exploration and evaluation expense in 2026 compared to a recovery in 2025, mainly due to an impairment charge of $174.7 million related to the Kaybob Properties in 2026	(182.7)
• Higher loss on risk management contracts in 2026	(60.6)
• Higher deferred income tax recovery in 2026	114.9
• Higher netback in 2026 mainly due to higher commodity prices and higher Willesden Green sales volumes	98.5
• Lower provision expense in 2026	13.5
• Other	(2.7)
Net loss – 2026	**(387.2)**

Paramount recorded a net loss of $265.7 million for the nine months ended September 30, 2026 compared to net income of $1,290.6 million in the same period in 2025. Significant factors contributing to the change are shown below:

Nine months ended September 30	
Net income – 2025	**1,290.6**
• Lower gain on sale of oil and gas assets in 2026	(1,590.1)
• Higher depletion, depreciation and impairment in 2026, mainly due to an impairment charge of $337.7 million related to the Kaybob Properties and higher depletion expense in 2026	(413.7)
• Higher exploration and evaluation expense in 2026, mainly due to an impairment charge of $174.7 million related to the Kaybob Properties in 2026	(178.0)
• Loss on risk management contracts in 2026 compared to a gain in 2025	(107.0)
• Deferred income tax recovery in 2026 compared to an expense in 2025	465.9
• Higher netback in 2026 mainly due to higher liquids prices and higher Willesden Green sales volumes	214.2
• Transaction and reorganization costs in 2025	24.3
• Lower provision expense in 2026	12.6
• Lower share-based compensation expense in 2026	8.8
• Other	6.7
Net loss – 2026	**(265.7)**

Cash From Operating Activities

Cash from operating activities for the three months ended September 30, 2026 was $154.3 million compared to $42.3 million in the same period in 2025. Significant factors contributing to the change are shown below:

Three months ended September 30	
Cash from operating activities – 2025	**42.3**
• Higher netback in 2026 mainly due to higher commodity prices and higher Willesden Green sales volumes	98.5
• Change in non-cash working capital	26.9
• Payments on risk management contract settlements in 2026 compared to receipts in 2025	(20.5)
• Other	7.1
Cash from operating activities – 2026	**154.3**

Cash from operating activities for the nine months ended September 30, 2026 was $415.0 million compared to $232.0 million for the same period in 2025. Significant factors contributing to the change are shown below:

Nine months ended September 30	
Cash from operating activities – 2025	**232.0**
• Higher netback in 2026 mainly due to higher liquids prices and higher Willesden Green sales volumes	214.2
• Transaction and reorganization costs in 2025	24.3
• Payments on risk management contract settlements in 2026 compared to receipts in 2025	(49.6)
• Change in non-cash working capital	(7.7)
• Other	1.8
Cash from operating activities – 2026	**415.0**

Adjusted Funds Flow

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

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Cash from operating activities	**154.3**	42.3	**415.0**	232.0
Change in non-cash working capital [1]	**12.8**	39.7	**30.3**	22.6
Geological and geophysical expense [2]	**3.3**	2.6	**6.9**	10.8
Asset retirement obligations settled [1]	**1.6**	4.4	**29.6**	29.6
Provisions settled [1]	**3.3**	7.8	**12.5**	7.8
Transaction and reorganization costs [3]	**–**	–	**–**	24.3
Adjusted funds flow [4]	**175.3**	96.8	**494.3**	327.1
Adjusted funds flow ($/Boe) [5]	**34.18**	29.12	**35.89**	29.48

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

Adjusted funds flow for the three months ended September 30, 2026 was $175.3 million compared to $96.8 million in the same period in 2025. Significant factors contributing to the change are shown below:

Three months ended September 30	
Adjusted funds flow – 2025	**96.8**
• Higher netback in 2026 mainly due to higher commodity prices and higher Willesden Green sales volumes	98.5
• Payments on risk management contract settlements in 2026 compared to receipts in 2025	(20.5)
• Other	0.5
Adjusted funds flow – 2026	**175.3**

Adjusted funds flow for the nine months ended September 30, 2026 was $494.3 million compared to $327.1 million in the same period in 2025. Significant factors contributing to the change are shown below:

Nine months ended September 30	
Adjusted funds flow – 2025	**327.1**
• Higher netback in 2026 mainly due to higher liquids prices and higher Willesden Green sales volumes	214.2
• Payments on risk management contract settlements in 2026 compared to receipts in 2025	(49.6)
• Other	2.6
Adjusted funds flow – 2026	**494.3**

Free Cash Flow

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

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Cash from operating activities	**154.3**	42.3	**415.0**	232.0
Change in non-cash working capital [1]	**12.8**	39.7	**30.3**	22.6
Geological and geophysical expense [2]	**3.3**	2.6	**6.9**	10.8
Asset retirement obligations settled [1]	**1.6**	4.4	**29.6**	29.6
Provisions settled [1]	**3.3**	7.8	**12.5**	7.8
Transaction and reorganization costs [3]	**–**	–	**–**	24.3
Adjusted funds flow	**175.3**	96.8	**494.3**	327.1
Capital expenditures [1]	**(273.2)**	(206.5)	**(826.7)**	(579.9)
Geological and geophysical expense [2]	**(3.3)**	(2.6)	**(6.9)**	(10.8)
Asset retirement obligations settled [1]	**(1.6)**	(4.4)	**(29.6)**	(29.6)
Provisions settled [1]	**(3.3)**	(7.8)	**(12.5)**	(7.8)
Free cash flow [4]	**(106.1)**	(124.5)	**(381.4)**	(301.0)

(1) Refer to the interim condensed consolidated statements of cash flows in the Interim Financial Statements.
(2) Refer to Note 3 of the Interim Financial Statements.
(3) Refer to the interim condensed consolidated statements of comprehensive income (loss) in the Interim Financial Statements.
(4) Free cash flow is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section of this MD&A for more information on this measure. In the fourth quarter of 2025, the Company updated its free cash flow measure to deduct provisions settled. Free cash flow for the third quarter of 2025 was updated to conform to this updated method of calculation.

Free cash flow for the three months ended September 30, 2026 was ($106.1) million compared to ($124.5) million in the same period in 2025. Significant factors contributing to the change are shown below:

Three months ended September 30	
Free cash flow – 2025	**(124.5)**
• Higher adjusted funds flow in 2026 (described in "Adjusted Funds Flow" section above)	78.5
• Lower provisions settled in 2026	4.5
• Lower asset retirement obligations settled in 2026	2.8
• Higher capital expenditures in 2026	(66.7)
• Higher geological and geophysical expense in 2026	(0.7)
Free cash flow – 2026	**(106.1)**

Free cash flow for the nine months ended September 30, 2026 was ($381.4) million compared to ($301.0) million in the same period in 2025. Significant factors contributing to the change are shown below:

Nine months ended September 30	
Free cash flow – 2025	**(301.0)**
• Higher capital expenditures in 2026	(246.8)
• Higher provisions settled in 2026	(4.7)
• Higher adjusted funds flow in 2026 (described in "Adjusted Funds Flow" section above)	167.2
• Lower geological and geophysical expense in 2026	3.9
Free cash flow – 2026	**(381.4)**

OPERATING RESULTS

Netback

	Three months ended September 30				Nine months ended September 30			
	2026		2025		2026		2025	
		($/Boe)[1][2]		($/Boe)[1][2]		($/Boe)[1][2]		($/Boe)[1][2]
Natural gas revenue [3]	40.0	2.53	20.3	1.96	118.6	2.83	101.7	2.83
Condensate and oil revenue [3]	211.0	115.08	105.6	82.01	573.8	112.83	373.9	89.13
Other NGLs revenue [3]	23.4	35.63	8.4	27.04	59.0	34.85	29.6	32.22
Natural gas transportation assignment income [3]	2.9	0.18	3.6	0.35	14.3	0.34	13.7	0.38
Royalty income and other revenue [3]	0.4	–	6.3	–	1.3	–	19.1	–
Petroleum and natural gas sales [4]	277.7	54.14	144.2	43.43	767.0	55.68	538.0	48.49
Royalties [4]	(17.9)	(3.50)	(7.3)	(2.21)	(44.5)	(3.23)	(39.7)	(3.58)
Operating expense [4]	(48.5)	(9.46)	(33.8)	(10.18)	(128.4)	(9.32)	(137.3)	(12.37)
Transportation and NGLs processing [4]	(22.1)	(4.30)	(14.5)	(4.37)	(63.5)	(4.61)	(48.1)	(4.33)
Sales of commodities purchased [4]	61.7	12.03	54.2	16.33	196.6	14.28	207.6	18.71
Commodities purchased [4]	(62.7)	(12.23)	(53.1)	(16.00)	(196.1)	(14.24)	(203.6)	(18.35)
Netback [5]	188.2	36.68	89.7	27.00	531.1	38.56	316.9	28.57
Risk management contract settlements [6]	(6.5)	(1.27)	14.0	4.21	(19.2)	(1.39)	30.4	2.74
Netback including risk management contract settlements [7]	181.7	35.41	103.7	31.21	511.9	37.17	347.3	31.31

(1) Natural gas revenue and natural gas transportation assignment income shown per Mcf.
(2) When presented on a $/Boe or $/Mcf basis, each of the components of Netback is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.
(3) Refer to Note 13 of the Interim Financial Statements.
(4) Refer to the interim condensed consolidated statements of comprehensive income (loss) in the Interim Financial Statements.
(5) Netback is a non-GAAP financial measure. Netback presented on a $/Boe basis is a non-GAAP ratio. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.
(6) Refer to Note 12 of the Interim Financial Statements.
(7) Netback including risk management contract settlements is a non-GAAP financial measure. Netback including risk management contract settlements presented on a $/Boe basis is a non-GAAP ratio. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.

The following tables provide selected operating results of the Company for the three and nine months ended September 30, 2026 and 2025, separated between Ongoing Operations and Sold GP Assets. Results for the nine months ended September 30, 2026 include a $6.0 million reduction to royalties following finalization of gas cost allowance amounts relating to the Sold GP Assets for periods prior to their sale on January 31, 2025.

	Three months ended September 30					
	2026			2025		
	Ongoing Operations	Sold GP Assets	Total Company	Ongoing Operations	Sold GP Assets	Total Company
Sales Volumes (Boe/d) [1]	**55,742**	**–**	**55,742**	36,087	–	36,087
% Liquids	***49%***	**–**	***49%***	*48%*	–	*48%*
	$/Boe	$/Boe	$/Boe	$/Boe	$/Boe	$/Boe
Petroleum and natural gas sales [2]	**277.7 *54.14***	**– –**	**277.7 *54.14***	144.2 *43.43*	– –	144.2 *43.43*
Royalties [2]	**(17.9) *(3.50)***	**– –**	**(17.9) *(3.50)***	(7.3) *(2.21)*	– –	(7.3) *(2.21)*
Operating expense [2]	**(48.5) *(9.46)***	**– –**	**(48.5) *(9.46)***	(33.8) *(10.18)*	– –	(33.8) *(10.18)*
Transportation and NGLs processing [2]	**(22.1) *(4.30)***	**– –**	**(22.1) *(4.30)***	(14.5) *(4.37)*	– –	(14.5) *(4.37)*
Sales of commodities purchased [2]	**61.7 *12.03***	**– –**	**61.7 *12.03***	54.2 *16.33*	– –	54.2 *16.33*
Commodities purchased [2]	**(62.7) *(12.23)***	**– –**	**(62.7) *(12.23)***	(53.1) *(16.00)*	– –	(53.1) *(16.00)*
Netback [3]	**188.2 *36.68***	**– –**	**188.2 *36.68***	89.7 *27.00*	– –	89.7 *27.00*
Capital expenditures	**273.2**	**–**	**273.2**	206.5	–	206.5

(1) Readers are referred to the "Product Type Information" section of this MD&A for more information respecting the composition of sales volumes by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.
(2) Refer to the interim condensed consolidated statements of comprehensive income (loss) in the Interim Financial Statements.
(3) Netback is a non-GAAP financial measure and netback presented on a $/Boe basis is a non-GAAP ratio. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.

	Nine months ended September 30					
	2026			2025		
	Ongoing Operations	Sold GP Assets [1]	Total Company	Ongoing Operations	Sold GP Assets [2]	Total Company
Sales Volumes (Boe/d) [3]	**50,453**	**–**	**50,453**	32,498	8,144	40,642
% Liquids	***49%***	**–**	***49%***	*46%*	*48%*	*46%*
	$/Boe	$/Boe	$/Boe	$/Boe	$/Boe	$/Boe
Petroleum and natural gas sales [4]	**767.0 *55.68***	**– –**	**767.0 *55.68***	419.4 *47.27*	118.6 *53.34*	538.0 *48.49*
Royalties [4]	**(50.5) *(3.67)***	**6.0 –**	**(44.5) *(3.23)***	(24.7) *(2.79)*	(15.0) *(6.75)*	(39.7) *(3.58)*
Operating expense [4]	**(128.4) *(9.32)***	**– –**	**(128.4) *(9.32)***	(104.8) *(11.81)*	(32.5) *(14.63)*	(137.3) *(12.37)*
Transportation and NGLs processing [4]	**(63.5) *(4.61)***	**– –**	**(63.5) *(4.61)***	(40.5) *(4.56)*	(7.6) *(3.42)*	(48.1) *(4.33)*
Sales of commodities purchased [4]	**196.6 *14.28***	**– –**	**196.6 *14.28***	207.6 *23.40*	– –	207.6 *18.71*
Commodities purchased [4]	**(196.1) *(14.24)***	**– –**	**(196.1) *(14.24)***	(203.6) *(22.95)*	– –	(203.6) *(18.35)*
Netback [5]	**525.1 *38.12***	**6.0 –**	**531.1 *38.56***	253.4 *28.56*	63.5 *28.54*	316.9 *28.57*
Capital expenditures	**826.7**	**–**	**826.7**	563.9	16.0	579.9

(1) Amounts relate to actual to estimate differences relating to the Sold GP Assets for the periods prior to their sale on January 31, 2025.
(2) Results of operations from January 1, 2025 to January 30, 2025 and actual to estimate differences for operations of the Sold GP Assets for periods prior to their sale on January 31, 2025. Boe/d sales volumes calculated by dividing aggregate sales volumes from January 1, 2025 to January 30, 2025 by 273 days.
(3) Readers are referred to the "Product Type Information" section of this MD&A for more information respecting the composition of sales volumes by the specific product types of shale gas, conventional natural gas, NGLs, light and medium crude oil, tight oil and heavy crude oil.
(4) Refer to the interim condensed consolidated statements of comprehensive income (loss) in the Interim Financial Statements.
(5) Netback is a non-GAAP financial measure and netback presented on a $/Boe basis is a non-GAAP ratio. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.

Petroleum and natural gas sales were $277.7 million for the three months ended September 30, 2026 compared to $144.2 million for the same period in 2025. The increase in 2026 was mainly due to the effects of a 25 percent period over period increase in the average realized petroleum and natural gas sales price per Boe and a 54 percent increase in total Company sales volumes, driven by higher sales volumes at Willesden Green.

Three months ended September 30	2026	2025	Change
Ongoing Operations	277.7	144.2	*133.5*
Sold GP Assets	–	–	–
Petroleum and natural gas sales – Total Company	277.7	144.2	*133.5*

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

	Natural gas	Condensate and oil	Other NGLs	Natural gas transportation assignment and royalty income and other revenue	Total
Three months ended September 30, 2025	20.3	105.6	8.4	9.9	144.2
Effect of changes in prices	8.9	60.6	5.6	–	75.1
Effect of changes in sales volumes	10.8	44.8	9.4	–	65.0
Change in natural gas transportation assignment and royalty income and other revenue	–	–	–	(6.6)	(6.6)
Three months ended September 30, 2026	40.0	211.0	23.4	3.3	277.7

Petroleum and natural gas sales were $767.0 million for the nine months ended September 30, 2026 compared to $538.0 million for the same period in 2025. The increase in 2026 was mainly due to the effects of a 15 percent period over period increase in the average realized petroleum and natural gas sales price per Boe and a 24 percent increase in total Company sales volumes. Sales volumes from Ongoing Operations for the nine months ended September 30, 2026 increased 55 percent compared to the same period in 2025.

