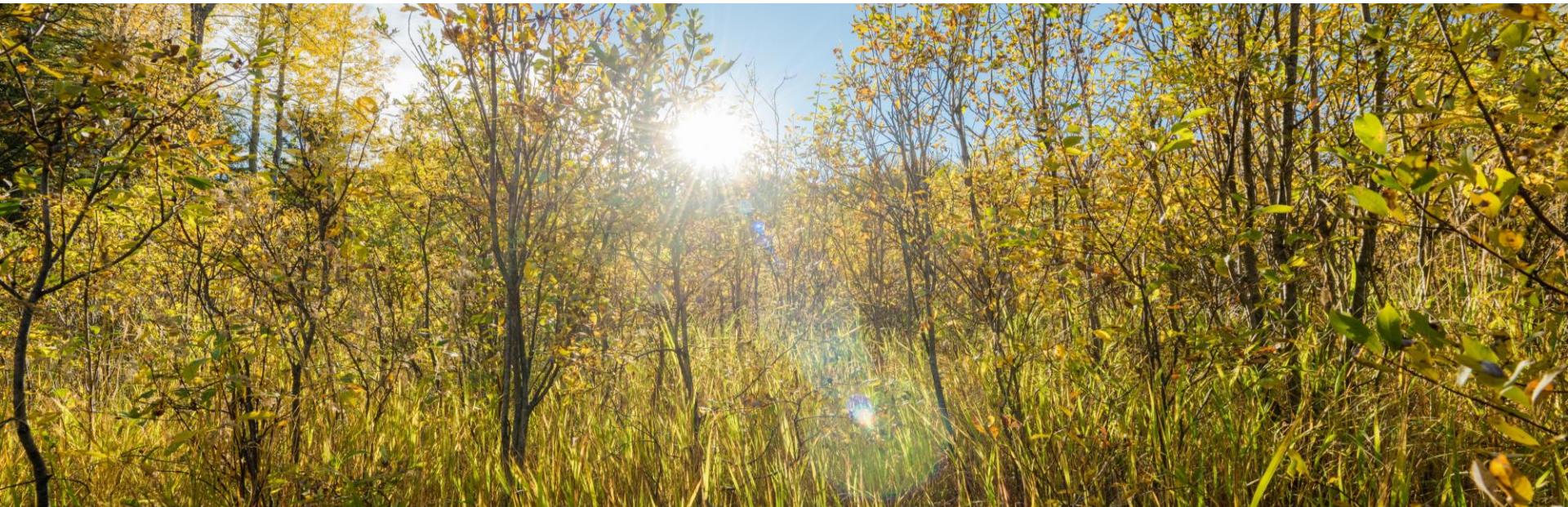




2022

ESG Report



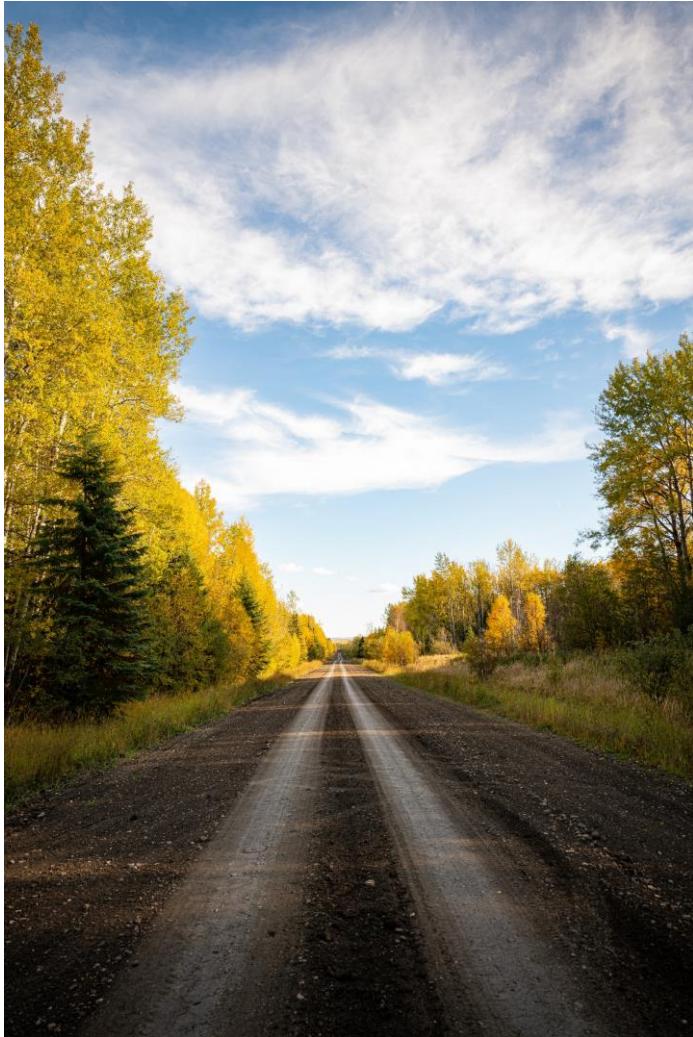
Paramount is
proud of its 40+
year history of
responsible
energy
development in
Western Canada



