Paramount Resources Ltd.

Paramount Resources Ltd. Announces Record Third Quarter 2022 Results, 25% Dividend Increase, 2023 Budget and Five-Year Outlook

CALGARY, AB, Nov. 3, 2022 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) is pleased to announce third quarter 2022 financial and operating results highlighted by record production, funds flow and free cash flow and a 2023 capital expenditure budget that is forecast to generate approximately $650 million in free cash flow on production of between 105,000 Boe/d and 110,000 Boe/d (46% liquids).(1)(2) Paramount is also pleased to announce that it is increasing its regular monthly dividend by 25% from $0.10 per class A common share ("Common Share") to $0.125 per Common Share beginning November 2022.

HIGHLIGHTS

- The Company achieved record quarterly sales volumes of 97,601 Boe/d (46% liquids) in the third quarter, including record monthly sales volumes of 104,506 Boe/d (46% liquids) in September.
    - Karr sales volumes averaged 38,088 Boe/d (50% liquids) in the quarter, with September production averaging 40,485 Boe/d (49% liquids).
    - Wapiti sales volumes averaged 27,893 Boe/d (54% liquids) in the quarter. September production averaged 30,589 Boe/d (54% liquids), exceeding targeted plateau production one quarter ahead of schedule.
    - Four new Duvernay wells at Smoky and three new Duvernay wells at Kaybob North were brought onstream in the third quarter, increasing Kaybob Region average sales volumes to 24,021 Boe/d (35% liquids) in the quarter.
- Cash from operating activities was $248.9 million ($1.76 per basic share) in the third quarter. Adjusted funds flow was $334.3 million ($2.37 per basic share). Free cash flow was $137.5 million ($0.97 per basic share).(3)
- Capital expenditures in the quarter totaled $184.3 million and were focused on development activities at Karr, Wapiti, Kaybob North and Smoky.
- As previously announced, Paramount closed its Willesden Green Duvernay acquisition in the third quarter. Net of adjustments, the purchase price was $60.4 million in cash.

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(1) Free cash flow is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section for more information on this measure.

(2) In this press release, "liquids" refers to NGLs (including condensate) and oil combined, "natural gas" refers to conventional natural gas and shale gas combined, "condensate and oil" refers to condensate, light and medium crude oil and tight oil combined and "other NGLs" refers to ethane, propane and butane. 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 and tight oil. See also "Oil and Gas Measures and Definitions" in the Advisories section.

(3) Adjusted funds flow is a capital management measure 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.

- In early October, the Company also closed its previously announced disposition of certain non-core infrastructure assets, comprised of approximately 60 kilometers of operated resource roads in the Bigstone area of the Kaybob Region (the "Roads Disposition"), for cash proceeds of $64.2 million net of adjustments. Paramount continues to own approximately 1,600 gross kilometers of resource roads, largely in the Kaybob Region.
- Abandonment and reclamation expenditures in the third quarter totaled $10.2 million, net of $4.3 million in funding under the Alberta Site Rehabilitation Program ("ASRP").
- Net debt at September 30, 2022 was $347.0 million. Pro forma the $64.2 million Roads Disposition, the Company has achieved its $300 million net debt target. Net debt does not account for the $451.3 million carrying value of the Company's investments in securities at September 30, 2022.(1)

INCREASED DIVIDEND

Paramount's Board of Directors has approved a 25% increase in the regular monthly dividend from $0.10 to $0.125 per Common Share. The first increased dividend will be payable on November 30, 2022 to shareholders of record on November 15, 2022. The dividend will be designated as an "eligible dividend" for Canadian income tax purposes.

DELIVERING ON FREE CASH FLOW PRIORITIES

Following the achievement of its net debt target, Paramount's free cash flow priorities continue to be the maintenance of conservative leverage levels and the delivery of superior shareholder returns through a combination of dividends, investments in growth opportunities and opportunistic share buybacks. Paramount has and will continue to deliver on these priorities.

- The Company implemented a regular monthly dividend of $0.02 per share in July 2021, which has now been increased six-fold to $0.125 per share through four increases over the past year. Paramount maintains the flexibility to provide incremental returns through special dividends.

- The Company has allocated incremental capital to its highest risk-adjusted return organic growth opportunities and to accretive acquisitions, contributing to the significant growth in free cash flow and production described in the five-year outlook below. Paramount continues to actively evaluate additional opportunities for accretive acquisitions and divestitures and organic growth, while remaining focused on capital discipline and maintaining a strong balance sheet.
- The Company has the ability to make opportunistic repurchases of up to 7.6 million Common Shares under its normal course issuer bid.

Paramount plans to direct the majority of its near-term free cash flows to further reduce credit facility drawings in order to provide additional financial flexibility. Over the last two years, the Company has reduced net debt by over $500 million while increasing production 50% to approximately 105,000 Boe/d.

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(1) Net debt is a capital management measure used by Paramount. Refer to the "Specified Financial Measures" section for more information on this measure.

UPDATED 2022 GUIDANCE

Fourth quarter 2022 sales volumes are expected to average between 103,000 Boe/d and 107,000 Boe/d (45% liquids). This results in expected full year 2022 average sales volumes of between 90,000 Boe/d and 91,000 Boe/d (45% liquids) versus previous guidance of between 91,000 Boe/d and 93,000 Boe/d (45% liquids).

The Company's planned 2022 capital expenditures remain unchanged at a range of between $600 million and $640 million.(1) Planned 2022 abandonment and reclamation spending totals $35 million, net of $10.5 million in funding under the ASRP.