Petroleum and natural gas sales attributable to Ongoing Operations and the Sold GP Assets were as follows:

Nine months ended September 30	2026	2025	Change
Ongoing Operations	767.0	419.4	*347.6*
Sold GP Assets	–	118.6	*(118.6)*
Petroleum and natural gas sales – Total Company	767.0	538.0	*229.0*

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

	Natural gas	Condensate and oil	Other NGLs	Natural gas transportation assignment and royalty income and other revenue	Total
Nine months ended September 30, 2025	101.7	373.9	29.6	32.8	538.0
Effect of changes in prices	(0.4)	120.5	4.5	–	124.6
Effect of changes in sales volumes	17.3	79.4	24.9	–	121.6
Change in natural gas transportation assignment and royalty income and other revenue	–	–	–	(17.2)	(17.2)
Nine months ended September 30, 2026	**118.6**	**573.8**	**59.0**	**15.6**	**767.0**

Natural gas transportation assignment income of $2.9 million and $14.3 million for the three and nine months ended September 30, 2026, respectively (three and nine months ended September 30, 2025 – $3.6 million and $13.7 million, respectively), relates to proceeds realized by the Company on the assignment of a portion of its ex-Alberta natural gas transportation capacity to third parties. The assignee was responsible for the cost of the transportation assigned.

In 2025, the Company's insurance claims for 2023 Alberta wildfire business interruption losses were finalized, with an aggregate claim of $26.8 million being agreed by insurers (the "Wildfire Claim"). Royalty income and other revenue for the three and nine months ended September 30, 2025 includes $5.3 million and $16.8 million, respectively, relating to the Wildfire Claim.

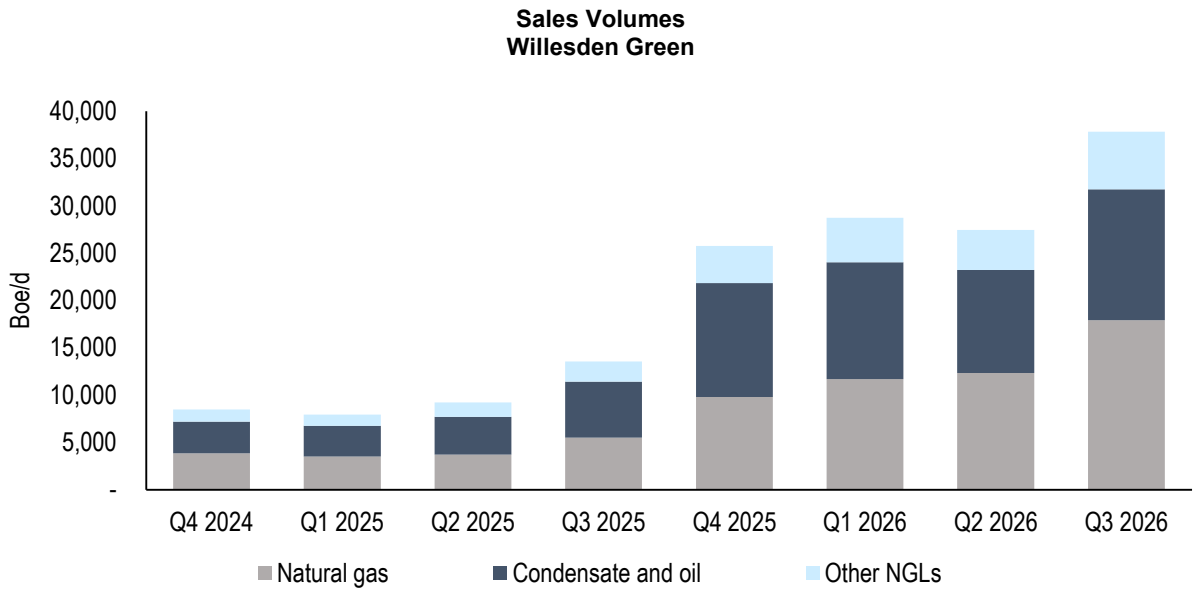
Sales Volumes

	Three months ended September 30											
	Natural gas (MMcf/d) [1]			Condensate and oil (Bbl/d) [1]			Other NGLs (Bbl/d) [1]			Total (Boe/d) [1]		
	2026	2025	*Chg*	2026	2025	*Chg*	2026	2025	*Chg*	2026	2025	*Chg*
Willesden Green	**107.4**	33.1	*224%*	**13,843**	5,913	*134%*	**6,067**	2,132	*185%*	**37,815**	13,550	*179%*
Kaybob	**64.5**	73.3	*(12%)*	**5,709**	7,708	*(26%)*	**1,079**	1,223	*(12%)*	**17,533**	21,155	*(17%)*
Other	**0.1**	6.0	*(98%)*	**378**	376	*1%*	**2**	8	*(75%)*	**394**	1,382	*(71%)*
Ongoing Operations	**172.0**	112.4	*53%*	**19,930**	13,997	*42%*	**7,148**	3,363	*113%*	**55,742**	36,087	*54%*
Sold GP Assets	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–	–
Total	**172.0**	112.4	*53%*	**19,930**	13,997	*42%*	**7,148**	3,363	*113%*	**55,742**	36,087	*54%*

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

Total Company and Ongoing Operations sales volumes averaged 55,742 Boe/d (49% liquids) in the third quarter of 2026 compared to 36,087 Boe/d (48% liquids) in the same period in 2025. The increase in sales volumes in 2026 was due to higher sales volumes at Willesden Green, the impact of which was partially offset by lower Kaybob sales volumes.

Sales volumes at Willesden Green averaged 37,815 Boe/d (53% liquids) in the third quarter of 2026 compared to 13,550 Boe/d (59% liquids) in the same period in 2025. The increase in 2026 sales volumes was primarily due to new Duvernay wells brought onstream following the start-up of the first phase of the Company's wholly-owned and operated Alhambra Plant in the third quarter of 2025 and the second phase expansion of the plant in the second quarter of 2026. During the third quarter of 2026, the Company completed the expansion of compression and dehydration capacity at the Leafland Plant and the construction and commissioning of a pipeline interconnecting the Alhambra and Leafland Plants. Start-up of the expanded Leafland Plant and the pipeline occurred in late-August.



Kaybob sales volumes averaged 17,533 Boe/d (39% liquids) in the third quarter of 2026 compared to 21,155 Boe/d (42% liquids) in the same period in 2025. Incremental production from new Duvernay wells at Kaybob North partially offset the impact of production declines.

	Nine months ended September 30											
	Natural gas (MMcf/d) (1)			Condensate and oil (Bbl/d) (1)			Other NGLs (Bbl/d) (1)			Total (Boe/d) (1)		
	2026	**2025**	***Chg***	**2026**	**2025**	***Chg***	**2026**	**2025**	***Chg***	**2026**	**2025**	***Chg***
Willesden Green	**84.0**	25.5	*229%*	**12,368**	4,395	*181%*	**5,008**	1,613	*210%*	**31,377**	10,255	*206%*
Kaybob	**69.5**	78.5	*(11%)*	**5,885**	7,155	*(18%)*	**1,192**	1,259	*(5%)*	**18,672**	21,495	*(13%)*
Other	**0.2**	2.1	*(90%)*	**377**	379	*(1%)*	**4**	7	*(43%)*	**404**	748	*(46%)*
Ongoing Operations	**153.7**	106.1	*45%*	**18,630**	11,929	*56%*	**6,204**	2,879	*115%*	**50,453**	32,498	*55%*
Sold GP Assets	**–**	25.4	*(100%)*	**–**	3,438	*(100%)*	**–**	480	*(100%)*	**–**	8,144	*(100%)*
Total	**153.7**	131.5	*17%*	**18,630**	15,367	*21%*	**6,204**	3,359	*85%*	**50,453**	40,642	*24%*

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

Total Company sales volumes were 50,453 Boe/d (49% liquids) in the nine months ended September 30, 2026 compared to 40,642 Boe/d (46% liquids) in the same period in 2025. Total Company sales volumes increased in 2026 due to higher sales volumes at Willesden Green. This increase was partially offset by the impact of the Grande Prairie Disposition as well as lower Kaybob sales volumes.

Sales volumes from Ongoing Operations averaged 50,453 Boe/d (49% liquids) in the nine months ended September 30, 2026 compared to 32,498 Boe/d (46% liquids) in the same period in 2025. The increase in Ongoing Operations sales volumes in 2026 was due to higher Willesden Green sales volumes, the impact of which was partially offset by lower Kaybob sales volumes.

Sales volumes at Willesden Green were 31,377 Boe/d (55% liquids) in the nine months ended September 30, 2026 compared to 10,255 Boe/d (59% liquids) in the same period in 2025. The increase in 2026 was primarily due to new Duvernay wells brought onstream following the start-up of the first phase of the Alhambra Plant in the third quarter of 2025 and the second phase expansion of the plant in the second quarter of 2026. The Company brought onstream 18 Duvernay wells in the nine months ended September 30, 2026 and a total of nine Duvernay wells in the fourth quarter of 2025.

Kaybob sales volumes averaged 18,672 Boe/d (38% liquids) in the nine months ended September 30, 2026 compared to 21,495 Boe/d (39% liquids) in the same period in 2025. Incremental production from new Duvernay wells at Kaybob North partially offset the impact of production declines.

Commodity Prices

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Chg	2026	2025	% Chg
Natural Gas [1]						
Paramount realized natural gas price ($/Mcf)	**2.53**	1.96	*29*	**2.83**	2.83	–
AECO daily spot ($/GJ)	**1.48**	0.60	*147*	**1.64**	1.42	*16*
AECO monthly index ($/GJ)	**1.46**	0.94	*56*	**1.75**	1.61	*9*
Dawn ($/MMBtu)	**3.67**	3.86	*(5)*	**4.64**	4.47	*4*
NYMEX (US$/MMBtu)	**2.89**	3.07	*(6)*	**3.10**	3.48	*(11)*
Malin daily index (US$/MMBtu)	**2.52**	2.74	*(8)*	**1.83**	2.72	*(33)*
Emerson 2 daily index (US$/MMBtu)	**1.32**	0.52	*153*	**1.85**	1.69	*9*
Condensate and Oil [1]						
Paramount realized condensate & oil price ($/Bbl)	**115.08**	82.01	*40*	**112.83**	89.13	*27*
Edmonton light sweet crude oil ($/Bbl)	**120.80**	85.00	*42*	**115.48**	88.70	*30*
Edmonton condensate ($/Bbl)	**120.77**	86.89	*39*	**115.60**	91.37	*27*
West Texas Intermediate crude oil (US$/Bbl)	**85.89**	64.93	*32*	**83.60**	66.70	*25*
Other NGLs [1]						
Paramount realized Other NGLs price ($/Bbl)	**35.63**	27.04	*32*	**34.85**	32.22	*8*
Conway – propane ($/Bbl)	**40.20**	38.78	*4*	**39.58**	44.03	*(10)*
Belvieu – butane ($/Bbl)	**63.18**	50.35	*25*	**58.68**	53.09	*11*
Foreign Exchange						
$ / 1 $US	**1.40**	1.38	*1*	**1.38**	1.40	*(1)*

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

Paramount's natural gas sales portfolio primarily consists of sales priced at Alberta, the California/Oregon border and Eastern Canada markets, in a combination of daily, monthly and fixed-basis physical contracts. In the nine months ended September 30, 2026, Paramount's natural gas sales portfolio included arrangements to sell approximately 60,000 GJ/d of natural gas at Dawn, approximately 22,000 GJ/d of natural gas at Malin and approximately 20,000 GJ/d of natural gas at Emerson. The Company's natural gas sales portfolio in the nine months ended September 30, 2025 included arrangements to sell approximately 40,000 GJ/d of natural gas at Dawn, approximately 22,000 GJ/d of natural gas at Malin and approximately 20,000 GJ/d of natural gas at Emerson.

Paramount's average realized natural gas price for the nine months ended September 30, 2026 was $2.83/Mcf, with approximately 54 percent of the Company's natural gas sales volumes priced at diversified markets outside of AECO. Approximately 47% of Paramount's forecast natural gas sales volumes for the remainder of 2026 and approximately 69% of forecast natural gas sales volumes for 2027 (excluding any Kaybob sales volumes) are expected to be priced at diversified markets outside of AECO, including Dawn, Malin, Emerson and Empress.

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

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

The Company had the following fixed-basis physical contracts as at September 30, 2026:

	Volume	Location	Average price	Remaining Term
Natural gas basis swap [1]	38,655 GJ/d	AECO / Dawn	$1.59/GJ	October 2026 – October 2027

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

Subsequent to September 30, 2026, the Company entered into the following physical contracts in relation to its AECO / Dawn natural gas basis swaps:

	Volume	Location	Average price	Term
Natural gas (Buy)	38,655 GJ/d	Dawn	$4.37/GJ	November 2026 – March 2027
Natural gas (Buy)	19,328 GJ/d	Dawn	$3.19/GJ	April 2027 – October 2027
Natural gas (Sale)	32,600 GJ/d	AECO	$1.87/GJ	April 2027 – October 2027

Subsequent to September 30, 2026, the Company entered into the following fixed-basis physical contract:

	Volume	Location	Average price	Term
Natural gas (Sale)	20,000 MMBtu/d	AECO	NYMEX – US$1.44/MMBtu [1]	April 2027 – October 2027

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

Risk Management Contracts

Financial Commodity Contracts

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

	Nine months ended September 30, 2026
Fair value of asset (liability), beginning of period	(9.4)
Changes in fair value	(58.3)
Settlements paid (received)	18.9
Fair value of asset (liability), end of period	(48.8)

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

Paramount had the following financial commodity contracts at September 30, 2026:

Instruments	Aggregate notional	Average price	Remaining term
Oil			
NYMEX WTI Swaps (Sale) (1)	7,000 Bbl/d	CAD$109.19/Bbl	October 2026 – December 2026
NYMEX WTI Swaps (Sale) (1)	12,000 Bbl/d	CAD$102.09/Bbl	January 2027 – December 2027
Natural Gas			
Citygate / Malin Basis Swap (2)	10,000 MMBtu/d	Citygate less US$0.97/MMBtu (Sell) Malin (Buy)	October 2026 – October 2028

(1) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.
(2) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction Paramount sells at Citygate less US $0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.

Subsequent to September 30, 2026, the Company entered into the following financial commodity contracts:

Instruments	Aggregate notional	Average price	Term
OPIS Conway Propane Swap (Sale) (1)	1,000 Bbl/d	CAD$54.60/Bbl	January 2027 – December 2027
NYMEX WTI Oil Swaps (Sale) (2)	2,750 Bbl/d	CAD$101.37/Bbl	January 2028 – December 2028

(1) "OPIS" means Oil Price Information Service.
(2) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.

For additional information concerning the Company's financial commodity contracts, refer to Note 12 of the Interim Financial Statements.