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2021 PERFORMANCE HIGHLIGHTS



27% reduction in both absolute combined Scope 1 & 2 emissions and intensity since 2019



~220 hectares of land area reclaimed



156 wells decommissioned
107 reclamation certificates received



54% reduction in reportable spill volumes versus 2020



Participated in the 2022 CDP Climate Change Survey

Letter to Stakeholders

We are pleased to present Paramount's third annual Environmental, Social and Governance ("ESG") report. Our commitment to our stakeholders on ESG matters is to strive for continuous improvement and to provide regular updates on our progress on these fundamentally important issues. In this report you will read about how we are delivering on our commitment, including:

- how our Board of Directors oversees ESG matters;
- how responsibility for ESG flows from our senior leadership to dedicated teams of employees;
- how we protect the health and safety of our staff and those impacted by our business;
- how we identify and manage climate-related risks and opportunities;
- our initiatives to reduce greenhouse gas emissions;
- the progress we are making in returning legacy sites to their natural state;
- our approach to air quality, water management and biodiversity; and
- how we interact with, and contribute to, the communities in which we live and operate.

We have also included comprehensive data tables at the back of this report to help you better understand and assess our ESG performance over the past 3 years.

For over 40 years, Paramount has consistently adapted to meet the challenges we faced. We know that our industry will continue to evolve as the world transitions to a lower carbon economy. We intend to evolve with it so that we can continue to meet the world's demand for secure sources of energy from regions with the highest standards of environmental protection and human rights. The world needs more Canadian energy and Paramount plans to play a key role in providing that energy in the decades to come.



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



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



D. Blake Reid
Executive Vice
President,
Operations

About Paramount

Our founder, the late Clayton Riddell, formed Paramount in 1975 and took it public in 1978. Mr. Riddell was a humble and dignified man who quietly and generously contributed to the communities where he had found so much success. Mr. Riddell played an instrumental role in bringing the Shaw Charity Classic golf tournament to Calgary, which has raised over \$76 million for youth-based charities, and made charitable donations to a wide range of worthy causes through the Riddell Family Charitable Foundation and the Flames Foundation. His many business achievements and accolades included the establishment of the political management program at Carleton University, the Faculty of Environment, Earth, and Resources at the University of Manitoba, the Clay Riddell Centre for Quantum Matter at the Perimeter Institute, induction into the Canadian Business Hall of Fame and appointment as an Officer of the Order of Canada. Mr. Riddell's integrity, work ethic and entrepreneurial spirit built Paramount and continue to form the basis of our business philosophy today.

Paramount explores for and develops conventional and unconventional petroleum and natural gas in Western Canada, with our core properties being located in the Province of Alberta. Our assets include petroleum and natural gas processing facilities that handle a portion of our production as well as production from third parties. In addition, our wholly-owned subsidiary Fox Drilling owns and operates drilling rigs that we use in our exploration and development activities. Our head office is located in Calgary, Alberta and our class A common shares are publicly traded on the Toronto Stock Exchange (TSX: POU).



