Paramount Resources Ltd. Announces Closing of Asset Sale, Declaration of Special Distribution, Amended \$500 Million Credit Facility and Operational and Development Update

CALGARY, AB, Jan. 31, 2025 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) is pleased to announce:

- the closing of its previously announced asset disposition to Ovintiv Inc. (the "Transaction");
- the declaration of a special cash distribution of \$15.00 per class A common share ("Common Share");
- the entering into of an amended \$500 million four-year financial covenant-based revolving bank credit facility;
- estimated fourth guarter sales volumes and annual 2024 capital expenditures;
- additional details concerning its 2025 development plans;
- · recent liquids hedging activity; and
- a revised monthly dividend of \$0.05 per Common Share beginning in February.

CLOSING OF TRANSACTION

Paramount has closed the previously announced disposition of its Karr, Wapiti andZama properties to a wholly-owned subsidiary of Ovintiv Inc. ("Ovintiv"). The Company received cash proceeds of approximately \$3.3 billion after adjustments. In addition, the Company received Ovintiv's 50% operated interest at the Two Island Lake field and a 50% operated interest at the Kiwigana field, each in the Horn River Basin.

DECLARATION OF SPECIAL DISTRIBUTION

Paramount's Board of Directors has declared a special cash distribution of\$15.00 per Common Share (the "Special Distribution") out of the proceeds of the Transaction. The Special Distribution will be comprised of a return of capital to shareholders in the amount of \$12.00 per Common Share and a special dividend in the amount of\$3.00 per Common Share that will be designated as an "eligible dividend" for Canadian income tax purposes. The Special Distribution will be payable on February 14, 2025 to shareholders of record on February 10, 2025.

The Toronto Stock Exchange has advised Paramount that it will implement "due bill" trading with respect to the Special Distribution. Due bills notionally represent an entitlement that will be due to a shareholder from an issuer in connection with the completion of a material corporate event. In the case of the Special Distribution, each due bill will represent the right to receive the \$15.00 per Common Share cash payment comprising the Special Distribution.

A due bill will be deemed to attach to each Common Share traded in the time period between the opening of trading on the record date for the Special Distribution and the end of trading on the payment date for the Special Distribution (the "Due Bill Trading Period"). During the Due Bill Trading Period, any seller of Common Shares will also be deemed to sell and assign the right to the Special Distribution to the purchaser of the Common Shares. As a result, the Common Shares will maintain their full value through to the end of trading on the payment date of the Special Distribution. The Common Shares will not commence trading on an ex-distribution basis (i.e., without the entitlement to receive the Special Distribution) until the first trading day following the payment date of the Special Distribution. The due bills will be redeemed on the ex-distribution date and payment will be made to the holders of the due bills thereafter.

CREDIT FACILITY AND CAPITAL RESOURCES

In conjunction with the closing of the Transaction, Paramount has amended its financial covenant-based senior secured revolving bank credit facility (the "Credit Facility") with the unanimous support of its bank syndicate. The capacity of the Credit Facility has been adjusted to \$500 million from \$1.0 billion and the maturity date has been extended to January 31, 2029. In addition, Export Development Canada has extended its guarantee of the Company's separate \$90 million unsecured demand revolving letter of credit facility to June 30, 2026.

Following closing of the Transaction and pro forma the payment of the Special Distribution, Paramount will have ove\$800 million in cash, investments in securities valued at approximately\$550 million (approximately 80% of which is attributable to publicly traded securities) and no drawings under the Credit Facility. This provides the Company with ample liquidity to advance the development of its deep inventory of opportunities.

OPERATIONAL UPDATE

Based on preliminary field estimates, Paramount's fourth quarter 2024 sales volumes averaged approximately 102,500 Boe/d (48% liquids), in line with prior guidance. Grande Prairie Region sales volumes associated with the Transaction accounted for approximately 71,000 Boe/d (50% liquids) of this total. The Company estimates annual capital expenditures for 2024 to be between \$840 million and \$850 million, also in line with prior guidance.

2025 DEVELOPMENT PLANS

As previously announced, the Company is budgeting capital expenditures in 2025 of between\$760 million and \$790 million.

Approximately \$560 million of planned 2025 capital expenditures at the midpoint are allocated to the Willesden Green Duvernay development, where Paramount plans to:

• complete the first phase of the Company's newAlhambra natural gas processing plant (the "Alhambra Plant"), with start-up expected in the fourth guarter of 2025;

(1) See the "Product Type Information" in the Advisories section for a breakdown of sales volumes in this press release 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.

- drill 22 (22.0 net) Duvernay wells;
- bring onstream 23 (23.0 net) Duvernay wells, with seven wells feeding the existing Leafland facility and 16 wells to be brought onstream through the Alhambra Plant; and
- accelerate the second phase of the Alhambra Plant, with start-up expected to occur in the fourth guarter of 2026.

In the Kaybob Region, expenditures will be predominantly focused on development activity at Kaybob North Duvernay, where the Company plans to drill eight (8.0 net) Duvernay wells and bring onstream nine (9.0 net) Duvernay wells. Duvernay production growth is expected to offset declines from legacy conventional production in the region.

Capital has also been allocated to ongoing appraisal activities at Paramount's early-stage assets, including Sinclair.

The breakdown of planned 2025 capital expenditures by category at the midpoint is as follows:

- Drilling, completion, equipping and tie-ins –\$525 million;
- Facilities and gathering \$235 million; and
- Corporate and other \$15 million.