Paramount is updating its forecast of 2022 free cash flow to approximately $500 million from $600 million to reflect updated commodity prices, production and other assumptions.(2)

2023 BUDGET AND GUIDANCE

With its achievement of the net debt target, strong free cash flow profile and deep inventory of high return opportunities, Paramount is budgeting 2023 capital expenditures in a range of between $720 million and $760 million, $65 million higher at the midpoint than previous preliminary guidance. This increase is largely related to infrastructure and drilling capital to accelerate Duvernay development in the recently expanded Willesden Green core area that will benefit production in 2024 and beyond. Paramount 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.

The 2023 capital budget at midpoint is broken down as follows:

- $350 million of sustaining capital and maintenance activities;
- $80 million of growth capital associated with production benefits in 2023; and
- $310 million of growth capital associated with production benefits in 2024 and beyond.

The breakdown by region at midpoint is as follows:

- Grande Prairie Region − $375 million;
- Kaybob Region − $215 million;
- Central Alberta and Other Region − $125 million; and
- Corporate and Other − $25 million.

The Company has budgeted approximately $45 million for abandonment and reclamation activities in 2023.

Average sales volumes in 2023 are expected to be between 105,000 Boe/d and 110,000 Boe/d (46% liquids), unchanged from previous preliminary guidance.

- First half 2023 sales volumes are expected to average between 101,000 Boe/d and 106,000 Boe/d (45% liquids).
- Second half 2023 sales volumes are expected to average between 109,000 Boe/d and 114,000 Boe/d (46% liquids).

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(1) Capital expenditures exclude land and property acquisitions and abandonment and reclamation expenditures.
(2) The stated free cash flow forecast is based on the following assumptions for 2022: (i) the midpoint of forecast capital spending and production, (ii) $35 million in net abandonment and reclamation costs, (iii) $9 million in geological and geophysical expenses, (iv) realized pricing of $69.70/Boe (US$93.99/Bbl WTI, US$6.57/MMBtu NYMEX, $5.22/GJ AECO), (v) a $US/$CAD exchange rate of $0.766, (vi) royalties of $10.80/Boe, (vii) operating

costs of $12.00/Boe and (viii) transportation and processing costs of $4.00/Boe.

Paramount is forecasting approximately $650 million of free cash flow in 2023, approximately $75 million lower than previous preliminary estimates largely as a result of changes in budgeted capital spending.(1)

The Company's 2023 capital program and increased regular monthly dividend would remain fully funded down to an average WTI price of about US$56/Bbl in 2023.(2)

PRELIMINARY 2024 GUIDANCE

Based on preliminary planning and current market conditions, Paramount anticipates 2024 capital expenditures to range between $750 million and $850 million, broken down as follows at midpoint:

- $390 million of sustaining capital and maintenance activities; and
- $410 million of growth capital.

The breakdown by region at midpoint is as follows:

- Grande Prairie Region – $385 million;
- Kaybob Region – $200 million;
- Central Alberta and Other Region – $205 million; and
- Corporate and Other − $10 million.

A capital program in this range would be expected to result in 2024 average sales volumes of between 115,000 Boe/d and 125,000 Boe/d (48% liquids) and free cash flow of approximately $650 million.(3)

The Company's 2024 capital program and increased regular monthly dividend would remain fully funded down to an average WTI price of about US$54/Bbl in 2024.(4)

FIVE-YEAR OUTLOOK

Paramount is providing its five-year outlook for the period from 2023 through to the end of 2027. The Company anticipates midpoint cumulative free cash flow of approximately $4.2 billion (approximately $30 per basic share(5)) over the period. Paramount anticipates annual capital expenditures to range between $750 million and $850 million through the period 2024 to 2027, with sales volumes increasing to between 140,000 Boe/d and 150,000 Boe/d in 2027, representing a compound annual production growth rate of approximately 11% between 2022 and 2027.(6) With estimated tax pools in excess of $4 billion at September 30, 2022, the majority of which are immediately deductible, Paramount does not forecast cash tax in its five-year outlook until 2026.

(1) The stated free cash flow forecast is based on the following assumptions for 2023: (i) the midpoint of stated capital spending and production, (ii) $45 million in abandonment and reclamation costs, (iii) $7 million in geological and geophysical expenses, (iv) realized pricing of $63.00/Boe (US$80.00/Bbl WTI, US$5.00/MMBtu NYMEX, $4.74/GJ AECO), (v) a $US/$CAD exchange rate of $0.730, (vi) royalties of $10.30/Boe, (vii) operating costs of $11.15/Boe and (vii) transportation and processing costs of $3.55/Boe.
(2) Assuming no changes to the other stated free cash flow forecast assumptions for 2023.
(3) The stated free cash flow estimate is based on the following assumptions for 2024: (i) the midpoint of stated capital spending and production, (ii) $40 million in abandonment and reclamation costs, (iii) $7 million in geological and geophysical expenses, (iv) realized pricing of $58.80/Boe (US$75.00/Bbl WTI, US$4.50/MMBtu NYMEX, $4.27/GJ AECO), (v) a $US/$CAD exchange rate of $0.735, (vi) royalties of $9.75/Boe, (vii) operating costs of $10.25/Boe and (vii) transportation and processing costs of $3.50/Boe.
(4) Assuming no changes to the other stated free cash flow estimate assumptions for 2024.
(5) Based on 142.3 million outstanding Common Shares as at November 1, 2022.
(6) The five-year outlook is based on preliminary planning and current market conditions and is subject to change. The stated anticipated cumulative free cash flow is based on the following assumptions: (i) the stated annual capital expenditures and compound annual production growth; (ii) approximately $40 million in average annual abandonment and reclamation costs, (iii) approximately $7 million in annual geological and geophysical expenses, (iv) 2023 realized pricing of $63.00/Boe (US$80.00/Bbl WTI, US$5.00/MMBtu NYMEX, $4.74/GJ AECO) and thereafter commodity prices of US$75.00/Bbl WTI, US$4.50/MMBtu NYMEX and $4.27/GJ AECO, (v) a 2023 $US/$CAD exchange rate of $0.730 and thereafter a $US/$CAD exchange rate of $0.735 and (vi) internal management estimates of future royalties, operating costs, transportation and processing costs and, beginning in 2026, cash taxes.