Foreign Currency Exchange Contracts

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

	Nine months ended September 30, 2026
Fair value of asset (liability), beginning of period	4.0
Changes in fair value	(9.8)
Settlements paid (received)	0.3
Fair value of asset (liability), end of period	(5.5)

The Company had the following foreign currency exchange contracts as at September 30, 2026:

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

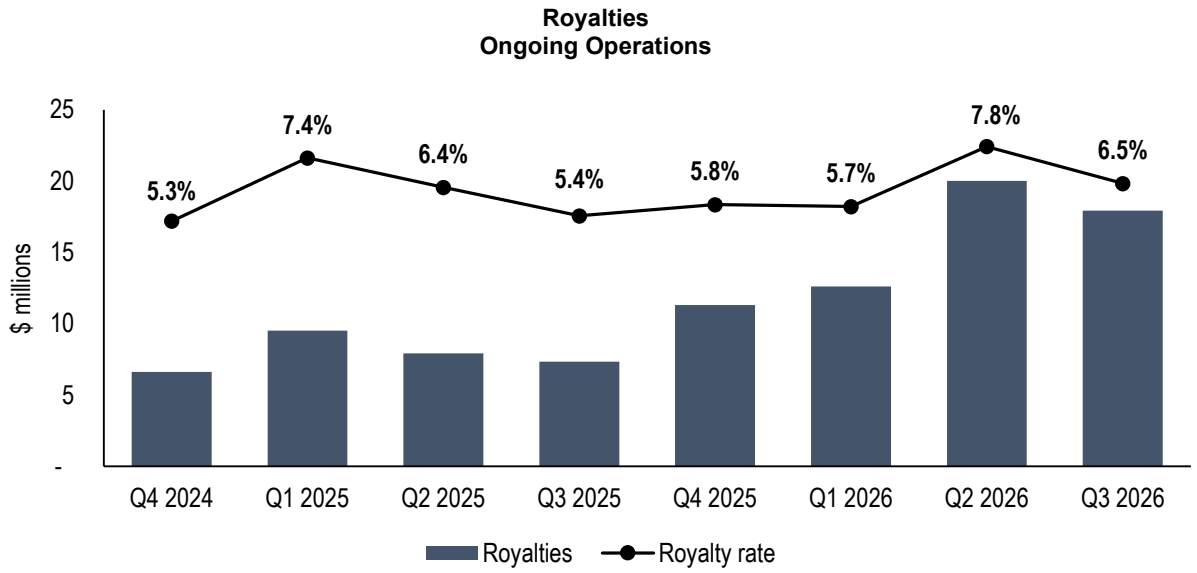
(1) Settled monthly against the average of the CAD$/US$ noon spot rate on each applicable day in that month.

For additional information concerning the Company's foreign currency exchange contracts, refer to Note 12 of the Interim Financial Statements.

Royalties

	Three months ended September 30				Nine months ended September 30			
	2026	Rate [1]	2025	Rate [1]	2026	Rate [1]	2025	Rate [1]
Ongoing Operations	17.9	6.5%	7.3	5.4%	50.5	6.7%	24.7	6.4%
Sold GP Assets	–	–	–	–	(6.0)	NM [2]	15.0	12.6%
Royalties – Total Company	17.9	6.5%	7.3	5.4%	44.5	5.9%	39.7	7.9%
$/Boe – Ongoing Operations [1]	*3.50*		*2.21*		*3.67*		*2.79*	
$/Boe – Total Company [1]	*3.50*		*2.21*		*3.23*		*3.58*	

(1) Royalty rate and royalties per Boe are supplementary financial measures. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures.
(2) NM Not meaningful.



Total Company and Ongoing Operations royalties were $17.9 million in the third quarter of 2026 compared to $7.3 million in the same period in 2025. Royalties increased in the third quarter of 2026 mainly due to higher petroleum and natural gas sales. The royalty rate increased in the third quarter of 2026 mainly due to higher royalty rates at Kaybob, where a lesser proportion of wells benefit from royalty incentives and higher liquids prices resulted in higher royalty rates.

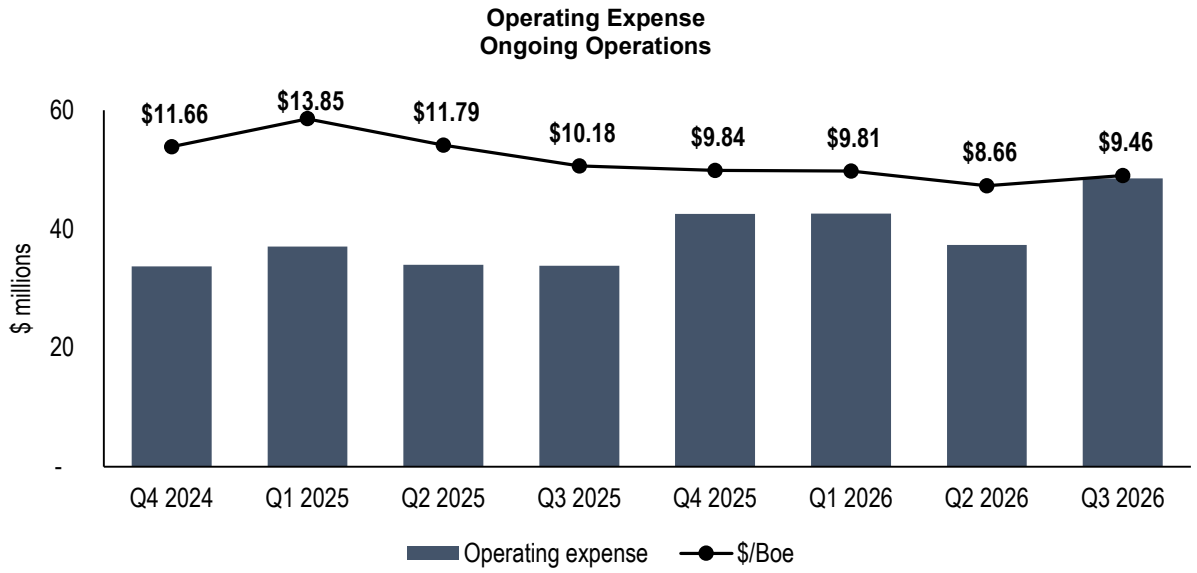
Total Company royalties were $44.5 million for the nine months ended September 30, 2026 compared to $39.7 million in the same period in 2025. Total Company royalties increased in the nine months ended September 30, 2026 mainly due to higher petroleum and natural gas sales. Total Company royalties for the nine months ended September 30, 2026 were reduced by $6.0 million following finalization of gas cost allowance amounts relating to the Sold GP Assets for periods prior to their sale on January 31, 2025.

Royalties relating to Ongoing Operations were $50.5 million for the nine months ended September 30, 2026 compared to $24.7 million in the same period in 2025. Royalties relating to Ongoing Operations increased in the nine months ended September 30, 2026 mainly due to higher petroleum and natural gas sales.

Operating Expense

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Chg	2026	2025	% Chg
Ongoing Operations	48.5	33.8	43	128.4	104.8	23
Sold GP Assets	–	–	–	–	32.5	(100)
Operating expense – Total Company	48.5	33.8	43	128.4	137.3	(6)
$/Boe – Ongoing Operations [1]	9.46	10.18	(7)	9.32	11.81	(21)
$/Boe – Total Company [1]	9.46	10.18	(7)	9.32	12.37	(25)

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



Total Company and Ongoing Operations operating expense was $48.5 million ($9.46/Boe) in the third quarter of 2026 compared to $33.8 million ($10.18/Boe) in the same period in 2025. Operating expense was higher in the third quarter of 2026 mainly due to increased workover and maintenance activities at Kaybob, the impact of both phases of the Alhambra Plant being onstream and higher production levels.

Total Company operating expense was $128.4 million ($9.32/Boe) for the nine months ended September 30, 2026 compared to $137.3 million ($12.37/Boe) in the same period in 2025. Total Company operating expense decreased due to the Grande Prairie Disposition, the impact of which was partially offset by higher operating expense at Willesden Green.

Operating expenses relating to Ongoing Operations were $128.4 million ($9.32/Boe) for the nine months ended September 30, 2026 compared to $104.8 million ($11.81/Boe) in the same period in 2025. Operating expenses relating to Ongoing Operations increased in the nine months ended September 30, 2026, with both phases of the Alhambra Plant being onstream, higher production levels and increased workover and maintenance activities.

Ongoing Operations operating expenses per Boe were lower in 2026 mainly as a result of a greater proportion of sales volumes at Willesden Green, which had a property-level operating expense of $4.47/Boe for the nine months ended September 30, 2026.

Transportation and NGLs Processing

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Chg	2026	2025	% Chg
Ongoing Operations	22.1	14.5	52	63.5	40.5	57
Sold GP Assets	–	–	–	–	7.6	(100)
Transportation and NGLs processing – Total Company	22.1	14.5	52	63.5	48.1	32
$/Boe – Ongoing Operations [1]	*4.30*	*4.37*	*(2)*	*4.61*	*4.56*	*1*
$/Boe – Total Company [1]	*4.30*	*4.37*	*(2)*	*4.61*	*4.33*	*6*

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

Total Company and Ongoing Operations transportation and NGLs processing expense in the third quarter of 2026 was $22.1 million ($4.30/Boe) compared to $14.5 million ($4.37/Boe) in the same period in 2025. Transportation and NGLs processing expense increased in the third quarter of 2026 mainly due to higher contracted transportation capacity and higher sales volumes at Willesden Green.

Total Company transportation and NGLs processing expense was $63.5 million ($4.61/Boe) for the nine months ended September 30, 2026 compared to $48.1 million ($4.33/Boe) in the same period in 2025. Total Company transportation and NGLs processing expense increased in the nine months ended September 30, 2026 mainly due to higher contracted transportation capacity and higher sales volumes at Willesden Green, the impact of which was partially offset by the Grande Prairie Disposition in 2025.

Transportation and NGLs processing expense relating to Ongoing Operations was $63.5 million ($4.61/Boe) for the nine months ended September 30, 2026 compared to $40.5 million ($4.56/Boe) in the same period in 2025. Transportation and NGLs processing expense relating to Ongoing Operations increased in 2026 mainly due to higher contracted transportation capacity and higher sales volumes at Willesden Green.

Sales of Commodities Purchased and Commodities Purchased

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Chg	2026	2025	% Chg
Sales of commodities purchased	61.7	54.2	14	196.6	207.6	(5)
Commodities purchased	(62.7)	(53.1)	18	(196.1)	(203.6)	(4)

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

Other Items

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Depletion and depreciation expense (excluding impairment) (1)	88.6	61.0	244.7	172.2
Impairment of petroleum and natural gas assets (1)	337.7	–	337.7	–
Change in asset retirement obligations (1)	2.8	2.3	9.4	5.9
Exploration and evaluation expense (recovery)	178.1	(4.6)	181.9	3.9
Gain on sale of oil and gas assets	(0.1)	(3.0)	(16.7)	(1,606.8)
Accretion of asset retirement obligations and provisions	6.6	6.0	19.2	19.2

(1) Refer to Note 4 of the Interim Financial Statements.

Depletion and depreciation expense (excluding impairment) was $88.6 million in the third quarter of 2026 compared to $61.0 million in the same period in 2025. Depletion and depreciation expense (excluding impairment) was $244.7 million in the nine months ended September 30, 2026 compared to $172.2 million in the same period in 2025. The increase in depletion and depreciation expense in 2026 was mainly due to higher sales volumes at Willesden Green. No depletion and depreciation expense was recorded in respect of the Sold GP Assets for the nine months ended September 30, 2025 as the assets were classified as held for sale.

Impairment of petroleum and natural gas assets for the three and nine months ended September 30, 2026 was $337.7 million, which related to the Kaybob Properties.

For the nine months ended September 30, 2026, the Company recorded a charge of $9.4 million (September 30, 2025 – $5.9 million) to earnings related to changes in the discounted carrying value of estimated asset retirement obligations in respect of properties that had a nil carrying value ascribed to property, plant and equipment. For the nine months ended September 30, 2026, the changes resulted from a reduction in the credit-adjusted risk-free rate used to discount obligations from 7.0 percent per annum to 6.5 percent per annum and revisions to the estimated costs.

Exploration and evaluation expense (recovery) was $178.1 million and $181.9 million for the three and nine months ended September 30, 2026, respectively, compared to ($4.6) million and $3.9 million for the same periods in 2025. At September 30, 2026, the Company recorded an impairment charge of $174.7 million to exploration and evaluation expense, which related to the Kaybob Properties. In the third quarter of 2025, the Company sold certain previously impaired exploration and evaluation assets for $7.7 million in common shares of the acquiror. Paramount recorded a $7.7 million reversal of previously recorded impairment charges relating to these assets.

On June 30, 2026, Paramount closed the Fox Drilling Sale to AKITA. Fox Drilling's assets included six triple-sized drilling rigs. Paramount received aggregate consideration of $68.4 million, after adjustments, for the Fox Drilling Sale, which was comprised of approximately 19.3 million AKITA Shares, valued at their trading price of $3.41 per share on the closing date, and $2.7 million cash. The Company recorded an $11.8 million loss on sale of oil and gas assets in connection with the transaction in the nine months ended September 30, 2026.

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

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

For the nine months ended September 30, 2025, the Company recognized a gain on sale of oil and gas assets of $1.595 billion in respect of the Grande Prairie Disposition. For additional information concerning the Grande Prairie Disposition, refer to Note 4 of the Annual Financial Statements.

ASSET RETIREMENT OBLIGATIONS AND PROVISIONS

Asset retirement obligations settled in the nine months ended September 30, 2026 totaled $29.6 million. Activities in the nine months ended September 30, 2026 included the abandonment of 23 wells, decommissioning of eight pipeline segments and the reclamation of 23 sites.

Paramount's estimated undiscounted, uninflated asset retirement obligations were $817.9 million at September 30, 2026 (December 31, 2025 – $792.0 million). At September 30, 2026 the Company's discounted asset retirement obligations were $408.3 million (discounted at 6.5 percent per annum and using an inflation rate of 2.0 percent per annum) compared to $374.1 million at December 31, 2025 (discounted at 7.0 percent per annum and using an inflation rate of 2.0 percent per annum).

During the nine months ended September 30, 2026, provisions settled totaled $12.5 million. The undiscounted, uninflated provision at September 30, 2026 was $22.0 million. The Company's discounted provisions were $18.9 million at September 30, 2026, which were discounted at a rate of 6.5 percent per annum over the next ten years. The provision relates to anticipated future costs associated with a release believed to have originated from a Company owned pipeline.

For additional information concerning the Company's asset retirement obligations and provisions, refer to Note 7 of the Interim Financial Statements and Note 9 of the Annual Financial Statements.

OTHER ASSETS

Investments in Securities

As at	September 30, 2026	December 31, 2025
Level One Securities	15.3	10.7
Level Three Securities	127.0	126.6
	142.3	137.3

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

In July 2026, the Company distributed all 19.3 million AKITA Shares it received on the Fox Drilling Sale by way of a special dividend in kind to holders of Common Shares. The market value of the AKITA Shares on the date of distribution was $67.4 million, resulting in $1.5 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings. Refer to Note 8 of the Interim Financial Statements for additional information.

Level Three Securities at September 30, 2026 included investments in the shares of Sultran Ltd. and other minor investments in securities. During the nine months ended September 30, 2025, Paramount sold all of its shares of Westbrick Energy Ltd. for cash consideration of $33.9 million, resulting in $22.3 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings.

For the three and nine months ended September 30, 2026, the Company recorded a before tax gain of $2.3 million and $6.9 million, respectively, to other comprehensive income related to changes in the fair value estimates of its investments in securities.

For additional details concerning the Company's investments in securities, refer to Note 5 of the Interim Financial Statements.

CORPORATE

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
General and administrative expense	11.5	12.3	35.7	40.2
Share-based compensation expense	4.4	3.6	16.5	25.3
Transaction and reorganization costs	–	–	–	24.3
Interest and financing expense	1.5	1.3	4.5	5.1
Interest income	(2.7)	(4.0)	(11.5)	(17.0)
Dividend income and other	(4.7)	(2.4)	(12.7)	(5.6)
Deferred income tax (recovery) expense	(116.1)	(1.2)	(83.8)	382.1

General and administrative expense was $11.5 million and $35.7 million for the three and nine months ended September 30, 2026, respectively, compared to $12.3 million and $40.2 million in the same periods in 2025.

Share-based compensation expense was $4.4 million and $16.5 million for the three and nine months ended September 30, 2026, respectively, compared to $3.6 million and $25.3 million in the same periods in 2025. Share-based compensation expense for the nine months ended September 30, 2025 was higher mainly due to the impact of the elimination in 2025 of vesting periods for previously issued restricted share units under the Company's CBRSU plan.

Transaction and reorganization costs in the nine months ended September 30, 2025 totaled $24.3 million, including $22.0 million relating to cash payments made by the Company on the surrender of options to acquire Common Shares ("Paramount Options") by holders in connection with the Special Distribution, which is further described in the "Liquidity and Capital Resources – Paramount Options and Share Capital" section of this MD&A.