As previously announced, 2025 average sales volumes are expected to be between 37,500 Boe/d and 42,500 Boe/d (48% liquids), with a 2025 year-end exit rate in excess of 45,000 Boe/d. Based on preliminary field estimates, January sales volumes averaged approximately 103,500 Boe/d (48% liquids). Sales volumes are anticipated to average between 28,000 Boe/d and 32,000 Boe/d in February to September, with new well activity essentially offsetting declines. With the start-up of the Alhambra Plant, fourth guarter sales volumes are anticipated to average between 40,000 Boe/d and 45,000 Boe/d.

RECENT HEDGING ACTIVITY

In January 2025, Paramount hedged an additional 5,000 Bbl/d of liquids for calendar 2025 at a WTI price oC\$105.00/Bbl. The Company now has a total of 10,000 Bbl/d of liquids hedged for the remainder of 2025 at an average WTI price of C\$105.00/Bbl.

With Paramount's natural gas market diversification contracts currently in place, over 70% of the Company's post-Transaction 2025 natural gas sales volumes will benefit from exposure to markets outside of AECO.

REVISED MONTHLY DIVIDEND

Consistent with its previously announced intention to revise its monthly dividend following closing of the Transaction, Paramount's Board of Directors has declared a cash dividend of \$0.05 per Common Share payable on February 28, 2025 to shareholders of record on February 20, 2025. The dividend will be designated as an "eligible dividend" for Canadian income tax purposes.

ABOUT PARAMOUNT

Paramount is an independent, publicly traded, liquids-rich natural gas focused Canadian energy company that explores for and develops both conventional and unconventional petroleum and natural gas, including longer-term strategic exploration and predevelopment 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".

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:

- estimated fourth quarter 2024 average sales volumes and 2024 annual capital expenditures;
- planned capital expenditures in 2025 and the allocation thereof;
- planned and potential exploration, development and production activities, including the expected timing of completion of phase one and phase two of the Alhambra Plant;
- the expectation that Duvernay production growth will offset declines from legacy conventional production in the Kaybob Region;
- estimated January 2025 average sales volumes;
- expected average sales volumes for 2025 and certain periods therein; and
- the expected 2025 exit rate of production.

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

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

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

- · fluctuations in commodity prices;
- changes in capital spending plans and planned exploration and development activities;
- changes in foreign currency exchange rates, interest rates and the rate of inflation;
- changes in political and economic conditions, including the risk of the imposition of tariffs, export taxes or export restrictions:
- the uncertainty of estimates and projections relating to future production, product yields (including condensate to natural gas ratios), revenue, free cash flow, reserves additions, product recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate processing, transportation, fractionation, disposal and storage capacity on acceptable terms;
- operational risks in exploring for, developing, producing and transporting natural gas and liquids, including the risk of spills, leaks or blowouts:
- risks associated with wildfires, including the risk of physical loss or damage to wells, facilities, pipelines and other
 infrastructure, prolonged disruptions in production, restrictions on the ability to access properties, interruption of electrical
 and other services and significant delays or changes to planned development activities and facilities maintenance;
- the ability to obtain equipment, materials, services and personnel in a timely manner and at expected and acceptable costs, including the potential effects of inflation and supply chain disruptions;
- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities, pipeline and other infrastructure, including third-party facilities and phase one and phase two of the Alhambra Plant;
- processing, transportation, fractionation, disposal and storage outages, disruptions and constraints;
- potential limitations on access to the volumes of water required for completion activities due to drought, conditions of low river flow, government restrictions or other factors;

- risks and uncertainties involving the geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- general business, economic and market conditions;
- the ability to generate sufficient cash from operating activities to fund, or to otherwise finance, planned exploration, development and operational activities and meet current and future commitments and obligations (including asset retirement obligations, processing, transportation, fractionation and similar commitments and obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to obtain and maintain leases and licenses, including those required for phase one and phase two of the Alhambra Plant;
- 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, the forward-looking information respecting estimated fourth quarter 2024 average sales volumes, January 2025 average sales volumes and 2024 annual capital expenditures is based on preliminary results, estimates and assumptions that may prove to be incorrect or incomplete. Final fourth quarter 2024 average sales volumes, January 2025 average sales volumes and 2024 annual capital expenditures may change from the preliminary information in this press release and the change may be material.

Finally, 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 description of risks provided herein is not exhaustive. For more information relating to risks, see the section titled *Risk Factors*" in Paramount's annual information form for the year endedDecember 31, 2023, which is available on SEDAR+ at www.sedarplus.ca or on the Company's website at www.paramountres.com.

The forward-looking information contained in this press release is made as of the date hereof and, except as required by applicable securities law, Paramount undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Oil and Gas Measures and Definitions

This press release contains disclosures expressed as "Boe" (meaning barrels of oil equivalent). 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 year ended December 31, 2024, the value ratio between crude oil and natural gas was approximately 72:1. 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.

Product Type Information

This press release includes references to sales volumes of "liquids". "Liquids" refers to condensate, light and medium crude oil, tight oil, heavy crude oil and Other NGLs combined. "Other NGLs" refers to ethane, propane and butane.

Estimated average fourth quarter 2024 sales volumes were approximately 102,500 Boe/d (52% shale gas and conventional natural gas combined, 42% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 6% other NGLs).

Estimated January 2025 sales volumes were approximately 103,500 Boe/d (52% shale gas and conventional natural gas combined, 41% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 7% other NGLs).

2025 average sales volumes are expected to be between 37,500 Boe/d and 42,500 Boe/d (52% shale gas and conventional natural gas combined, 40% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 8% other NGLs).

SOURCE Paramount Resources Ltd.

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https://stage.mediaroom.com/paramount/2025-01-31-Paramount-Resources-Ltd-Announces-Closing-of-Asset-Sale,-Declaration-of-Special-Distribution,-Amended-500-Million-Credit-Facility-and-Operational-and-Development-Update