REVIEW OF OPERATIONS

GRANDE PRAIRIE REGION

Sales volumes and netbacks in the Grande Prairie Region, which includes Karr and Wapiti, are summarized below:

	Q3 2022	Q2 2022	*% Change*
Sales volumes			
Natural gas (MMcf/d)	**189.6**	139.8	*36*
Condensate and oil (Bbl/d)	**30,615**	22,516	*36*
Other NGLs (Bbl/d)	**3,758**	2,914	*29*
Total (Boe/d)	**65,981**	48,736	*35*
% liquids	***52 %***	*52 %*	

Netback [1]	($ millions)	*($/Boe)*	($ millions)	*($/Boe)*	*Change in $ millions (%)*
Natural gas revenue [2]	**119.9**	***6.87***	85.1	*6.69*	*41*
Condensate and oil revenue	**319.2**	***113.34***	276.4	*134.91*	*15*
Other NGLs revenue	**18.3**	***52.95***	17.1	*64.31*	*7*
Royalty and other revenue [3]	**0.1**	**–**	1.3	–	*NM*
Petroleum and natural gas sales	**457.5**	***75.37***	379.9	*85.65*	*20*
Royalties	**(70.5)**	***(11.62)***	(62.9)	*(14.17)*	*12*
Operating expense	**(68.1)**	***(11.22)***	(55.9)	*(12.61)*	*22*
Transportation and NGLs processing	**(25.7)**	***(4.24)***	(22.1)	*(4.99)*	16
	293.2	***48.29***	239.0	*53.88*	*23*

(1) "Netback" is a Non-GAAP financial measure. When presented on a $/Boe or $/Mcf basis, each of the components of Netback is a supplementary financial measure and Netback is a non-GAAP ratio. Refer to the "Specified Financial Measures" section for more information on these measures.
(2) Per unit natural gas revenue presented as $/Mcf.
(3) Second quarter royalty and other revenue includes $1.3 million related to a business interruption insurance claim.
NM means not meaningful.

KARR AREA

Karr sales volumes and netbacks are summarized below:

	Q3 2022	Q2 2022	*% Change*
Sales volumes			
Natural gas (MMcf/d)	**113.4**	94.6	*20*
Condensate and oil (Bbl/d)	**16,799**	13,551	*24*
Other NGLs (Bbl/d)	**2,394**	1,978	*21*
Total (Boe/d)	**38,088**	31,295	*22*
% liquids	***50 %***	*50 %*	

Netback [1]	($ millions)	*($/Boe)*	($ millions)	*($/Boe)*	*Change in $ millions (%)*
Natural gas revenue [2]	**71.7**	***6.87***	56.3	*6.54*	*27*
Condensate and oil revenue	**178.8**	***115.68***	166.0	*134.60*	*8*
Other NGLs revenue	**11.3**	***51.35***	11.6	*64.31*	*(3)*
Petroleum and natural gas sales	**261.8**	***74.70***	233.9	*82.14*	*12*
Royalties	**(47.7)**	***(13.62)***	(45.8)	*(16.09)*	*4*
Operating expense	**(39.6)**	***(11.29)***	(36.0)	*(12.65)*	*10*
Transportation and NGLs processing	**(15.6)**	***(4.46)***	(15.2)	*(5.34)*	3
	158.9	***45.33***	136.9	*48.06*	*16*

(1) "Netback" is a Non-GAAP financial measure. When presented on a $/Boe or $/Mcf basis, each of the components of Netback is a supplementary financial measure and Netback is a non-GAAP ratio. Refer to the "Specified Financial Measures" section for more information on these measures.
(2) Per unit natural gas revenue presented as $/Mcf.
NM means not meaningful.

Third quarter 2022 sales volumes at Karr averaged 38,088 Boe/d (50% liquids) compared to 31,295 Boe/d (50% liquids) in the second quarter. Sales volumes were higher in the third quarter as production resumed following plant turnarounds that occurred in the second quarter and as new well production from the remaining five wells at the twelve-well 16-17 pad came onstream late in the third quarter. Although September production averaged 40,485 Boe/d (49% liquids), production earlier in the quarter was impacted by unplanned facility outages and downtime related to extended workover operations.

All-in drilling, completion, equipping and tie-in ("DCET") costs for the remaining five wells on the twelve-well 16-17 pad averaged $8.5 million.

Drilling operations at the five-well 4-2 South pad and the five-well 4-2 North pad commenced in the third quarter. Paramount anticipates nine of these wells will be drilled by year-end. The drilling of the four-well 1-2 North pad that also commenced in the third quarter is ongoing and the Company plans to bring all four wells onstream in the first quarter of 2023. Paramount is bringing additional gas lift compression onstream in the fourth quarter to support liquids production and continues to build out infrastructure to debottleneck future production.

The Company is targeting an increase in plateau production at Karr to approximately 50,000 Boe/d in the second half of 2023 through the newly expanded infrastructure by drilling 13 (13.0 net) Montney wells and bringing onstream 22 (22.0 net) wells. The four wells on the 1-2 North pad are expected to come onstream early in the first quarter while the ten wells on the 4-2 North and 4-2 South pads are anticipated to come onstream in the second quarter. Drilling operations at the five-well 7-33 South pad and the three-well 6-36 pad are planned to commence in the first and second quarters, respectively. All five 7-33 South pad wells are expected to come onstream late in the second quarter and into the third quarter while the three 6-36 pad wells are expected to come onstream by the fourth quarter. Additional planned development activities at Karr in 2023 that are expected to benefit 2024 production include the drilling, completion and tie-in of the four-well 7-33 North pad and the commencement of drilling operations at the three-well 15-24 South pad.