Interest income was $2.7 million and $11.5 million for the three and nine months ended September 30, 2026, respectively, compared to $4.0 million and $17.0 million for the same periods in 2025. Interest income was lower in 2026 because of lower cash and cash equivalents balances held.

Dividend income and other was $4.7 million and $12.7 million for the three and nine months ended September 30, 2026, respectively, compared to $2.4 million and $5.6 million for the same periods in 2025. Dividend income for the three and nine months ended September 30, 2026 includes dividends of $3.1 million and $8.6 million, respectively (three and nine months ended September 30, 2025 – $3.1 million and $6.3 million, respectively) from Sultran Ltd., one of the Company's Level Three Securities.

For the three months ended September 30, 2026, the Company recorded a deferred income tax recovery of $116.1 million compared to a deferred income tax recovery of $1.2 million in the same period in 2025. For the nine months ended September 30, 2026, the Company recorded a deferred income tax recovery of $83.8 million compared to deferred income tax expense of $382.1 million in the same period in 2025. The deferred income tax recovery in 2026 was mainly due to the $512.4 million impairment recorded in respect of the Kaybob Properties. The deferred income tax expense in 2025 was mainly due to the gain on sale of oil and gas assets realized in connection with the Grande Prairie Disposition.

CAPITAL EXPENDITURES AND LAND AND PROPERTY ACQUISITIONS

Capital Expenditures

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Drilling, completion, equipping and tie-ins	**189.0**	147.5	**531.1**	419.0
Facilities and gathering	**83.1**	55.6	**284.1**	144.5
Drilling rigs	**–**	1.6	**5.8**	6.3
Corporate	**1.1**	1.8	**5.7**	10.1
Capital expenditures	**273.2**	206.5	**826.7**	579.9
Willesden Green	**168.1**	184.4	**516.6**	411.3
Sinclair	**90.5**	8.0	**249.7**	29.9
Kaybob	**12.8**	9.2	**48.0**	100.5
Fox Drilling	**–**	1.6	**5.8**	6.3
Corporate and other	**1.8**	3.3	**6.6**	15.9
Ongoing Operations	**273.2**	206.5	**826.7**	563.9
Sold GP Assets	**–**	–	**–**	16.0
Capital expenditures	**273.2**	206.5	**826.7**	579.9

Capital expenditures totaled $273.2 million in the third quarter of 2026 compared to $206.5 million in the same period in 2025. Capital expenditures totaled $826.7 million in the nine months ended September 30, 2026 compared to $579.9 million in the same period in 2025. Significant capital program activities in the nine months ending September 30, 2026 are described below.

- Development activities at Willesden Green included drilling 20 (20.0 net) Duvernay wells, completing 23 (23.0 net) Duvernay wells and bringing 18 (18.0 net) Duvernay wells on production. Construction of the second phase of the Alhambra Plant at Willesden Green was completed, with first sales achieved in early-June 2026. In the third quarter, Paramount completed the construction, commissioning and start-up of expanded compression and dehydration capacity at the Leafland Plant, the pipeline interconnect between the Alhambra and Leafland Plants and water recycling facilities at the Alhambra Plant.

- At Sinclair, the Company continued the construction of the Sinclair Plant, including earthworks at the plant site, engineering and offsite module fabrication. The Sinclair Plant is being designed to handle up to 400 MMcf/d of raw natural gas and is planned to start-up in the fourth quarter of 2027. In addition, Paramount completed the construction of a freshwater reservoir, drilled an acid gas injection well, drilled five (5.0 net) wells of a total of ten (10.0 net) Montney wells to be drilled in 2026 and completed two (2.0 net) Montney appraisal wells.

- At Kaybob, Paramount drilled two (2.0 net) Duvernay wells, completed and brought on production three (3.0 net) Duvernay wells and drilled two (2.0 net) Montney oil wells.

Land and Property Acquisitions

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Land and property acquisitions	**11.8**	17.8	**85.0**	21.6

Land and property acquisitions totaled $11.8 million in the third quarter of 2026 compared to $17.8 million in the same period in 2025. Land and property acquisitions totaled $85.0 million in the nine months ended September 30, 2026 compared to $21.6 million in the same period in 2025.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary objectives in managing its capital structure are to:

i. ensure liquidity to fund ongoing operations and capital programs, the settlement of obligations when due and the payment of regular monthly dividends;

ii. preserve financial flexibility and access to capital markets, including for the pursuit of strategic initiatives; and

iii. maximize shareholder returns considering the risk environment.

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

The key capital management measures used by the Company in monitoring and assessing its capital structure are net (cash) debt, adjusted funds flow, the ratio of net debt to adjusted funds flow and free cash flow. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Readers are referred to the "Specified Financial Measures" section of this MD&A and Note 16 – Capital Structure of the Interim Financial Statements for important additional information concerning these measures.

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

As at	September 30, 2026	December 31, 2025
Cash and cash equivalents	**(325.3)**	(730.8)
Accounts receivable	**(116.2)**	(98.4)
Prepaid expenses and other	**(20.7)**	(16.8)
Accounts payable and accrued liabilities	**270.2**	173.2
Long-term debt	**–**	–
Net (cash) debt	**(192.0)**	(672.8)

Net (cash) debt does not account for the $142.3 million carrying value of the Company's investments in securities at September 30, 2026 (December 31, 2025 – $137.3 million). Cash proceeds from the pending Kaybob Transaction will further strengthen the Company's financial position.

Paramount's operations are capital intensive and adequate sources of liquidity are required to fund ongoing exploration and development activities, discharge asset retirement obligations and provisions and satisfy its other contractual obligations and commitments. Paramount's available capital resources include cash from operating activities, cash and cash equivalents and available capacity under the Revolving Credit Facility and the Term Loan Facility, which are further described below.

Based on the Company's current commodity pricing and foreign exchange rate assumptions and the forecasts of 2026 sales volumes set out in this MD&A under the "2026 Guidance" section and the forecasts of annual 2027 sales volumes set out in this MD&A under the "2027 Budget and Guidance (Excluding Kaybob)" section, Paramount expects to fully fund its forecast 2026 and budgeted annual 2027 capital expenditures, abandonment and reclamation expenditures, provisions and regular monthly dividends from cash from operating activities, cash and cash equivalents and borrowings under its currently undrawn credit facilities.

Paramount may also determine to divest of assets or investments in securities from time to time to reduce indebtedness or fund operations. In the nine months ended September 30, 2026, the Company realized cash proceeds of $32 million from the disposition of assets and investments in securities. Paramount realized cash proceeds of approximately $3,243 million through the Grande Prairie Disposition and repaid all remaining drawings outstanding under the Revolving Credit Facility in January 2025. In February 2025, the Company paid the $2,148 million Special Distribution to shareholders, which is further described in the "Liquidity and Capital Resources – Dividends and Distributions" section of this MD&A. Paramount also realized cash proceeds of $556 million in 2025 from the disposition of investments in securities, including $519 million on the sales of its remaining investment in the common shares of NuVista Energy Ltd. Subject to market conditions and availability, proceeds from new debt and/or equity financings may also provide additional sources of capital from time to time.

Credit Facilities and Long-Term Debt

As at	September 30, 2026	December 31, 2025
Revolving Credit Facility	–	–
Term Loan Facility	–	–
Long-Term Debt	**–**	**–**

At September 30, 2026, Paramount's Revolving Credit Facility had a $500 million credit limit and a December 15, 2029 maturity date. In November 2026, the capacity of the Revolving Credit Facility was increased to $1.0 billion and the maturity date was extended to November 4, 2030. The Revolving Credit Facility continues to be secured by a charge over substantially all of the assets of the Company and its subsidiaries (the "First Lien Charge").

Borrowings under the Revolving Credit Facility bear interest at the Canadian Overnight Repo Rate Average ("CORRA"), prime lending rate, United States Secured Overnight Financing Rate or the US base rate, as selected by the Company, plus applicable margins which vary based on the Company's Senior Secured Debt to Consolidated EBITDA ratio.

Paramount also has a $250 million secured, non-revolving, non-amortizing, delayed draw term loan facility (the "Term Loan Facility") with Export Development Canada ("EDC"). The Company may make drawdowns under the Term Loan Facility prior to December 16, 2027 to fund capital expenditures related to its liquids-rich natural gas development at Willesden Green and its Sinclair development (excluding the Sinclair Plant). Any undrawn availability under the Term Loan Facility as of December 16, 2027 will be cancelled.

The Term Loan Facility is prepayable without penalty or premium at any time, has a maturity date of December 16, 2030 and is secured by a charge over substantially all of the assets of the Company and its subsidiaries which is subordinated to the First Lien Charge.

Borrowings under the Term Loan Facility bear interest at CORRA plus a fixed margin.

Paramount is subject to the following three financial covenants under both the Revolving Credit Facility and the Term Loan Facility, which are tested at the end of each fiscal quarter and calculated on a trailing twelve-month basis:

- Senior Secured Debt to Consolidated EBITDA to be 3.50 to 1.00 or less;
- Total Debt to Consolidated EBITDA to be 4.00 to 1.00 or less; and
- Consolidated EBITDA to Consolidated Interest Expense to be 2.50 to 1.00 or greater.

Senior Secured Debt currently consists of any amounts drawn on the Revolving Credit Facility.

Total Debt currently consists of Senior Secured Debt and any amounts drawn on the Term Loan Facility.

Consolidated EBITDA is adjusted for material acquisitions and dispositions and is generally calculated as net income before Consolidated Interest Expense, taxes, depletion, depreciation, amortization, impairment and exploration and evaluation expense and is also adjusted to exclude non-recurring items and other non-cash items including gains or losses on dispositions of oil and gas assets, unrealized mark-to-market amounts on derivatives, unrealized foreign exchange gains and losses, share-based compensation expense, accretion and gains or losses recorded in applying the equity method of investment accounting.

Consolidated Interest Expense is reduced by customary adjustments, including interest income.

Both the Revolving Credit Facility and the Term Loan Facility contain a covenant requiring prior lender consent for the payment of dividends and other distributions if the Senior Secured Debt to Consolidated EBITDA ratio is greater than 2.50 to 1.00, *pro forma* the payment of the distribution. In addition, other than (i) any regular monthly dividend approved by Paramount's board of directors; or (ii) any repurchase by the Company of its Common Shares pursuant to a normal course issuer bid, prior lender consent under both the Revolving Credit Facility and the Term Loan Facility is required for distributions until the earlier of: (a) the Sinclair Plant being brought onstream; (b) the third phase expansion of the Alhambra Plant being brought onstream; or (c) certain other conditions having been satisfied.

Paramount was in compliance with all financial covenants in the Revolving Credit Facility and the Term Loan Facility at September 30, 2026.

The Company had undrawn letters of credit outstanding under the Revolving Credit Facility totaling $5.0 million at September 30, 2026 (December 31, 2025 – $4.8 million) that reduce the amount available to be drawn on the facility.

Unsecured Letter of Credit Facility

The Company has an unsecured demand revolving letter of credit facility (the "LC Facility") with a Canadian bank. The credit limit of the LC Facility was increased to $130 million in November 2026. Paramount's obligations under the LC Facility are supported by a performance security guarantee ("PSG") from EDC. In November 2026, the term of the PSG was extended to October 31, 2028. At September 30, 2026, $74.0 million in undrawn letters of credit were outstanding under the LC Facility (December 31, 2025 – $33.0 million).

Cash Flow Hedges

The Company had the following electricity swaps at September 30, 2026:

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

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

The Company has classified its electricity swaps as cash flow hedges and applied hedge accounting. There were no changes to the critical terms of the hedging relationships and no hedge ineffectiveness was identified at September 30, 2026.

Paramount Options and Share Capital

For the nine months ended September 30, 2026, Paramount issued 1.4 million Common Shares on the exercise of Paramount Options and 0.4 million Common Shares to CBRSU plan participants.

During the nine months ended September 30, 2026, 0.1 million Common Shares having a cost of $2.0 million were released from the trust holding Common Shares for the Company's CBRSU plan to participants (September 30, 2025 – 1.3 million Common Shares were purchased under the Company's CBRSU plan at a total cost of $20.2 million and 1.4 million Common Shares having a cost of $27.3 million were released from the trust to CBRSU plan participants).

At November 4, 2026, Paramount had 146.4 million Common Shares outstanding (net of 0.1 million Common Shares held in trust under the Company's CBRSU plan) and 6.9 million Paramount Options outstanding, of which 2.9 million Paramount Options are exercisable.

For additional information concerning Paramount Options, refer to Note 10 of the Interim Financial Statements.

Dividends and Distributions

For the nine months ended September 30, 2026, Paramount declared and paid regular monthly cash dividends totaling $0.45 per Common Share or $65.4 million (September 30, 2025 – $0.55 per Common Share or $79.5 million). The Company also paid a regular monthly cash dividend of $0.05 per Common Share or $7.3 million on October 30, 2026 to shareholders of record on October 15, 2026. In November 2026, Paramount's Board of Directors declared a cash dividend of $0.05 per Common Share that is payable on November 30, 2026 to shareholders of record on November 16, 2026.

In July 2026, the Company distributed all 19.3 million of the AKITA Shares it received on the Fox Drilling Sale by way of a special dividend in kind to holders of its Common Shares. The market value of these shares totaled $67.4 million on the date of distribution (approximately 0.132 of an AKITA common share per Common Share or $0.46 per Common Share).

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

Normal Course Issuer Bid

In July 2026, Paramount implemented a normal course issuer bid (the "2026 NCIB") under which the Company may purchase up to 7.7 million Common Shares for cancellation. The 2026 NCIB will terminate on the earlier of July 7, 2027 and the date on which the maximum number of Common Shares that can be acquired pursuant to the 2026 NCIB are purchased. Purchases of Common Shares under the 2026 NCIB will be made through the facilities of the Toronto Stock Exchange or alternative Canadian trading systems at the market price at the time of purchase. The Company has not made any purchases of Common Shares under the 2026 NCIB to date.

Paramount previously implemented a normal course issuer bid in July 2025 (the "2025 NCIB"). No shares were purchased under the 2025 NCIB, which expired on July 7, 2026.