WAPITI AREA

Wapiti sales volumes and netbacks are summarized below:

	Q3 2022	Q2 2022	*% Change*
Sales volumes			
Natural gas (MMcf/d)	**76.2**	45.2	*69*
Condensate and oil (Bbl/d)	**13,816**	8,965	*54*
Other NGLs (Bbl/d)	**1,364**	936	*46*
Total (Boe/d)	**27,893**	17,441	*60*
% liquids	***54 %***	*57 %*	

Netback (1)	($ millions)	*($/Boe)*	($ millions)	*($/Boe)*	*Change in $ millions (%)*
Natural gas revenue (2)	**48.2**	***6.87***	28.8	*6.98*	*67*
Condensate and oil revenue	**140.4**	***110.49***	110.4	*135.36*	*27*
Other NGLs revenue	**7.0**	***55.77***	5.5	*64.30*	*27*
Royalty and other revenue (3)	**0.1**	**–**	1.3	–	*NM*
Petroleum and natural gas sales	**195.7**	***76.27***	146.0	*91.94*	*34*
Royalties	**(22.8)**	***(8.88)***	(17.1)	*(10.72)*	*33*
Operating expense	**(28.5)**	***(11.12)***	(19.9)	*(12.56)*	*43*
Transportation and NGLs processing	**(10.1)**	***(3.94)***	(6.9)	*(4.35)*	*46*
	134.3	***52.33***	102.1	*64.31*	*32*

(1) "Netback" is a Non-GAAP financial measure. When presented on a $/Boe or $/Mcf basis, each of the components of Netback is a supplementary financial measure and Netback is a non-GAAP ratio. Refer to the "Specified Financial Measures" section for more information on these measures.
(2) Per unit natural gas revenue presented as $/Mcf.
(3) Second quarter royalty and other revenue includes $1.3 million related to a business interruption insurance claim.
NM means not meaningful.

Third quarter 2022 sales volumes at Wapiti averaged 27,893 Boe/d (54% liquids) compared to 17,441 Boe/d (57% liquids) in the second quarter. The increase is attributable to a combination of new well production, which has exhibited higher natural gas contribution with similar liquids volumes compared to previous Wapiti wells, and improved runtime at the third-party Wapiti natural gas processing plant.

In September, strong production from the two eight-well pads at 8-22 and 6-32 contributed to Wapiti monthly sales volumes exceeding the targeted plateau production level of 30,000 Boe/d for the first time, one quarter ahead of expectations. All-in DCET costs averaged $7.5 million at the eight-well 6-32 pad. Initial production results are strong, averaging gross peak 30-day production per well of 1,722 Boe/d (4.4 MMcf/d of shale gas and 995 Bbl/d of NGLs) with an average CGR of 228 Bbl/MMcf.(1)

Completion operations at the eight-well 16-15 pad have recently commenced. The Company plans to complete, tie-in and bring on production six of these wells by the end of 2022 with the remaining two wells to come onstream in early 2023.

In 2023, the Company plans to maintain production of between 28,000 Boe/d and 30,000 Boe/d at Wapiti by drilling 21 (21.0 net) wells and bringing on production 13 (13.0 net) wells. Paramount now plans to commence the drilling of the three-well 1-27 pad in the fourth quarter of 2022 and anticipates all three of these wells will come onstream in the second quarter of 2023. Drilling operations at the eight-well 8-15 pad that were originally planned to commence in the fourth quarter of 2022 are now expected to commence late in the first quarter of 2023 with all eight wells anticipated to come onstream in the third quarter. Additional planned development activities at Wapiti in 2023 that are expected to benefit 2024 production include the

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(1) Production measured at the wellhead. Natural gas sales volumes are lower by approximately 11% and liquids sales volumes are lower by approximately 2% due to shrinkage. Excludes days when the wells did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. CGR means condensate to gas ratio and is calculated by dividing raw wellhead liquids volumes by raw wellhead natural gas volumes. See "Oil and Gas Measures and Definitions" in the Advisories section.

four-well 14-5 East pad that is expected to be drilled in the third quarter and the six-well 2-18 pad that is anticipated to be drilled in the fourth quarter.

KAYBOB REGION

Kaybob Region sales volumes averaged 24,021 Boe/d (35% liquids) in the third quarter of 2022 compared to 21,642 Boe/d (27% liquids) in the second quarter. The increase was primarily the result of new Duvernay production from the four-well Smoky 10-35 pad and the three-well Kaybob North 12-21 pad that came onstream in late July and early August, respectively, along with a Gething oil well.

Initial production results from the Smoky 10-35 pad wells are encouraging with average gross peak 30-day production per well of 843 Boe/d (1.6 MMcf/d of shale gas and 584 Bbl/d of NGLs) and an average CGR of 377 Bbl/MMcf.(1) During this period, these wells have been choked due to infrastructure capacity constraints. All-in DCET costs at the 10-35 pad averaged $9.2 million per well.

Like the new Smoky wells, the three new Kaybob North 12-21 pad wells have been choked due to infrastructure capacity constraints. Average gross peak 30-day production per well was 862 Boe/d (0.8 MMcf/d of shale gas and 732 Bbl/d of NGLs) with an average CGR of 933 Bbl/MMcf.(2) All-in DCET costs averaged $11.7 million per well on the 12-21 pad, which came on production ahead of schedule in the quarter.

The Company is evaluating the optimization of existing infrastructure in the Kaybob Region to minimize future backout and the need to choke new wells.