QUARTERLY INFORMATION

	2026			2025				2024 (1)
	Q3	Q2	Q1	Q4	Q3	Q2	Q1 (2)	Q4
Petroleum and natural gas sales	**277.7**	260.7	228.6	198.5	144.2	127.2	266.6	459.3
Revenue	**321.5**	317.3	280.4	259.9	191.1	165.2	349.6	509.5
Net income (loss)	**(387.2)**	68.3	53.2	(1.9)	(2.3)	4.2	1,288.8	87.4
Per share – basic ($/share)	***(2.65)***	*0.47*	*0.37*	*(0.01)*	*(0.02)*	*0.03*	*8.90*	*0.60*
Per share – diluted ($/share)	***(2.65)***	*0.46*	*0.36*	*(0.01)*	*(0.02)*	*0.03*	*8.74*	*0.59*
Cash from operating activities	**154.3**	144.4	116.2	185.4	42.3	39.8	149.9	187.7
Per share – basic ($/share) (3)	***1.06***	*0.99*	*0.80*	*1.29*	*0.30*	*0.28*	*1.03*	*1.28*
Per share – diluted ($/share) (3)	***1.06***	*0.97*	*0.79*	*1.29*	*0.30*	*0.27*	*1.02*	*1.26*
Adjusted funds flow (3)	**175.3**	175.6	143.4	140.1	96.8	81.5	149.1	237.8
Per share – basic ($/share)	***1.20***	*1.21*	*0.99*	*0.97*	*0.67*	*0.57*	*1.03*	*1.62*
Per share – diluted ($/share)	***1.20***	*1.18*	*0.97*	*0.97*	*0.67*	*0.56*	*1.01*	*1.59*
Free cash flow (3)	**(106.1)**	(128.5)	(146.9)	(84.6)	(124.5)	(85.5)	(90.6)	52.8
Per share – basic ($/share)	***(0.73)***	*(0.88)*	*(1.02)*	*(0.59)*	*(0.87)*	*(0.60)*	*(0.63)*	*0.36*
Per share – diluted ($/share)	***(0.73)***	*(0.86)*	*(0.99)*	*(0.59)*	*(0.87)*	*(0.60)*	*(0.63)*	*0.35*
Cash dividends & distributions declared & paid ($/share) (4)	**0.15**	0.15	0.15	0.15	0.15	0.15	15.25	0.45
Sales volumes								
Natural gas (MMcf/d)	**172.0**	144.4	144.5	133.1	112.4	103.3	179.6	317.3
Condensate and oil (Bbl/d)	**19,930**	17,803	18,137	19,472	13,997	11,636	20,542	42,835
Other NGLs (Bbl/d)	**7,148**	5,415	6,037	5,318	3,363	2,786	3,934	6,753
Total (Boe/d)	**55,742**	47,279	48,255	46,973	36,087	31,631	54,409	102,477
Liquids %	***49%***	*49%*	*50%*	*53%*	*48%*	*46%*	*45%*	*48%*
Realized prices (3)								
Natural gas ($/Mcf)	**2.53**	2.50	3.52	3.58	1.96	3.07	3.25	1.99
Condensate and oil ($/Bbl)	**115.08**	126.96	96.27	76.66	82.01	82.84	97.70	96.26
Other NGLs ($/Bbl)	**35.63**	38.50	30.61	27.15	27.04	27.02	40.47	34.32
Petroleum and natural gas ($/Boe)	**54.14**	60.59	52.65	45.92	43.43	44.20	54.43	48.72

(1) Includes the results of operations of the Sold GP Assets.
(2) Includes the results of operations of the Sold GP Assets from January 1, 2025 to the closing date of the Grande Prairie Disposition on January 31, 2025.
(3) Adjusted funds flow and free cash flow are capital management measures used by Paramount. Each measure presented on a per share, $/Bbl, $/Mcf or $/Boe basis, other than net income per share, is a supplementary financial measure. Refer to the "Specified Financial Measures" section of this MD&A for more information on these measures. In the fourth quarter of 2025, the Company updated its free cash flow measure to deduct provisions settled. Free cash flow for the third quarter of 2025 was updated to conform to this updated method of calculation. There was no impact to free cash flow of other periods presented as a result of this update.
(4) Cash dividends & distributions declared & paid represents dividends and distributions paid in cash and exclude the July 2026 dividend in kind of the AKITA Shares, valued at $67.4 million ($0.46 per Common Share).

Significant Items Impacting Quarterly Results

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

- Third quarter 2026 earnings include an aggregate after-tax impairment charge of $394.5 million related to the Kaybob Properties and a $64.4 million loss on risk management contracts.
- Second quarter 2026 earnings include an $11.9 million loss on the sale of oil and gas assets.
- First quarter 2026 earnings include a $28.5 million gain on the sale of oil and gas assets.

- Fourth quarter 2025 earnings include an additional provision expense of $21.7 million relating to a pipeline release.
- Third quarter 2025 earnings include a provision expense of $16.9 million relating to a pipeline release and $5.3 million of income related to the final resolution of Paramount's insurance claims for 2023 Alberta wildfire business interruption losses.
- Second quarter 2025 earnings include a $33.8 million gain on risk management contracts and a $12.0 million loss on sale of oil and gas assets related to finalization of adjustments to the purchase price for the Grande Prairie Disposition.
- First quarter 2025 earnings include a $1,619.1 million gain on the sale of oil and gas assets, $383.0 million of deferred tax expense, $23.7 million of transaction and reorganization costs and $11.1 million of income related to the second interim payment from insurers for 2023 Alberta wildfire business interruption losses.
- Fourth quarter 2024 earnings include a $25.3 million loss on risk management contracts and lower depletion and depreciation expense mainly from transferring the Sold GP Assets to held for sale during the fourth quarter of 2024.

OTHER INFORMATION

Commitments

Paramount had the following contractual obligations at September 30, 2026: (1)

	Within one year	After one year but not more than three years	After three years but not more than five years	More than five years	Total
Transportation and processing commitments	86.7	257.8	236.7	628.8	**1,210.0**
Capital commitments, leases and other	110.8	41.0	6.2	14.4	**172.4**
	197.5	**298.8**	**242.9**	**643.2**	**1,382.4**

(1) Excludes risk management liabilities and accounts payable and accrued liabilities. For additional information concerning the Company's risk management liabilities, refer to Note 12 of the Interim Financial Statements.

Transportation and processing commitments mainly relate to long-term firm service arrangements for the transportation and processing of the Company's sales volumes.

Contingencies

In the normal course of Paramount's operations, the Company may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty. Paramount does not anticipate that these claims will have a material impact on its financial position.

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

CHANGES IN ACCOUNTING STANDARDS

Adoption of Accounting Standards

Effective January 1, 2026, the Company adopted amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments: Disclosures*. These amendments clarify the date of recognition and derecognition of financial assets and liabilities, including the settling of financial liabilities using an electronic payment system, and the classification of certain financial assets. In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income. As a result of the adoption of the amendments to IFRS 9, Paramount no longer deducts the value of outstanding cheques from cash and cash equivalents and accounts payable and accrued liabilities at the end of each reporting period. To December 31, 2025, the value of outstanding cheques was deducted from cash and cash equivalents and accounts payable and accrued liabilities. This change was accounted for prospectively for periods beginning on and after January 1, 2026.

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

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

Future Changes in Accounting Standards

In April 2024, the International Accounting Standards Board issued *IFRS 18 – Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 – Presentation of Financial Statements.* IFRS 18 establishes a revised structure for the consolidated statements of comprehensive income, including newly defined subtotals, required disclosures for management-defined performance measures ("MPM") and additional requirements for the aggregation and disaggregation of information in the financial statements. IFRS 18 will be applied retrospectively and is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted.

Paramount expects that as a result of the adoption of IFRS 18, in addition to the matters mentioned above, certain items will be reclassified from operating activities in the consolidated statements of cash flows to financing and investing activities. In particular, interest and financing expenses will be reclassified as financing activities and interest income and dividend income will be reclassified as investing activities. In addition, the newly defined subtotal of operating income will replace net income as the starting point for determining cash flows from operating activities. The Company has also currently identified netback and netback including risk management contract settlements as MPMs. Paramount does not anticipate that IFRS 18 will have an impact on its financial position, net earnings or total cash flows.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three months ended September 30, 2026, there was no change in the Company's internal control over financial reporting ("ICFR") that materially affected, or is reasonably likely to materially affect, the Company's ICFR.

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

RISK FACTORS

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

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

The United States has imposed import tariffs on goods from certain major trading partners, including Canada, which remain in effect on the date of this MD&A. These tariffs do not currently extend to energy and energy products. In turn, Canada has imposed certain import tariffs on the United States and other trading partners which remain in effect at the date of this MD&A.

The first joint review of the Canada-United States-Mexico Agreement ("CUSMA") by Canada, the United States and Mexico was due to be completed by July 1, 2026. On July 1, 2026, the United States declined to confirm its renewal of CUSMA. As a result, CUSMA remains in force, but annual joint reviews must take place until the agreement's scheduled expiry in 2036. In addition, any party may withdraw from CUSMA at any time by providing six months' written notice. If only one country withdraws, the agreement continues in force between the remaining two.

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

PRODUCT TYPE INFORMATION

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

	2026			2025				2024	YTD Sept 30	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	2026	2025
SALES VOLUMES – TOTAL COMPANY BY PRODUCT TYPE										
Shale gas (MMcf/d)	137.3	105.9	107.9	96.5	72.8	58.9	134.2	269.2	117.1	88.4
Conventional natural gas (MMcf/d)	34.7	38.5	36.6	36.6	39.6	44.4	45.4	48.1	36.6	43.1
Natural gas (MMcf/d)	172.0	144.4	144.5	133.1	112.4	103.3	179.6	317.3	153.7	131.5
Condensate (Bbl/d)	18,651	16,505	16,623	17,777	12,180	9,688	18,922	41,243	17,267	13,571
Other NGLs (Bbl/d)	7,148	5,415	6,037	5,318	3,363	2,786	3,934	6,753	6,204	3,359
NGLs (Bbl/d)	25,799	21,920	22,660	23,095	15,543	12,474	22,856	47,996	23,471	16,930
Light and medium crude oil (Bbl/d)	718	716	887	1,065	1,188	1,263	971	792	773	1,142
Tight oil (Bbl/d)	184	215	243	238	254	285	291	393	214	276
Heavy crude oil (Bbl/d)	377	367	384	392	375	400	358	407	376	378
Crude oil (Bbl/d)	1,279	1,298	1,514	1,695	1,817	1,948	1,620	1,592	1,363	1,796
Total (Boe/d)	55,742	47,279	48,255	46,973	36,087	31,631	54,409	102,477	50,453	40,642

SALES VOLUMES – BY PROPERTY BY PRODUCT TYPE										
WILLESDEN GREEN										
Shale gas (MMcf/d)	107.2	73.9	69.9	56.1	30.3	19.4	17.6	19.7	83.8	22.5
Conventional natural gas (MMcf/d)	0.2	0.2	0.2	2.6	2.8	3.0	3.4	3.4	0.2	3.0
Natural gas (MMcf/d)	107.4	74.1	70.1	58.7	33.1	22.4	21.0	23.1	84.0	25.5
Condensate (Bbl/d)	13,700	10,723	12,141	11,843	5,701	3,759	2,991	3,118	12,194	4,160
Other NGLs (Bbl/d)	6,067	4,227	4,716	3,926	2,132	1,517	1,179	1,284	5,008	1,613
NGLs (Bbl/d)	19,767	14,950	16,857	15,769	7,833	5,276	4,170	4,402	17,202	5,773
Light and medium crude oil (Bbl/d)	2	11	20	21	22	22	28	20	11	24
Tight oil (Bbl/d)	141	163	187	178	190	211	234	220	163	211
Crude oil (Bbl/d)	143	174	207	199	212	233	262	240	174	235
Total (Boe/d)	37,815	27,466	28,750	25,752	13,550	9,223	7,929	8,488	31,377	10,255
KAYBOB										
Shale gas (MMcf/d)	30.1	32.0	38.0	38.1	36.7	39.5	39.7	35.7	33.3	38.6
Conventional natural gas (MMcf/d)	34.4	38.1	36.2	33.8	36.6	41.2	41.8	44.3	36.2	39.9
Natural gas (MMcf/d)	64.5	70.1	74.2	71.9	73.3	80.7	81.5	80.0	69.5	78.5
Condensate (Bbl/d)	4,950	5,781	4,481	5,933	6,478	5,928	5,500	6,794	5,072	5,972
Other NGLs (Bbl/d)	1,079	1,184	1,316	1,368	1,223	1,263	1,292	1,480	1,192	1,259
NGLs (Bbl/d)	6,029	6,965	5,797	7,301	7,701	7,191	6,792	8,274	6,264	7,231
Light and medium crude oil (Bbl/d)	716	705	867	1,044	1,166	1,241	943	772	762	1,118
Tight oil (Bbl/d)	43	52	56	60	64	74	57	60	51	65
Crude oil (Bbl/d)	759	757	923	1,104	1,230	1,315	1,000	832	813	1,183
Total (Boe/d)	17,533	19,413	19,088	20,387	21,155	21,962	21,371	22,441	18,672	21,495

	2026			2025				2024	YTD Sept 30	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	2026	2025
OTHER										
Shale gas (MMcf/d)	–	–	–	2.3	5.8	–	–	–	–	1.9
Conventional natural gas (MMcf/d)	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2
Natural gas (MMcf/d)	0.1	0.2	0.2	2.5	6.0	0.2	0.2	0.3	0.2	2.1
Condensate (Bbl/d)	1	1	1	1	1	1	1	2	1	1
Other NGLs (Bbl/d)	2	4	5	24	8	6	7	12	4	7
NGLs (Bbl/d)	3	5	6	25	9	7	8	14	5	8
Heavy crude oil (Bbl/d)	377	367	384	392	375	400	358	407	376	378
Crude oil (Bbl/d)	377	367	384	392	375	400	358	407	376	378
Total (Boe/d)	394	400	417	834	1,382	446	405	484	404	748

SOLD GP ASSETS										
Shale gas (MMcf/d)	–	–	–	–	–	–	76.9	213.8	–	25.4
Conventional natural gas (MMcf/d)	–	–	–	–	–	–	–	0.1	–	–
Natural gas (MMcf/d)	–	–	–	–	–	–	76.9	213.9	–	25.4
Condensate (Bbl/d)	–	–	–	–	–	–	10,430	31,329	–	3,438
Other NGLs (Bbl/d)	–	–	–	–	–	–	1,456	3,977	–	480
NGLs (Bbl/d)	–	–	–	–	–	–	11,886	35,306	–	3,918
Tight oil (Bbl/d)	–	–	–	–	–	–	–	113	–	–
Crude oil (Bbl/d)	–	–	–	–	–	–	–	113	–	–
Total (Boe/d)	–	–	–	–	–	–	24,704	71,064	–	8,144

Paramount is forecasting 2026 annual average sales volumes of between 51,000 Boe/d and 53,000 Boe/d (51% shale gas and conventional natural gas combined, 36% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs).

Paramount is forecasting 2027 annual average sales volumes, excluding the Kaybob Properties, of between 46,000 Boe/d and 50,000 Boe/d (51% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 12% other NGLs).

- First quarter 2027 average sales volumes are expected to be 41,000 Boe/d at the mid-point (52% shale gas and conventional natural gas combined, 34% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).
- Second quarter 2027 average sales volumes are expected to be 44,000 Boe/d at the mid-point (49% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 14% other NGLs).
- Third quarter 2027 average sales volumes are expected to be 48,500 Boe/d at the mid-point (46% shale gas and conventional natural gas combined, 41% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs).
- Fourth quarter 2027 average sales volumes are expected to be 58,500 Boe/d at the mid-point (55% shale gas and conventional natural gas combined, 34% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 11% other NGLs).

Paramount expects 2028 annual average sales volumes to double from 2027 to a range of 100,000 Boe/d to 110,000 Boe/d (73% shale gas and conventional natural gas combined, 21% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 6% other NGLs).

Paramount expects sales volumes to exceed 125,000 Boe/d (67% shale gas and conventional natural gas combined, 26% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 7% other NGLs) by the first half of 2029.

SPECIFIED FINANCIAL MEASURES

Non-GAAP Financial Measures

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

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

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

A calculation of netback and netback including risk management contract settlements for the three and nine months ended September 30, 2026 and 2025 is provided in this MD&A under "Operating Results – Netback".

Non-GAAP Ratios

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

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

Capital Management Measures

Adjusted funds flow, free cash flow, net (cash) debt and net debt to adjusted funds flow are capital management measures that Paramount utilizes in managing its capital structure. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Refer to Note 16 of the Interim Financial Statements for a description of the composition and use of these measures. Refer also to the "Liquidity and Capital Resources" section in this MD&A.

A reconciliation of adjusted funds flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and nine months ended September 30, 2026 and 2025 is provided in this MD&A under "Consolidated Results – Adjusted Funds Flow".

A reconciliation of free cash flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and nine months ended September 30, 2026 and 2025 is provided in this MD&A under "Consolidated Results – Free Cash Flow".

A calculation of net (cash) debt as at September 30, 2026 and December 31, 2025 is provided in this MD&A under the "Liquidity and Capital Resources" section. Paramount's net debt to adjusted funds flow ratio was considered not meaningful at September 30, 2026 and December 31, 2025, as the Company was not in a net debt position.