Planned activities at Kaybob in 2023 include the drilling of 15 (14.4 net) wells and the bringing on production of 12 (11.4 net) wells. At Kaybob North, Paramount plans to commence drilling operations at the three-well 4-13 South Duvernay pad and bring all three wells onstream by the end of the third quarter and drill the five-well 15-7 Duvernay pad commencing in the second quarter and bring onstream all five wells by the end of the fourth quarter. At Smoky, the Company plans to commence the drilling of the three-well 2-35 Duvernay pad in the third quarter and bring the wells onstream in 2024. A total of four (3.4 net) Montney gas wells are also expected to be drilled, completed and brought on production over the second and third quarters.

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(1) Production measured at the wellhead. Natural gas sales volumes are lower by approximately 14% and liquids sales volumes are lower by approximately 8% due to shrinkage. Excludes days when the wells did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. CGR means condensate to gas ratio and is calculated by dividing raw wellhead liquids volumes by raw wellhead natural gas volumes. See "Oil and Gas Measures and Definitions" in the Advisories section.
(2) Production measured at the wellhead. Natural gas sales volumes are lower by approximately 20% and liquids sales volumes are lower by approximately 9% due to shrinkage. Excludes days when the wells did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. CGR means condensate to gas ratio and is calculated by dividing raw wellhead liquids volumes by raw wellhead natural gas volumes. See "Oil and Gas Measures and Definitions" in the Advisories section.

CENTRAL ALBERTA AND OTHER REGION

Central Alberta and Other Region sales volumes increased to 7,599 Boe/d (28% liquids) in the third quarter of 2022 compared to 6,934 Boe/d (21% liquids) in the second quarter mainly as a result of the Willesden Green Duvernay acquisition that closed in late August.

The Company has accelerated planned activities in its Willesden Green Duvernay core area following the two acquisitions that closed earlier this year. The majority of the capital expenditure increase in the Company's five-year outlook is the result of this acceleration. Paramount has allocated approximately $125 million and $210 million of capital, at the mid-point, to the development of the Willesden Green Duvernay in 2023 and 2024, respectively. Facility and associated infrastructure spend is expected to represent over half of the total capital expenditures at Willesden Green in these two years.

In light of the Company's large land footprint, Paramount plans to construct additional capacity at Willesden Green in stages across multiple facilities, with a total of approximately 100 MMcf/d of raw gas processing and 20,000 Bbl/d of liquids handling available by 2027.

Two four-well Duvernay pads are planned in 2023, which will initially double mid-point Willesden Green production from 3,750 Boe/d (47% liquids) in 2023 to 7,500 Boe/d (59% liquids) in 2024. Production is then expected to average between 15,000 Boe/d and 20,000 Boe/d (59% liquids) for each of 2025 and 2026.

The capital program over the next five years at Willesden Green is anticipated to grow production to approximately 30,000 Boe/d (58% liquids) by 2027. In addition, Paramount anticipates beginning to build out the oil window in the eastern portion of its land base near the end of the five-year plan. Paramount controls approximately 250,000 net acres of contiguous land at Willesden Green with over 600 internally high-graded Duvernay drilling locations, which supports a targeted full field development plateau production of over 50,000 Boe/d that can be sustained for over 20 years [(1)]

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(1) See "Oil and Gas Measures and Definitions" in the Advisories section for additional information respecting internally estimated drilling locations

HEDGING

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

	Type (1)	Q4 2022	Q1 2023	Q2 2023	H2 2023	Average Price (2)
Oil						
WTI Swaps (Sale) (Bbl/d)	Financial	3,500	–	–	–	US$75.79/Bbl
WTI Swaps (Sale) (Bbl/d)	Financial	3,500	–	–	–	CAD$91.38/Bbl
WTI Collars (Bbl/d)	Financial	7,000	–	–	–	CAD$82.50/Bbl (Floor) CAD$100.47/Bbl (Ceiling)
Condensate – Basis (Sale) (Bbl/d)	Physical	–	3,146	–	–	WTI – US$1.17/Bbl
Sweet Crude Oil – Basis (Sale) (Bbl/d)	Physical	–	3,146	3,112	3,078	WTI – US$3.73/Bbl
Natural Gas						
NYMEX Swaps (Sale) (MMBtu/d)	Financial	3,370	–	–	–	US$4.91/MMBtu
AECO Fixed Price (GJ/d)	Physical	26,957	–	–	–	CAD$3.78/GJ
Dawn Fixed Price (MMBtu/d)	Physical	6,739	–	–	–	US$4.03/MMBtu
NYMEX Collars (MMBtu/d)	Financial	13,261	20,000	–	–	US$7.50/MMBtu (Floor) US$12.13/MMBtu (Ceiling)
AECO Collars (GJ/d)	Financial	13,261	20,000	–	–	CAD$7.25/GJ (Floor) CAD$9.60/GJ (Ceiling)
Chicago Index Swap (Sale) (MMBtu/d)[(3)]	Financial	3,315	5,000	–	–	Daily – US$0.09/MMBtu
Foreign Currency Exchange						
Forward Sales (US$MM/Month)	Forwards	$30	–	–	–	1.2863 CAD$ / US$
	Forwards	–	$30	–	–	1.2975 CAD$ / US$
	Forwards	–	–	$20	–	1.3025 CAD$ / US$
Collars (US$MM/Month)	Financial	$3.3	–	–	–	1.25 CAD$ / US$ (Floor) 1.30 CAD$ / US$ (Ceiling)
Swaps (Sale) (US$MM/Month)	Financial	$10	$10	–	–	1.2888 CAD$ / US$

(1) Financial, refers to financial commodity and foreign currency exchange contracts. Physical, refers to fixed-priced physical and basis differential contracts. Forwards, refers to foreign currency exchange forwards contracts.
(2) Average price is calculated using a weighted average of notional volumes and prices.
(3) "Chicago Index" refers to Chicago Citygate Index pricing. These contracts convert price exposure of Chicago monthly index to daily index.