Supplementary Financial Measures

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

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

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

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

ADVISORIES

Forward-looking Information

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

- the expected closing of the Kaybob Transaction and the expected timing thereof;
- the expected impact of the Kaybob Transaction on Paramount;
- the expectation that sales volumes from the Willesden Green development will reach 80,000 Boe/d in 2029;
- expected average sales volumes for 2026;
- expected capital expenditures in 2026;
- expected abandonment and reclamation expenditures in 2026;
- expected capital expenditures in 2027;
- expected average sales volumes for 2027 and certain periods therein;
- the Company's outlook for capital expenditures and sales volumes in 2028;
- the expectation that sales volumes will exceed 125,000 Boe/d (33% liquids) by the first half of 2029;
- the expected timing of construction activity at the third phase expansion of the Alhambra Plant, the expected capacity on completion and the expected timing of the start-up of the third phase expansion of the Alhambra Plant;
- the expected timing of construction activity at the Sinclair Plant, the expected capacity on completion and the expected timing of the start-up of the Sinclair Plant;
- planned and potential exploration, development and production activities, including the drilling, completion and bringing onstream of new wells and the construction of infrastructure.
- the expected sources of funding for forecast 2026 and 2027 capital expenditures, abandonment and reclamation expenditures and regular monthly dividends;
- the anticipation that legal proceedings will not have a material impact on Paramount's financial position; and
- the expected impact of future changes in accounting standards.

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

- that all closing conditions to the Kaybob Transaction will be satisfied and the closing of the Kaybob Transaction will occur as anticipated;
- the investment potential of the Outwest common shares;
- expectations concerning the realization of operational efficiencies and other benefits from the Kaybob Transaction;
- future commodity prices;
- the potential scope and duration of tariffs, export taxes, export restrictions or other trade actions;
- the impact of international conflicts, including in Ukraine and the Middle East;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates, interest rates and the rate and impacts of inflation;
- general business, economic and market conditions;
- the performance of wells and facilities;

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

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

- risks that the Kaybob Transaction will not be completed on the terms anticipated or at all, including due to a closing condition not being satisfied;
- risks that the actual impacts of the Kaybob Transaction on the Company will not be as expected due to a number of factors, including fluctuations in the value of the Outwest common shares and other investment risks or unexpected difficulties in realizing operational efficiencies or other benefits;
- those risks set out in this MD&A under "Risk Factors";
- fluctuations in commodity prices;
- uncertainties respecting the course and outcome of the conflict in the Middle East, including its impact on the supply and pricing of commodities and on general economic conditions;
- changes in capital spending plans and planned exploration and development activities;
- changes in political and economic conditions, including risks associated with tariffs, export taxes, export restrictions or other trade actions;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, cash flows, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks, blowouts or induced seismicity events;

- risks associated with wildfires, including the risk of physical loss or damage to wells, facilities, pipelines and other infrastructure, prolonged disruptions in production, restrictions on the ability to access properties, interruption of electrical and other services and significant delays or changes to planned development activities and facilities maintenance;
- the ability to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding, commissioning, starting-up or operating new or existing third-party and Company facilities, pipelines and other infrastructure;
- processing, transportation, fractionation, disposal, storage and electrical supply outages, disruptions and constraints;
- potential limitations on access to the volumes of water required for completion activities due to drought, conditions of low river flow, government restrictions or other factors;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities (including the construction of facilities, pipelines and other infrastructure and the drilling, completion, equipping and tie-in of new wells necessary to maintain and grow production) and meet current and future commitments and obligations (including asset retirement obligations, processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, including those required for facilities, pipelines and other infrastructure, and to obtain and maintain leases and licenses;
- the effects of weather and other factors including wildlife and environmental restrictions which affect field operations and access;
- uncertainties as to the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- uncertainties regarding Indigenous claims and in maintaining relationships with local populations and other stakeholders;
- uncertainties and risks respecting the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

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

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" in Paramount's Annual Information Form for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Oil and Gas Measures and Definitions

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

Oil Equivalent	
Boe	Barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day

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

This MD&A contains disclosures expressed as "Boe", "$/Boe" and "Boe/d". Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil when converting natural gas to Boe. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. For the nine months ended September 30, 2026, the value ratio between crude oil and natural gas was approximately 66:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2026

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

($ millions)

As at	Note	September 30 2026	December 31 2025
ASSETS			
Current assets			
Cash and cash equivalents	15	325.3	730.8
Accounts receivable		116.2	98.4
Risk management – current	12	3.8	2.1
Prepaid expenses and other		20.7	16.8
		466.0	848.1
Investments in securities	5	142.3	137.3
Risk management – long-term	12	2.5	6.2
Exploration and evaluation	3	389.3	489.7
Property, plant and equipment, net	4	2,320.7	2,105.9
		3,320.8	3,587.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		270.2	173.2
Risk management – current	12	53.6	3.3
Asset retirement obligations and other – current	7	34.9	48.6
		358.7	225.1
Risk management – long-term	12	6.7	7.2
Asset retirement obligations and other – long-term	7	416.1	377.2
Deferred income tax		182.2	265.9
		963.7	875.4
Commitments and contingencies	17		
Shareholders' equity			
Share capital	8	560.2	526.3
Retained earnings		1,515.9	1,912.4
Reserves	9	281.0	273.1
		2,357.1	2,711.8
		3,320.8	3,587.2

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

($ millions, except as noted)

	Note	Three months ended September 30		Nine months ended September 30	
		2026	2025	2026	2025
Petroleum and natural gas sales		277.7	144.2	767.0	538.0
Royalties		(17.9)	(7.3)	(44.5)	(39.7)
Sales of commodities purchased		61.7	54.2	196.6	207.6
Revenue	13	321.5	191.1	919.1	705.9
(Loss) gain on risk management contracts	12	(64.4)	(3.8)	(68.1)	38.9
		257.1	187.3	851.0	744.8
Expenses					
Operating expense		48.5	33.8	128.4	137.3
Transportation and NGLs processing		22.1	14.5	63.5	48.1
Commodities purchased		62.7	53.1	196.1	203.6
General and administrative		11.5	12.3	35.7	40.2
Share-based compensation	10	4.4	3.6	16.5	25.3
Depletion, depreciation and impairment	2,4	429.1	63.3	591.8	178.1
Exploration and evaluation	2,3	178.1	(4.6)	181.9	3.9
Gain on sale of oil and gas assets	3,4	(0.1)	(3.0)	(16.7)	(1,606.8)
Accretion of asset retirement obligations and provisions	7	6.6	6.0	19.2	19.2
Provisions expense	7	3.4	16.9	3.8	16.4
Transaction and reorganization costs	10	–	–	–	24.3
Interest and financing expense	15	1.5	1.3	4.5	5.1
Interest income	15	(2.7)	(4.0)	(11.5)	(17.0)
Dividend income and other	14	(4.7)	(2.4)	(12.7)	(5.6)
		760.4	190.8	1,200.5	(927.9)
Income (loss) before tax		(503.3)	(3.5)	(349.5)	1,672.7
Income tax (recovery) expense					
Deferred	11	(116.1)	(1.2)	(83.8)	382.1
		(116.1)	(1.2)	(83.8)	382.1
Net income (loss)		(387.2)	(2.3)	(265.7)	1,290.6
Other comprehensive income, net of tax	9				
Items that will be reclassified to net income (loss)					
Change in fair value of cash flow hedges, net of tax		(0.5)	0.3	(4.3)	0.8
Reclassification to net income (loss), net of tax		0.6	0.4	2.1	1.8
Items that will not be reclassified to net income (loss)					
Change in fair value of securities, net of tax	5	2.1	28.7	6.2	68.6
Comprehensive income (loss)		(385.0)	27.1	(261.7)	1,361.8
Net income (loss) per common share ($/share)	8				
Basic		(2.65)	(0.02)	(1.83)	8.98
Diluted		(2.65)	(0.02)	(1.83)	8.81

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

($ millions)

	Note	Three months ended September 30		Nine months ended September 30	
		2026	2025	2026	2025
Operating activities					
Net income (loss)		(387.2)	(2.3)	(265.7)	1,290.6
Add (deduct):					
Items not involving cash	15	555.8	79.6	749.3	(1,015.0)
Asset retirement obligations settled	7	(1.6)	(4.4)	(29.6)	(29.6)
Provisions expense	7	3.4	16.9	3.8	16.4
Provisions settled	7	(3.3)	(7.8)	(12.5)	(7.8)
Change in non-cash working capital		(12.8)	(39.7)	(30.3)	(22.6)
Cash from operating activities		154.3	42.3	415.0	232.0
Financing activities					
Net repayment of long-term debt	6	–	–	–	(173.6)
Lease liabilities – principal repayments	7	(0.9)	(1.0)	(2.8)	(3.1)
Dividends and distributions	8	(21.9)	(21.5)	(65.4)	(2,227.0)
Common Shares issued, net of issue costs	8	2.1	0.5	12.8	10.5
Common Shares purchased under NCIB		–	–	–	(157.1)
CBRSU plan including withholding tax	10	(0.2)	(0.3)	(9.5)	(35.1)
Change in non-cash working capital		–	–	(2.0)	2.4
Cash used in financing activities		(20.9)	(22.3)	(66.9)	(2,583.0)
Investing activities					
Capital expenditures	3,4	(273.2)	(206.5)	(826.7)	(579.9)
Land and property acquisitions	3,4	(11.8)	(17.8)	(85.0)	(21.6)
Proceeds of disposition	3,4,5	0.4	5.8	31.8	3,275.9
Investments	5	–	–	(0.4)	–
Change in non-cash working capital		27.1	34.7	110.2	72.6
Cash (used in) from investing activities		(257.5)	(183.8)	(770.1)	2,747.0
Net (decrease) increase		(124.1)	(163.8)	(422.0)	396.0
Foreign exchange on cash and cash equivalents		0.4	0.3	0.2	(0.1)
Cash and cash equivalents, beginning of period		449.0	561.8	730.8	2.4
Effects of IFRS 9 amendment, January 1, 2026	1	–	–	16.3	–
Cash and cash equivalents, end of period		325.3	398.3	325.3	398.3

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

Supplemental cash flow information 15

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

($ millions, except as noted)

Nine months ended September 30	Note	2026		2025	
		Shares (millions)		*Shares (millions)*	
Share capital					
Balance, beginning of period		***144.2***	**526.3**	*146.9*	2,323.3
Issued on exercise of Paramount Options	8,10	***1.4***	**20.4**	*1.3*	14.6
Issued under CBRSU plan	8	***0.4***	**11.5**	–	–
Common Shares purchased & cancelled under NCIB		**–**	**–**	*(4.9)*	(111.1)
Change in Common Shares for CBRSU plan	10	***0.1***	**2.0**	*0.1*	7.1
Return of capital distribution	8	**–**	**–**	–	(1,718.7)
Balance, end of period		***146.1***	**560.2**	*143.4*	515.2
Retained earnings					
Balance, beginning of period			**1,912.4**		766.7
Net income (loss)			**(265.7)**		1,290.6
Dividends	8		**(132.8)**		(508.3)
Common Shares purchased & cancelled under NCIB			**–**		(46.0)
Reclassification of accumulated gain on securities	5,9		**2.0**		18.8
Balance, end of period			**1,515.9**		1,521.8
Reserves	9				
Balance, beginning of period			**273.1**		605.3
Other comprehensive income			**4.0**		71.2
Contributed surplus			**5.9**		(6.7)
Reclassification of accumulated gain on securities	5		**(2.0)**		(18.8)
Balance, end of period			**281.0**		651.0
Shareholders' equity			**2,357.1**		2,688.0

See the accompanying notes to these Interim Condensed Consolidated Financial Statements

1. Basis of Presentation

Paramount Resources Ltd. ("Paramount" or the "Company") is an independent, publicly traded Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas, including longer-term strategic exploration and pre-development plays. The Company's principal properties are located in Alberta and British Columbia.

Paramount is the ultimate parent company of a consolidated group of companies and is incorporated and domiciled in Canada. The address of the Company's registered office is Suite 4700, 888 – 3rd Street SW, Calgary, Alberta T2P 5C5. The consolidated group includes Paramount's wholly-owned MGM Energy and to June 29, 2026, included Fox Drilling Limited Partnership ("Fox Drilling"). On June 30, 2026, the Company closed the sale of all of its interests in Fox Drilling. Refer to Note 4 for additional information. The financial statements of Paramount's subsidiaries and partnerships are prepared for the same reporting periods as the parent in accordance with the Company's accounting policies. Intercompany balances and transactions have been eliminated.

These unaudited interim condensed consolidated financial statements of the Company, as at and for the three and nine months ended September 30, 2026 (the "Interim Financial Statements"), were authorized for issuance by the Audit Committee of Paramount's Board of Directors on November 4, 2026.

These Interim Financial Statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* on a basis consistent with the accounting, estimation and valuation policies described in the Company's audited consolidated financial statements as at and for the year ended December 31, 2025 (the "Annual Financial Statements"). Certain comparative figures have been reclassified to conform to the current year's presentation.

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

Adoption of Accounting Standards

Effective January 1, 2026, the Company adopted amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments: Disclosures*. These amendments clarify the date of recognition and derecognition of financial assets and liabilities, including the settling of financial liabilities using an electronic payment system, and the classification of certain financial assets. In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income. As a result of the adoption of the amendments to IFRS 9, Paramount no longer deducts the value of outstanding cheques from cash and cash equivalents and accounts payable and accrued liabilities at the end of each reporting period. To December 31, 2025, the value of outstanding cheques was deducted from cash and cash equivalents and accounts payable and accrued liabilities. This change was accounted for prospectively for periods beginning on and after January 1, 2026.

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

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

Future Changes in Accounting Standards

In April 2024, the International Accounting Standards Board issued *IFRS 18 – Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 – Presentation of Financial Statements*. IFRS 18 establishes a revised structure for the consolidated statements of comprehensive income, including newly defined subtotals, required disclosures for management-defined performance measures ("MPM") and additional requirements for the aggregation and disaggregation of information in the financial statements. IFRS 18 will be applied retrospectively and is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted.

Paramount expects that as a result of the adoption of IFRS 18, in addition to the matters mentioned above, certain items will be reclassified from operating activities in the consolidated statements of cash flows to financing and investing activities. In particular, interest and financing expenses will be reclassified as financing activities and interest income and dividend income will be reclassified as investing activities. In addition, the newly defined subtotal of operating income will replace net income as the starting point for determining cash flows from operating activities. The Company has also currently identified netback and netback including risk management contract settlements as MPMs. Paramount does not anticipate that IFRS 18 will have an impact on its financial position, net earnings or total cash flows.

2. Kaybob Disposition

In November 2026, Paramount entered into a purchase and sale agreement to sell its Kaybob properties on a whitemap basis (the "Kaybob Properties") to Outwest Energy Inc. ("Outwest"), a recently formed private oil and gas company based in Calgary, Alberta, for $341 million, comprised of $198.0 million in cash plus 143.0 million in common shares of Outwest valued at $1.00 per share (collectively, the "Purchase Price"). The cash portion of the Purchase Price will be subject to adjustments based on an effective date of December 31, 2026. Closing of the sale of the Kaybob Properties is expected to occur in the first quarter of 2027, subject to the receipt of regulatory approvals on terms satisfactory to the parties and the satisfaction of other closing conditions.

At September 30, 2026, the Company recorded before tax impairments of $174.7 million related to exploration and evaluation assets and $337.7 million related to petroleum and natural gas assets, representing the portion of the carrying values of the Kaybob Properties in excess of the Purchase Price, after factoring in $256.6 million of discounted, inflated asset retirement obligations and provisions associated with the Kaybob Properties, discounted using a credit-adjusted risk-free rate of 6.5 percent per annum and inflated at a rate of 2.0 percent per annum ($545.4 million undiscounted, uninflated).

3. Exploration and Evaluation

	Nine months ended September 30, 2026	Twelve months ended December 31, 2025
Balance, beginning of period	489.7	427.1
Additions	13.1	47.5
Acquisitions	84.6	85.7
Transfers to property, plant and equipment	(16.1)	(69.6)
Expired lease costs	(0.3)	(0.8)
Impairment of exploration and evaluation assets (reversal of impairment)	(174.7)	7.7
Dispositions	(7.0)	(7.9)
Balance, end of period	389.3	489.7

Exploration and Evaluation Expense

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Geological and geophysical expense	3.3	2.6	6.9	10.8
Impairment of exploration and evaluation assets (reversal of impairment)	174.7	(7.7)	174.7	(7.7)
Expired lease costs	0.1	0.5	0.3	0.8
	178.1	(4.6)	181.9	3.9

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

In the third quarter of 2025, the Company sold certain previously impaired exploration and evaluation assets for $7.7 million in common shares of the acquiror. Paramount recorded a $7.7 million reversal of previously recorded impairment charges relating to these assets in 2025.

At September 30, 2026, the Company recorded a before tax impairment of $174.7 million related to the Kaybob Properties (see Note 2). There were no other indicators of potential impairment or impairment reversal identified at September 30, 2026.

4. Property, Plant and Equipment

Nine months ended September 30, 2026	Petroleum and natural gas assets	Drilling rigs	Right-of-use assets	Other	Total
Cost					
Balance, beginning of period	3,585.4	182.6	27.8	65.8	**3,861.6**
Additions	806.4	5.8	1.6	3.9	**817.7**
Acquisitions	5.9	–	–	–	**5.9**
Transfers	16.1	–	–	–	**16.1**
Dispositions	(0.1)	(188.4)	(3.5)	–	**(192.0)**
Change in asset retirement provision	36.6	–	–	–	**36.6**
Cost, end of period	4,450.3	–	25.9	69.7	**4,545.9**
Accumulated depletion, depreciation and impairment					
Balance, beginning of period	(1,592.9)	(109.0)	(11.3)	(42.5)	**(1,755.7)**
Depletion and depreciation	(236.0)	(3.5)	(2.6)	(5.0)	**(247.1)**
Impairment	(337.7)	–	–	–	**(337.7)**
Dispositions	(0.1)	112.5	2.9	–	**115.3**
Accumulated depletion, depreciation and impairment, end of period	(2,166.7)	–	(11.0)	(47.5)	**(2,225.2)**
Net book value, December 31, 2025	1,992.5	73.6	16.5	23.3	**2,105.9**
Net book value, September 30, 2026	2,283.6	–	14.9	22.2	**2,320.7**

On June 30, 2026, Paramount closed the sale of its wholly-owned Fox Drilling subsidiary (the "Fox Drilling Sale") to AKITA Drilling Ltd. ("AKITA"). Fox Drilling's assets included six triple-sized drilling rigs.

Paramount received aggregate consideration of $68.4 million, after adjustments, for the Fox Drilling Sale, which was comprised of approximately 19.3 million common shares of AKITA (the "AKITA Shares"), valued at their trading price of $3.41 per share on the closing date, and $2.7 million cash. The Company recorded an $11.8 million loss on sale of oil and gas assets in connection with the transaction in the nine months ended September 30, 2026.

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

The Company closed the sale of its Karr, Wapiti and Zama properties (the "Sold GP Assets") on January 31, 2025 (the "Grande Prairie Disposition"). Pursuant to the purchase and sale agreement for the Grande Prairie Disposition, consideration for the Sold GP Assets was $3.325 billion cash, subject to adjustments based on an effective date of October 1, 2024, plus certain Horn River Basin properties of the acquiror (the "Purchase Price"). The Purchase Price after adjustments totaled $3.243 billion, resulting in a gain on sale of oil and gas assets of $1.595 billion being recorded in respect of the Grande Prairie Disposition for the nine months ended September 30, 2025. For additional information concerning the Grande Prairie Disposition, refer to Note 4 of the Annual Financial Statements.

Depletion, Depreciation and Impairment

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Depletion and depreciation	88.6	61.0	244.7	172.2
Impairment of petroleum and natural gas assets	337.7	–	337.7	–
Change in asset retirement obligations	2.8	2.3	9.4	5.9
	429.1	63.3	591.8	178.1

For the nine months ended September 30, 2026, the Company recorded a charge of $9.4 million (September 30, 2025 – $5.9 million) to earnings related to changes in the discounted carrying value of estimated asset retirement obligations in respect of properties that had a nil carrying value ascribed to property, plant and equipment. For the nine months ended September 30, 2026, the changes resulted from a reduction in the credit-adjusted risk-free rate used to discount obligations from 7.0 percent per annum to 6.5 percent per annum and revisions to the estimated costs.

At September 30, 2026, the Company recorded a before tax impairment of $337.7 million related to the Kaybob Properties (see Note 2). There were no other indicators of potential impairment identified at September 30, 2026.

5. Investments in Securities

As at	September 30, 2026	December 31, 2025
Level One Securities	15.3	10.7
Level Three Securities	127.0	126.6
	142.3	137.3

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

In July 2026, the Company distributed all 19.3 million AKITA Shares it received on the Fox Drilling Sale by way of a special dividend in kind to holders of the Company's class A common shares ("Common Shares"). The market value of the AKITA Shares on the date of distribution was $67.4 million, resulting in $1.5 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings. Refer to Note 8 for additional information.

Level Three Securities at September 30, 2026 included investments in the shares of Sultran Ltd. and other minor investments in securities. During the nine months ended September 30, 2025, Paramount sold all of its shares of Westbrick Energy Ltd. for cash consideration of $33.9 million, resulting in $22.3 million of accumulated gains, net of tax, being reclassified from reserves to retained earnings.

For the three and nine months ended September 30, 2026, the Company recorded a before tax gain of $2.3 million and $6.9 million, respectively, to other comprehensive income ("OCI") related to changes in the fair value estimates of its investments in securities.

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

	Nine months ended September 30, 2026	Twelve months ended December 31, 2025
Investments in securities, beginning of period	137.3	563.9
Changes in fair value of Level One Securities	6.9	85.6
Changes in fair value of Level Three Securities	–	35.8
Acquired – cash	0.4	–
Acquired – non-cash	65.7	7.7
Dividend in kind	(67.4)	–
Proceeds of disposition (1)	(0.6)	(555.7)
Investments in securities, end of period	142.3	137.3

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

6. Long-Term Debt

As at	September 30, 2026	December 31, 2025
Revolving Credit Facility	–	–
Term Loan Facility	–	–
Long-Term Debt	–	–

At September 30, 2026, Paramount had a $500 million financial covenant-based senior secured revolving bank credit facility (the "Revolving Credit Facility") with a maturity date of December 15, 2029. In November 2026, the capacity of the Revolving Credit Facility was increased to $1.0 billion and the maturity date was extended to November 4, 2030. The Revolving Credit Facility continues to be secured by a charge over substantially all of the assets of the Company and its subsidiaries (the "First Lien Charge").

Borrowings under the Revolving Credit Facility bear interest at the Canadian Overnight Repo Rate Average ("CORRA"), prime lending rate, United States Secured Overnight Financing Rate or the US base rate, as selected by the Company, plus applicable margins which vary based on the Company's Senior Secured Debt to Consolidated EBITDA ratio.

Paramount also has a $250 million secured, non-revolving, non-amortizing, delayed draw term loan facility (the "Term Loan Facility") with Export Development Canada ("EDC"). The Company may make drawdowns under the Term Loan Facility prior to December 16, 2027 to fund capital expenditures related to its liquids-rich natural gas development at Willesden Green and its Sinclair development (excluding the Sinclair plant). Any undrawn availability under the Term Loan Facility as of December 16, 2027 will be cancelled.

The Term Loan Facility is prepayable without penalty or premium at any time, has a maturity date of December 16, 2030 and is secured by a charge over substantially all of the assets of the Company and its subsidiaries which is subordinated to the First Lien Charge.

Borrowings under the Term Loan Facility bear interest at CORRA plus a fixed margin.

Paramount is subject to the following three financial covenants under both the Revolving Credit Facility and the Term Loan Facility, which are tested at the end of each fiscal quarter and calculated on a trailing twelve-month basis:

- Senior Secured Debt to Consolidated EBITDA to be 3.50 to 1.00 or less;
- Total Debt to Consolidated EBITDA to be 4.00 to 1.00 or less; and
- Consolidated EBITDA to Consolidated Interest Expense to be 2.50 to 1.00 or greater.

Senior Secured Debt currently consists of any amounts drawn on the Revolving Credit Facility.

Total Debt currently consists of Senior Secured Debt and any amounts drawn on the Term Loan Facility.

Consolidated EBITDA is adjusted for material acquisitions and dispositions and is generally calculated as net income before Consolidated Interest Expense, taxes, depletion, depreciation, amortization, impairment and exploration and evaluation expense and is also adjusted to exclude non-recurring items and other non-cash items including gains or losses on dispositions of oil and gas assets, unrealized mark-to-market amounts on derivatives, unrealized foreign exchange gains and losses, share-based compensation expense, accretion and gains or losses recorded in applying the equity method of investment accounting.

Consolidated Interest Expense is reduced by customary adjustments, including interest income.

Both the Revolving Credit Facility and the Term Loan Facility contain a covenant requiring prior lender consent for the payment of dividends and other distributions if the Senior Secured Debt to Consolidated EBITDA ratio is greater than 2.50 to 1.00, *pro forma* the payment of the distribution. In addition, other than (i) any regular monthly dividend approved by Paramount's board of directors; or (ii) any repurchase by the Company of its Common Shares pursuant to a normal course issuer bid, prior lender consent under both the Revolving Credit Facility and the Term Loan Facility is required for distributions until the earlier of: (a) the Sinclair plant being brought onstream; (b) the third phase expansion of the Alhambra plant being brought onstream; or (c) certain other conditions having been satisfied.

Paramount was in compliance with all financial covenants in the Revolving Credit Facility and the Term Loan Facility at September 30, 2026.

The Company had undrawn letters of credit outstanding under the Revolving Credit Facility totaling $5.0 million at September 30, 2026 (December 31, 2025 – $4.8 million) that reduce the amount available to be drawn on the facility.

Unsecured Letter of Credit Facility

The Company has an unsecured demand revolving letter of credit facility (the "LC Facility") with a Canadian bank. The credit limit of the LC Facility was increased to $130 million in November 2026. Paramount's obligations under the LC Facility are supported by a performance security guarantee ("PSG") from EDC. In November 2026, the term of the PSG was extended to October 31, 2028. At September 30, 2026, $74.0 million in undrawn letters of credit were outstanding under the LC Facility (December 31, 2025 – $33.0 million).

7. Asset Retirement Obligations and Other

As at September 30, 2026	Current	Long-term	Total
Asset retirement obligations	23.2	385.1	408.3
Provisions	8.3	10.6	18.9
Lease liabilities	3.4	20.4	23.8
Asset retirement obligations and other	**34.9**	**416.1**	**451.0**

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

Asset Retirement Obligations

	Nine months ended September 30, 2026	Twelve months ended December 31, 2025
Asset retirement obligations, beginning of period	374.1	341.0
Additions	1.0	1.1
Acquisitions	0.2	11.3
Change in estimates	20.9	36.3
Change in discount rate	23.9	–
Obligations settled	(29.6)	(39.0)
Dispositions	(0.5)	(1.8)
Accretion expense	18.3	25.2
Asset retirement obligations, end of period	408.3	374.1

At September 30, 2026, estimated undiscounted, uninflated asset retirement obligations were $817.9 million (December 31, 2025 – $792.0 million). Asset retirement obligations have been discounted using a credit-adjusted risk-free rate of 6.5 percent per annum (December 31, 2025 – 7.0 percent per annum) and inflated at a rate of 2.0 percent per annum (December 31, 2025 – 2.0 percent per annum).

Provisions

	Nine months ended September 30, 2026	Twelve months ended December 31, 2025
Provisions, beginning of period	26.2	–
Additions	–	38.1
Change in estimates	4.1	–
Change in discount rate	0.2	–
Provisions settled	(12.5)	(11.9)
Accretion expense	0.9	–
Provisions, end of period	18.9	26.2

The provision relates to anticipated future costs associated with a release believed to have originated from a Company owned pipeline. The undiscounted, uninflated provision at September 30, 2026 was $22.0 million, which has been discounted at a rate of 6.5 percent per annum over the next ten years.

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

Lease Liabilities

	Nine months ended September 30, 2026	Twelve months ended December 31, 2025
Lease liabilities, beginning of period	25.5	28.9
Additions	1.6	0.9
Interest expense	1.2	1.5
Dispositions	(0.5)	–
Obligations settled	(4.0)	(5.8)
Lease liabilities, end of period	23.8	25.5

Paramount has lease liabilities in respect of office space and vehicles, which have been recognized at the discounted value of the remaining fixed lease payments. For the nine months ended September 30, 2026, total cash principal payments made in respect of these lease liabilities were $2.8 million (September 30, 2025 – $3.1 million).

For the nine months ended September 30, 2026, expenses related to arrangements containing variable operating costs, short-term and low value leases which have not been included in the lease liabilities were $2.0 million (September 30, 2025 – $2.1 million).

8. Share Capital

At September 30, 2026, 146.1 million (December 31, 2025 – 144.2 million) Common Shares were outstanding, net of 0.1 million (December 31, 2025 – 0.2 million) Common Shares held in trust under the Company's cash bonus and restricted share unit ("CBRSU") plan.

For the nine months ended September 30, 2026, the Company paid regular monthly cash dividends totaling $0.45 per Common Share or $65.4 million (September 30, 2025 – $0.55 per Common Share or $79.5 million). On October 30, 2026, the Company paid a cash dividend of $7.3 million, or $0.05 per Common Share. In November 2026, Paramount's Board of Directors declared a cash dividend of $0.05 per Common Share that is payable on November 30, 2026 to shareholders of record on November 16, 2026.

In July 2026, the Company distributed all 19.3 million of the AKITA Shares it received on the Fox Drilling Sale by way of a special dividend in kind to holders of its Common Shares. The market value of these shares totaled $67.4 million on the date of distribution (approximately 0.132 of an AKITA common share per Common Share or $0.46 per Common Share).

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

In July 2026, Paramount implemented a normal course issuer bid (the "2026 NCIB") under which the Company may purchase up to 7.7 million Common Shares for cancellation. The 2026 NCIB will terminate on the earlier of July 7, 2027 and the date on which the maximum number of Common Shares that can be acquired pursuant to the 2026 NCIB are purchased. Purchases of Common Shares under the 2026 NCIB will be made through the facilities of the Toronto Stock Exchange or alternative Canadian trading systems at the market price at the time of purchase. The Company has not made any purchases of Common Shares under the 2026 NCIB to date.

Paramount previously implemented a normal course issuer bid in July 2025 (the "2025 NCIB"). No shares were purchased under the 2025 NCIB, which expired on July 7, 2026.

For the nine months ended September 30, 2026, Paramount issued 1.4 million Common Shares for total cash consideration of $12.8 million on the exercise of options to acquire Common Shares ("Paramount Options") (September 30, 2025 – 1.3 million Common Shares for total cash consideration of $10.5 million) (see Note 10). The Company also issued 0.4 million Common Shares having a value of $11.5 million to CBRSU plan participants in the nine months ended September 30, 2026.

Net Income (Loss) Per Common Share – Basic and Diluted

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Net income (loss) – basic and diluted	**(387.2)**	(2.3)	**(265.7)**	1,290.6
Basic – weighted average Common Shares (millions)	**146.0**	143.3	**145.3**	143.8
Dilutive effect of Paramount Options (millions)	**–**	–	**–**	2.7
Diluted – weighted average Common Shares (millions)	**146.0**	143.3	**145.3**	146.5
Net income (loss) per Common Share – basic ($/share)	**(2.65)**	(0.02)	**(1.83)**	8.98
Net income (loss) per Common Share – diluted ($/share)	**(2.65)**	(0.02)	**(1.83)**	8.81

Paramount Options are potentially dilutive and are included in the diluted per share calculation when they are dilutive to net income per share.

For the three and nine months ended September 30, 2026, 0.4 million and 0.6 million Paramount Options, respectively, were anti-dilutive (three and nine months ended September 30, 2025 – 7.4 million and 1.0 million, respectively, were anti-dilutive).