ABOUT PARAMOUNT

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

Paramount's third quarter 2022 results, including Management's Discussion and Analysis and the Company's Consolidated Financial Statements, can be obtained on SEDAR at www.sedar.com or on Paramount's website at https://www.paramountres.com/investors/financial-shareholder-reports.

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

FINANCIAL AND OPERATING RESULTS [1]

($ millions, except as noted)	**Q3 2022**	**Q2 2022**	**Q3 2021**
Net income	**221.9**	182.2	**292.7**
per share – basic ($/share)	***1.57***	*1.29*	***2.20***
per share – diluted ($/share)	***1.51***	*1.24*	***2.06***
Cash from operating activities	**248.9**	318.9	**97.0**
per share – basic ($/share)	***1.76***	*2.26*	***0.73***
per share – diluted ($/share)	***1.69***	*2.16*	***0.68***
Adjusted funds flow	**334.3**	258.3	**148.4**
per share – basic ($/share)	***2.37***	*1.83*	***1.12***
per share – diluted ($/share)	***2.27***	*1.75*	***1.04***
Free cash flow	**137.5**	68.3	**73.8**
per share – basic ($/share)	***0.97***	*0.48*	***0.56***
per share – diluted ($/share)	***0.93***	*0.46*	***0.52***
Total assets	**4,261.3**	4,076.2	**3,882.9**
Investments in securities	**451.3**	468.8	**302.9**
Long-term debt	**306.3**	227.7	**522.4**
Net debt	**347.0**	374.0	**576.8**
Common shares outstanding *(millions)* [2]	**141.2**	141.2	**133.2**
Sales volumes [3]			
Natural gas (MMcf/d)	**315.9**	267.2	**269.7**
Condensate and oil (Bbl/d)	**38,804**	27,750	**32,177**
Other NGLs (Bbl/d)	**6,144**	5,021	**5,017**
Total (Boe/d)	**97,601**	77,312	**82,150**
% liquids	***46 %***	*42 %*	***45 %***
Grande Prairie Region (Boe/d)	**65,981**	48,736	**54,586**
Kaybob Region (Boe/d)	**24,021**	21,642	**21,054**
Central Alberta & Other Region (Boe/d)	**7,599**	6,934	**6,510**
Total (Boe/d)	**97,601**	77,312	**82,150**

Netback		*$/Boe* [4]		*$/Boe* [4]		*$/Boe* [4]
Natural gas revenue	**185.7**	***6.39***	164.0	*6.75*	**96.5**	***3.89***
Condensate and oil revenue	**401.8**	***112.56***	340.0	*134.65*	**249.9**	***84.42***
Other NGLs revenue	**28.9**	***51.20***	28.7	*62.80*	**21.7**	***47.05***
Royalty and other revenue	**2.5**	–	3.5	–	**1.1**	–
Petroleum and natural gas sales	**618.9**	***68.92***	536.2	*76.22*	**369.2**	***48.86***
Royalties	**(89.4)**	***(9.96)***	(85.2)	*(12.11)*	**(30.9)**	***(4.09)***
Operating expense	**(110.0)**	***(12.25)***	(88.7)	*(12.61)*	**(83.3)**	***(11.02)***
Transportation and NGLs processing	**(34.4)**	***(3.83)***	(30.8)	*(4.37)*	**(30.3)**	***(4.01)***
Sales of commodities purchased [5]	**77.9**	***8.67***	42.7	*6.06*	**31.3**	***4.14***
Commodities purchased [5]	**(76.4)**	***(8.51)***	(41.1)	*(5.84)*	**(31.4)**	***(4.16)***
Netback	**386.6**	***43.04***	333.1	*47.35*	**224.6**	***29.72***
Risk management contract settlements	**(44.4)**	***(4.94)***	(61.9)	*(8.79)*	**(59.0)**	***(7.81)***
Netback including risk management contract settlements	**342.2**	***38.10***	271.2	*38.56*	**165.6**	***21.91***

Capital expenditures			
Grande Prairie Region	**133.5**	107.2	**53.1**
Kaybob Region	**30.8**	57.9	**1.7**
Central Alberta & Other Region	**0.2**	0.8	**9.7**
Fox Drilling and Cavalier Energy	**10.8**	3.7	**1.9**

Corporate	**9.0**	14.5	**(0.3)**
Total	**184.3**	184.1	**66.1**
Asset retirement obligations settled	**10.2**	4.0	**6.9**

(1) Adjusted funds flow, free cash flow and net debt are capital management measures used by Paramount. Netback and netback including risk management contract settlements are non-GAAP financial measures. Netback and Netback including risk management contract settlements presented on a $/Boe or $/Mcf basis are non-GAAP ratios. Each measure, other than net income, that is presented on a per share, $/Mcf or $/Boe basis is a supplementary financial measure. Refer to the "Specified Financial Measures" section for more information on these measures. Prior period free cash flow has been reclassified to conform with the current year's presentation.
(2) Common shares are presented net of shares held in trust under the Company's restricted share unit plan: Q3 2022: 0.8 million; Q2 2022: 0.8 million; Q3 2021: 1.5 million.
(3) Refer to the Product Type Information section of this document for a complete breakdown of sales volumes for applicable periods by specific product type.
(4) Natural gas revenue presented as $/Mcf.
(5) Sales of commodities purchased and commodities purchased are treated as corporate items and not allocated to individual regions or 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 conventional natural gas and shale gas combined. "Condensate and oil" refers to condensate, light and medium crude oil and tight 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, tight oil and light and medium crude oil. Numbers may not add due to rounding.

	Total			**Grande Prairie Region**			**Kaybob Region**		
	Q3 2022	**Q2 2022**	**Q3 2021**	**Q3 2022**	**Q2 2022**	**Q3 2021**	**Q3 2022**	**Q2 2022**	**Q3 2021**
Shale gas (MMcf/d)	**253.8**	203.7	207.1	**188.2**	138.8	145.8	**38.5**	37.9	36.9
Conventional natural gas (MMcf/d)	**62.1**	63.5	62.6	**1.4**	1.0	2.2	**54.8**	56.7	54.4
Natural gas (MMcf/d)	**315.9**	267.2	269.7	**189.6**	139.8	148.0	**93.3**	94.6	91.3
Condensate (Bbl/d)	**35,747**	25,374	29,670	**30,610**	22,511	26,639	**4,157**	2,092	2,072
Other NGLs (Bbl/d)	**6,144**	5,021	5,017	**3,758**	2,914	3,274	**1,666**	1,585	1,415
NGLs (Bbl/d)	**41,891**	30,395	34,687	**34,368**	25,425	29,913	**5,823**	3,677	3,487
Tight oil (Bbl/d)	**449**	402	475	**-**	-	-	**208**	253	368
Light and medium crude oil (Bbl/d)	**2,608**	1,974	2,032	**5**	5	9	**2,434**	1,946	1,979
Crude oil (Bbl/d)	**3,057**	2,376	2,507	**5**	5	9	**2,642**	2,199	2,347
Total (Boe/d)	**97,601**	77,312	82,150	**65,981**	48,736	54,586	**24,021**	21,642	21,054

	Central Alberta and Other Region			**Karr**			**Wapiti**		
	Q3 2022	**Q2 2022**	**Q3 2021**	**Q3 2022**	**Q2 2022**	**Q3 2021**	**Q3 2022**	**Q2 2022**	**Q3 2021**
Shale gas (MMcf/d)	**27.1**	27.0	24.4	**112.9**	94.2	113.0	**75.3**	44.6	32.8
Conventional natural gas (MMcf/d)	**5.9**	5.8	6.0	**0.5**	0.4	1.4	**0.9**	0.6	0.8
Natural gas (MMcf/d)	**33.0**	32.8	30.4	**113.4**	94.6	114.4	**76.2**	45.2	33.6
Condensate (Bbl/d)	**980**	771	959	**16,799**	13,551	18,328	**13,811**	8,960	8,311
Other NGLs (Bbl/d)	**720**	522	328	**2,394**	1,978	2,477	**1,364**	936	797
NGLs (Bbl/d)	**1,700**	1,293	1,287	**19,193**	15,529	20,805	**15,175**	9,896	9,108
Tight oil (Bbl/d)	**241**	149	107	**-**	-	-	**-**	-	-
Light and medium crude oil (Bbl/d)	**169**	23	44	**-**	-	-	**5**	5	9
Crude oil (Bbl/d)	**410**	172	151	**-**	-	-	**5**	5	9
Total (Boe/d)	**7,599**	6,934	6,510	**38,088**	31,295	39,878	**27,893**	17,441	14,708

The Company forecasts that fourth quarter 2022 sales volumes will average between 103,000 Boe/d and 107,000 Boe/d (55% shale gas and conventional natural gas combined, 39% light and medium crude oil, tight oil and condensate combined and 6% other NGLs).

The Company forecasts that 2022 annual sales volumes will average between 90,000 Boe/d and 91,000 Boe/d (55% shale gas and conventional natural gas combined, 38% light and medium crude oil, tight oil and condensate combined and 7% other NGLs).

The Company forecasts that 2023 annual sales volumes will average between 105,000 Boe/d and 110,000 Boe/d (54% shale gas and conventional natural gas combined, 40% light and medium crude oil, tight oil and condensate combined and 6% other NGLs). First half 2023 sales volumes are expected to average between 101,000 Boe/d and 106,000 Boe/d (55% shale gas and conventional natural gas combined, 39% light and medium crude oil, tight oil and condensate combined and 6% other NGLs). Second half 2023 sales volumes are expected to average between 109,000 Boe/d and 114,000 Boe/d (54% shale gas and conventional natural gas combined, 40% light and medium crude oil, tight oil and condensate combined and 6% other NGLs).

SPECIFIED FINANCIAL MEASURES

Non-GAAP Financial Measures

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

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

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

Refer to the table under the heading "Financial and Operating Results" in this press release for the calculation of netback and netback including risk management contract settlements for the three months ended September 30, 2022, June 30, 2022 and September 30, 2021.

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 production 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 production 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 production basis.

Capital Management Measures

Adjusted funds flow, free cash flow and net debt are capital management measures that Paramount utilizes in managing its capital structure. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Refer to Note 15 – Capital Structure in the unaudited Interim Condensed Consolidated Financial Statements of Paramount as at and for the three and nine months ended September 30, 2022 for: (i) a description of the composition and use of these measures, (ii) reconciliations of adjusted funds flow and free cash flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three months ended September 30, 2022 and 2021 and (iii) a calculation of net debt as at September 30, 2022 and December 31, 2021.