9. Reserves

Nine months ended September 30, 2026	**Unrealized gains (losses) on cash flow hedges**	**Unrealized gains on securities**	**Contributed surplus**	**Total reserves**
Balance, beginning of period	2.4	91.0	179.7	**273.1**
Other comprehensive income (loss), before tax	(2.9)	6.9	–	**4.0**
Deferred tax	0.7	(0.7)	–	**–**
Reclassification of accumulated gain on securities, net of tax (see Note 5)	–	(2.0)	–	**(2.0)**
Share-based compensation	–	–	13.4	**13.4**
Paramount Options exercised	–	–	(7.5)	**(7.5)**
Balance, end of period	**0.2**	**95.2**	**185.6**	**281.0**

10. Share-Based Compensation

Paramount Options

	Nine months ended September 30, 2026		Twelve months ended December 31, 2025	
	Paramount Options (millions)	Weighted average exercise price ($/share)	*Paramount Options (millions)*	Weighted average exercise price ($/share)
Balance, beginning of period	*8.7*	14.57	*8.2*	20.52
Granted	*0.1*	29.09	*4.0*	20.17
Exercised [1]	*(1.4)*	9.33	*(2.0)*	7.81
Surrendered for cash payment [2]	–	–	*(0.9)*	4.62
Reduction in exercise price [3]	–	–	–	(11.03)
Cancelled or forfeited	*(0.2)*	14.54	*(0.6)*	12.86
Balance, end of period	*7.2*	15.84	*8.7*	14.57
Options exercisable, end of period	*1.2*	11.14	*2.5*	10.02

(1) For Paramount Options exercised during the nine months ended September 30, 2026, the weighted average market price of Common Shares on the dates exercised was $29.24 per share (twelve months ended December 31, 2025 – $25.33 per share).
(2) For Paramount Options surrendered in connection with the Special Distribution in February 2025, the market price of the Common Shares was $29.01 per share.
(3) Represents the impact on the weighted average exercise price of all Paramount Options of reducing the exercise price of 6.4 million Paramount Options that had an exercise price of greater than $15.00 by $15.00 in connection with the Special Distribution.

Transaction and reorganization costs for the nine months ended September 30, 2025 includes $22.0 million in respect of the cash payments made by the Company on the surrender of 0.9 million Paramount Options in connection with the Special Distribution in February 2025.

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

CBRSU Plan – Shares Held in Trust

	Nine months ended September 30, 2026		Twelve months ended December 31, 2025	
	Shares (millions)		*Shares (millions)*	
Balance, beginning of period	*0.2*	2.9	*0.4*	11.3
Net change in vested and unvested shares	*(0.1)*	(2.0)	*(0.2)*	(8.4)
Balance, end of period	*0.1*	0.9	*0.2*	2.9

During the nine months ended September 30, 2026, 0.1 million Common Shares having a cost of $2.0 million were released from the trust to CBRSU plan participants (September 30, 2025 – 1.3 million Common Shares were purchased under the Company's CBRSU plan at a total cost of $20.2 million and 1.4 million Common Shares having a cost of $27.3 million were released from the trust to CBRSU plan participants).

11. Income Tax

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

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Income (loss) before tax	**(503.3)**	(3.5)	**(349.5)**	1,672.7
Effective statutory income tax rate	**23.0%**	23.0%	**23.0%**	23.0%
Expected income tax (recovery) expense	**(115.8)**	(0.8)	**(80.4)**	384.7
Effect of:				
Share-based compensation	**(0.2)**	0.3	**2.7**	(0.6)
Transaction and reorganization costs	**–**	–	**–**	5.1
Gain / loss on sale of oil and gas assets	**0.6**	–	**(3.7)**	(5.6)
Non-deductible items and other	**(0.7)**	(0.7)	**(2.4)**	(1.5)
Income tax (recovery) expense	**(116.1)**	(1.2)	**(83.8)**	382.1

12. Financial Instruments and Risk Management

Financial Instruments

Financial instruments at September 30, 2026 consist of cash and cash equivalents, accounts receivable, risk management assets and liabilities, investments in securities, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values.

Risk Management

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

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

Changes in the fair value of risk management assets and liabilities for the nine months ended September 30, 2026 are as follows:

Nine months ended September 30, 2026	Financial commodity contracts [3]	Foreign currency exchange contracts	Electricity swaps	Total
Fair value of asset (liability), beginning of period	(9.4)	4.0	3.2	**(2.2)**
Changes in fair value – loss [1]	(58.3)	(9.8)	–	**(68.1)**
Changes in fair value – OCI	–	–	(5.7)	**(5.7)**
Risk management contract settlements paid [2]	18.9	0.3	2.8	**22.0**
Fair value of asset (liability), end of period	(48.8)	(5.5)	0.3	**(54.0)**
Risk management asset – current	3.8	–	–	**3.8**
Risk management asset – long-term	–	–	2.5	**2.5**
Risk management asset, September 30, 2026	3.8	–	2.5	**6.3**
Risk management (liability) – current	(46.7)	(4.7)	(2.2)	**(53.6)**
Risk management (liability) – long-term	(5.9)	(0.8)	–	**(6.7)**
Risk management (liability), September 30, 2026	(52.6)	(5.5)	(2.2)	**(60.3)**

(1) The aggregate change in fair value of ($68.1) million related to financial commodity contracts and foreign currency exchange contracts is recorded as loss on risk management contracts.
(2) Net payments on risk management contract settlements related to financial commodity contracts and foreign currency exchange contracts totaled $19.2 million. Risk management contract settlements relating to electricity swaps are recorded in operating expense.
(3) Financial commodity contracts include an embedded derivative with a fair value of $3.6 million.

The Company had the following risk management contracts as at September 30, 2026:

Instruments	Aggregate notional	Average price or rate	Remaining term
Financial Commodity Contracts			
Oil			
NYMEX WTI Swaps (Sale) [1]	7,000 Bbl/d	CAD$109.19/Bbl	October 2026 – December 2026
NYMEX WTI Swaps (Sale) [1]	12,000 Bbl/d	CAD$102.09/Bbl	January 2027 – December 2027
Natural Gas			
Citygate / Malin Basis Swap [2]	10,000 MMBtu/d	Citygate less US$0.97/MMBtu (Sell) Malin (Buy)	October 2026 – October 2028
Foreign Currency Exchange Contracts [3]			
Average Rate Forward (Sale)	US$10 million / month	1.3810 CAD$/US$1.00	October 2026 – December 2026
Average Rate Forward (Sale)	US$10 million / month	1.3680 CAD$/US$1.00	January 2027 – December 2027
Electricity Contracts [4]			
Swaps (Buy)	120 MWh/d	$58.19/MWh	October 2026 – December 2028
Swaps (Buy)	120 MWh/d	$58.79/MWh	October 2026 – December 2029
Swaps (Buy)	120 MWh/d	$61.73/MWh	October 2026 – December 2030

(1) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.
(2) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction Paramount sells at Citygate less US$0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.
(3) Forward rate settled monthly against the average of the CAD$/US$ noon spot rate on each applicable day in that month.
(4) Reference electricity rate: Floating hourly rate established by the Alberta Electric System Operator ("AESO"). "MWh" means megawatt-hour.

The Company also has an agreement to deliver 1,000 Bbl/d of propane until January 31, 2029 at a delivery point in Alberta. The price received is based on the Argus Propane Monthly Far East Index less deductions for transportation, fuel and other charges. As a result of the pricing formula, the contract contains an embedded derivative. Changes in the fair value of this derivative are reflected as gains or losses on risk management contracts in net earnings. The Company has identified the host contract as a propane sales agreement with a Conway propane price.

The Company has classified its electricity swaps as cash flow hedges and applied hedge accounting. There were no changes to the critical terms of the hedging relationships and no hedge ineffectiveness was identified at September 30, 2026.

Subsequent to September 30, 2026, the Company entered into the following risk management contracts:

Instruments	Aggregate notional	Average price	Term
OPIS Conway Propane Swap (Sale) (1)	1,000 Bbl/d	CAD$54.60/Bbl	January 2027 – December 2027
NYMEX WTI Oil Swaps (Sale) (2)	2,750 Bbl/d	CAD$101.37/Bbl	January 2028 – December 2028

(1) "OPIS" means Oil Price Information Service.
(2) "NYMEX" means New York Mercantile Exchange and "WTI" means West Texas Intermediate.

13. Revenue By Product

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Natural gas	40.0	20.3	118.6	101.7
Condensate and oil	211.0	105.6	573.8	373.9
Other natural gas liquids	23.4	8.4	59.0	29.6
Natural gas transportation assignment income	2.9	3.6	14.3	13.7
Royalty income and other revenue	0.4	6.3	1.3	19.1
Royalties	(17.9)	(7.3)	(44.5)	(39.7)
Sales of commodities purchased	61.7	54.2	196.6	207.6
	321.5	191.1	919.1	705.9

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

In 2025, the Company's insurance claims for 2023 Alberta wildfire business interruption losses were finalized, with an aggregate claim of $26.8 million being agreed by insurers (the "Wildfire Claim"). Royalty income and other revenue for the three and nine months ended September 30, 2025 includes $5.3 million and $16.8 million, respectively, relating to the Wildfire Claim.

14. Dividend Income and Other

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Dividend income	(3.7)	(3.2)	(9.4)	(6.8)
Other	(1.0)	0.8	(3.3)	1.2
	(4.7)	(2.4)	(12.7)	(5.6)

Dividend income for the three and nine months ended September 30, 2026 includes dividends of $3.1 million and $8.6 million, respectively (three and nine months ended September 30, 2025 – $3.1 million and $6.3 million, respectively) from Sultran Ltd., one of the Company's Level Three Securities.

15. Consolidated Statement of Cash Flows – Selected Information

Items Not Involving Cash

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Risk management contracts	57.9	17.8	48.9	(8.5)
Share-based compensation	4.4	3.6	16.5	25.3
Depletion, depreciation and impairment	429.1	63.3	591.8	178.1
Exploration and evaluation	174.8	(7.2)	175.0	(6.9)
Gain on sale of oil and gas assets	(0.1)	(3.0)	(16.7)	(1,606.8)
Accretion of asset retirement obligations and provisions	6.6	6.0	19.2	19.2
Deferred income tax	(116.1)	(1.2)	(83.8)	382.1
Other	(0.8)	0.3	(1.6)	2.5
	555.8	79.6	749.3	(1,015.0)

Supplemental Cash Flow Information

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Interest paid	0.4	0.5	1.2	2.1
Interest received	2.7	4.3	12.0	16.4

Components of Cash and Cash Equivalents

As at	September 30, 2026	December 31, 2025
Cash	325.3	730.8
Cash equivalents	–	–
	325.3	730.8

Cash and cash equivalents is comprised of interest-bearing demand deposits with a number of banks. Interest earned on deposits for the three and nine months ended September 30, 2026 totaled $2.7 million and $11.5 million, respectively (average interest rate of 2.9 percent and 2.8 percent per annum, respectively).

16. Capital Structure

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

The Company's primary objectives in managing its capital structure are to:

i. ensure liquidity to fund ongoing operations and capital programs, the settlement of obligations when due and the payment of regular monthly dividends;

ii. preserve financial flexibility and access to capital markets, including for the pursuit of strategic initiatives; and

iii. maximize shareholder returns considering the risk environment.

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

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

Net (Cash) Debt

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

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

As at	September 30, 2026	December 31, 2025
Cash and cash equivalents	(325.3)	(730.8)
Accounts receivable	(116.2)	(98.4)
Prepaid expenses and other	(20.7)	(16.8)
Investments in securities – current	–	–
Accounts payable and accrued liabilities	270.2	173.2
Dividend payable	–	–
Long-term debt	–	–
Net (cash) debt	(192.0)	(672.8)

Adjusted Funds Flow

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

The calculation of adjusted funds flow is as follows:

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Cash from operating activities	**154.3**	42.3	**415.0**	232.0
Change in non-cash working capital	**12.8**	39.7	**30.3**	22.6
Geological and geophysical expense	**3.3**	2.6	**6.9**	10.8
Asset retirement obligations settled	**1.6**	4.4	**29.6**	29.6
Provisions settled	**3.3**	7.8	**12.5**	7.8
Transaction and reorganization costs	**–**	–	**–**	24.3
Closure costs	**–**	–	**–**	–
Settlements	**–**	–	**–**	–
Adjusted funds flow	**175.3**	96.8	**494.3**	327.1

Net Debt to Adjusted Funds Flow Ratio

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

The net debt to adjusted funds flow ratio is calculated as the period end net debt divided by adjusted funds flow for the trailing four quarters. When the Company is not in a net debt position, the ratio of net debt to adjusted funds flow is not considered meaningful.

As at	September 30, 2026	December 31, 2025
Net (cash) debt	**(192.0)**	(672.8)
Adjusted funds flow, trailing four quarters	**634.4**	467.2
Net debt to adjusted funds flow ratio	**NM** (1)	NM (1)

(1) NM means not meaningful.

Free Cash Flow

Free cash flow is used to monitor and assess liquidity, the flexibility of the Company's capital structure and the financial capacity to maximize shareholder returns by providing Management and investors with a measure of the internally generated cash available, after funding capital programs, asset retirement obligation settlements and provisions settlements, to service the Company's financial obligations, pay dividends, repurchase Common Shares and fund additional growth opportunities. In the fourth quarter of 2025, the Company updated its free cash flow measure to deduct provisions settled. Free cash flow for the third quarter of 2025 was updated to conform to this updated method of calculation.

The calculation of free cash flow is as follows:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Cash from operating activities	154.3	42.3	415.0	232.0
Change in non-cash working capital	12.8	39.7	30.3	22.6
Geological and geophysical expense	3.3	2.6	6.9	10.8
Asset retirement obligations settled	1.6	4.4	29.6	29.6
Provisions settled	3.3	7.8	12.5	7.8
Transaction and reorganization costs	–	–	–	24.3
Closure costs	–	–	–	–
Settlements	–	–	–	–
Adjusted funds flow	175.3	96.8	494.3	327.1
Capital expenditures	(273.2)	(206.5)	(826.7)	(579.9)
Geological and geophysical expense	(3.3)	(2.6)	(6.9)	(10.8)
Asset retirement obligations settled	(1.6)	(4.4)	(29.6)	(29.6)
Provisions settled	(3.3)	(7.8)	(12.5)	(7.8)
Free cash flow	(106.1)	(124.5)	(381.4)	(301.0)

17. Commitments and Contingencies

Paramount had the following commitments at September 30, 2026:

	Within one year	After one year but not more than five years	More than five years
Petroleum and natural gas transportation and processing commitments	86.7	494.5	628.8
Capital and other commitments	106.0	34.5	–
	192.7	529.0	628.8

Commitments – Physical Contracts

The Company had the following fixed-basis physical contracts at September 30, 2026:

	Volume	Location	Average price	Remaining Term
Natural gas basis swap (1)	38,655 GJ/d	AECO / Dawn	$1.59/GJ	October 2026 – October 2027

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

Subsequent to September 30, 2026, the Company entered into the following fixed price and basis differential physical contracts:

	Volume	Location	Average price	Term
Natural gas (Buy)	38,655 GJ/d	Dawn	$4.37/GJ	November 2026 – March 2027
Natural gas (Buy)	19,328 GJ/d	Dawn	$3.19/GJ	April 2027 – October 2027
Natural gas (Sale)	32,600 GJ/d	AECO	$1.87/GJ	April 2027 – October 2027
Natural gas (Sale)	20,000 MMBtu/d	AECO	NYMEX – US$1.44/MMBtu (1)	April 2027 – October 2027

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

Contingencies

In the normal course of Paramount's operations, the Company may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty. Paramount does not anticipate that these claims will have a material impact on its financial position.

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

CORPORATE INFORMATION

EXECUTIVE OFFICERS

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

P. R. Kinvig
Chief Financial Officer

D. B. Reid
Executive Vice President, Operations

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

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

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

DIRECTORS

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

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

S.C. Fildes
Chief Executive Officer
Lionsgate Capital Ltd.
Calgary, Alberta

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

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

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

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

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

S. L. Riddell Rose
President and Chief Executive Officer
Rubellite Energy Corp.
Calgary, Alberta

C. Stange (1) (3) (4)
Independent Businessman
Calgary, Alberta

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

CORPORATE OFFICE

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REGISTRAR AND TRANSFER AGENT

Odyssey Trust Company
Calgary, Alberta
Toronto, Ontario

RESERVES EVALUATORS

McDaniel & Associates Consultants Ltd.
Calgary, Alberta

AUDITORS

Ernst & Young LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange ("POU")