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 $/Bbl, $/Mcf or $/Boe 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 expense, sales of commodities purchased and commodities purchased on a $/Bbl, $/Mcf or $/Boe basis are calculated by dividing the petroleum and natural gas sales, revenue, royalties, operating expenses, transportation and NGLs processing expense, sales of commodities purchased or commodities purchased, as applicable, over the referenced period by the aggregate units (Bbl, Mcf or Boe) produced 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 Company's free cash flow priorities, including its plans to direct the majority of its near-term free cash flows to further reduce credit facility drawings;
- planned capital expenditures in 2022 and 2023 and the allocation thereof;
- forecast sales volumes for 2022 and 2023 and certain periods therein;
- forecast free cash flow in 2022 and 2023;
- planned abandonment and reclamation expenditures in 2022 and 2023;
- preliminary anticipated capital expenditures in 2024 and the allocation thereof and the resulting expected 2024 average sales volumes and free cash flow;
- the Company's five-year outlook for capital spending, cumulative free cash flow and production;
- the statement that Paramount does not forecast cash tax in its five-year outlook until 2026;
- expected or targeted plateau production rates at Karr and Wapiti and the ability to achieve or maintain such rates;
- expected production during certain periods at Willesden Green and the expectation that the capital program over the next five years at Willesden Green will grow production to approximately 30,000 Boe/d (58% liquids) by 2027;
- internally estimated drilling locations and targeted plateau production volumes at Willesden Green and the time period over which targeted plateau production volumes may be maintained;
- planned exploration, development and production activities, including the expected timing of drilling, completing and bringing new wells on production and the expected timing of completion, cost and capacity of planned facilities and infrastructure; and
- the potential payment of future dividends.

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

- future commodity prices;
- the impact of the COVID-19 pandemic;
- the impact of the Russian invasion of the Ukraine;
- 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 required capital to fund its exploration, development and other operations and meet its 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 product processing, transportation, fractionation and storage capacity on acceptable terms and the capacity and reliability of facilities;
- the ability of Paramount to market its natural gas and liquids successfully to current and new customers;

- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated production volumes, reserves additions, liquids yields and resource recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals;
- the receipt of benefits under government programs;
- the application of regulatory requirements respecting abandonment and reclamation; and
- anticipated timelines and budgets being met in respect of drilling programs and other operations (including well completions and tie-ins, the construction, commissioning and start-up of new and expanded facilities, including third-party facilities, and 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:

- the risks set out in the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2022;
- fluctuations in commodity prices;
- changes in capital spending plans and planned exploration and development activities;
- the potential for changes to preliminary anticipated 2024 capital expenditures prior to finalization and changes to the resulting expected 2024 average sales volumes and free cash flow;
- the potential for changes to the Company's five-year outlook for capital spending, production and cumulative free cash flow;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- the uncertainty of estimates and projections relating to production, future revenue, free cash flow, reserve additions, product yields (including condensate to natural gas ratios), resource recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate product processing, transportation, fractionation, and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks or blowouts;
- the ability to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities (including third-party facilities);
- processing, pipeline, and fractionation infrastructure outages, disruptions and constraints;
- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities and meet current and future commitments and obligations (including product processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to obtain and maintain leases and licenses;
- 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, insurance claims, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

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

With respect to the statement that Paramount does not forecast cash tax in its five-year outlook until 2026, taxable income varies depending on total income and expenses and estimates as to the timing of paying cash tax are sensitive to assumptions regarding commodity prices, production, cash from operating activities, capital spending levels, the allocation of free cash flow and acquisition and disposition transactions. Changes in these factors could result in the Company paying income taxes earlier or later than expected.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the sections titled "*Risk Factors*" in Paramount's annual information form for the year ended December 31, 2021, which is available on SEDAR at www.sedar.com. The forward-looking information contained in this press release is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Certain forward-looking information in this press release, including forecast free cash flow in 2022, 2023 and future periods, may also constitute a "financial outlook" within the meaning of applicable securities laws. A financial outlook involves statements about Paramount's prospective financial performance or position and is based on and subject to the assumptions and risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this press release. Such assumptions are based on management's assessment of the relevant information currently available and any financial outlook included in this press release is provided for the purpose of helping readers understand Paramount's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook.

Oil and Gas Measures and Definitions

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

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
AECO	AECO-C reference price
WTI	West Texas Intermediate

This press release contains disclosures expressed as "Boe", "$/Boe", "MBoe", "MMBoe" 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, 2022, the value ratio between crude oil and natural gas was approximately 23:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

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

This press release contains information respecting Paramount's internal estimate of Duvernay drilling locations at Willesden Green. The referenced drilling locations represent future potential undeveloped gross locations as estimated effective December 31, 2021 by internal qualified reserves evaluators from Paramount. The referenced drilling locations were determined by Paramount's internal evaluators based on, among other matters, their assessment of available reservoir, geological and technical information, the economic thresholds necessary for development and potential future development plans. There is no certainty that the Company will drill any of the identified future potential undeveloped locations and there is no certainty that such locations will result in any reserves or production. The locations on which the Company will actually drill wells, including the number and timing thereof, will be dependent upon the availability of funding, the availability of facilities, regulatory approvals, seasonal restrictions, oil, NGLs and natural gas prices, costs, actual drilling results, additional reservoir, geological and technical information that is obtained and other factors. While certain of the estimated undeveloped locations have been de-risked by drilling existing wells in relative close proximity to such locations, many of the locations are further away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty as to whether wells will be drilled in such locations, and if wells are drilled in such locations there is more uncertainty that such wells will result in any reserves or production. There is no guarantee that any internally estimated future potential development locations will be included and assigned reserves in any future reserves report prepared for the Company.

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, 2021 which is available on SEDAR at www.sedar.com.

SOURCE Paramount Resources Ltd.

For further information: Paramount Resources Ltd., J.H.T. (Jim) Riddell, President and Chief Executive Officer and Chairman; Paul R. Kinvig, Chief Financial Officer; Rodrigo (Rod) Sousa, Executive Vice President, Corporate Development and Planning, www.paramountres.com, Phone: (403) 290-3600