From humble beginnings Clayton Riddell (left) would rise to become an Officer of the Order of Canada



About this Report

Paramount has tracked and reported a range of ESG information for many years in accordance with Canadian federal and provincial regulatory requirements. We are pleased to present this ESG report which provides enhanced voluntary disclosure of our ESG approach and performance. We believe this report will help our stakeholders better understand Paramount's ongoing commitment to responsible and sustainable energy development.

Our Stakeholders

We refer to our "stakeholders" throughout this report. Paramount's stakeholders have been identified based on a comprehensive review of those groups that are either impacted by or that impact our operations. We consider our stakeholders to include:

- our investors and capital providers
- our employees and contractors
- governments and regulators
- Indigenous and local communities where we operate
- mineral and surface rights owners
- joint venture partners
- suppliers and business partners

Our stakeholder engagement philosophy is set out in POEMS, our comprehensive operations management system:

POEMS Regulatory Compliance & Community Engagement (Element E-8)

Paramount is seen to act as a neighbour, partner, employer, and investor of choice as it delivers responsible operations, conforms to commitments, and seeks to have a positive influence on the communities in which it operates. This is achieved by complying with legal and regulatory requirements which enhances the Company's reputation by engaging stakeholders on the issues that affect them.

You will read more about our approach to our stakeholders throughout this report.

ABOUT THIS REPORT

Materiality

This report contains the ESG information that Paramount considers most relevant to our business and to our stakeholders. In selecting the ESG topics and metrics included in this report, we have focused on matters that we believe have the potential to have a significant impact on our operations or financial results, are of most interest to our stakeholders or are particularly relevant to the Canadian upstream oil and gas sector.

We referred to the recommendations and guidance set out in the reporting frameworks listed below in preparing this report. To promote comparability, we have also attempted to align the topics and metrics included in this report with recent ESG reports issued by our peers.

Reporting period

Performance data presented in this report is focused on 2021. Certain results from prior years are presented to provide trending information and to highlight Paramount's progress on ESG matters. This information can also be found on our [website](#).

Reporting frameworks

Paramount has referred to the reporting frameworks set out below to assist in determining the content and structure of this report and the methodologies that are utilized in it. However, this report is not fully compliant with these frameworks.

Task Force on Climate-Related Financial Disclosure ("TCFD") recommendations

Sustainability Accounting Standards Board ("SASB") (Oil & Gas – Exploration & Production – Industry Standard, Version 2018-10)

Global Reporting Initiative Standards ("GRI") (GRI Consolidated Standards, 2020 and G4 Sector Disclosure – Oil & Gas, 2012)

International Petroleum Industry Environmental Conservation Association ("IPIECA")

For more information about Paramount's reporting against these reporting frameworks, see the disclosure indexes beginning on page 37.

Boundaries of reported performance

Consistent with industry practice, we have reported our environmental performance data based on operational control. Accordingly, we have not adjusted this data to account for circumstances where third parties hold interests in our operated assets nor, conversely, to include assets where we hold ownership interests that are operated by third parties.

Definitions and Advisories

The terms "Paramount", the "Company", "we", "us", or "our" means Paramount Resources Ltd. and, where the context requires, also means our subsidiaries on a consolidated basis. Other terms are defined when they are first used in this report.

Some of the information contained in this report is forward-looking and deals with future plans, trends and anticipated results or circumstances. Although we believe this forward-looking information is based on reasonable expectations and assumptions as of the date of this report, actual results may differ significantly. You should carefully read the cautions respecting forward-looking information and other matters that are contained in the **Advisories** section.

Effective Date

The effective date of this report is August 3, 2022. We undertake no obligation to update or revise this report for new information occurring after the effective date.

Our Contact for Questions

For questions about this report, please contact:

*Rodrigo (Rod) Sousa – Executive Vice President, Corporate Development and Planning
403.290.3600 | rod.sousa@paramountres.com*

Governance



Governance Overview

Paramount's success depends on strong governance and effective oversight of ESG matters, with critical roles played by our Board of Directors ("Board"), our leadership team and our employees



ESG ROLE OF OUR BOARD

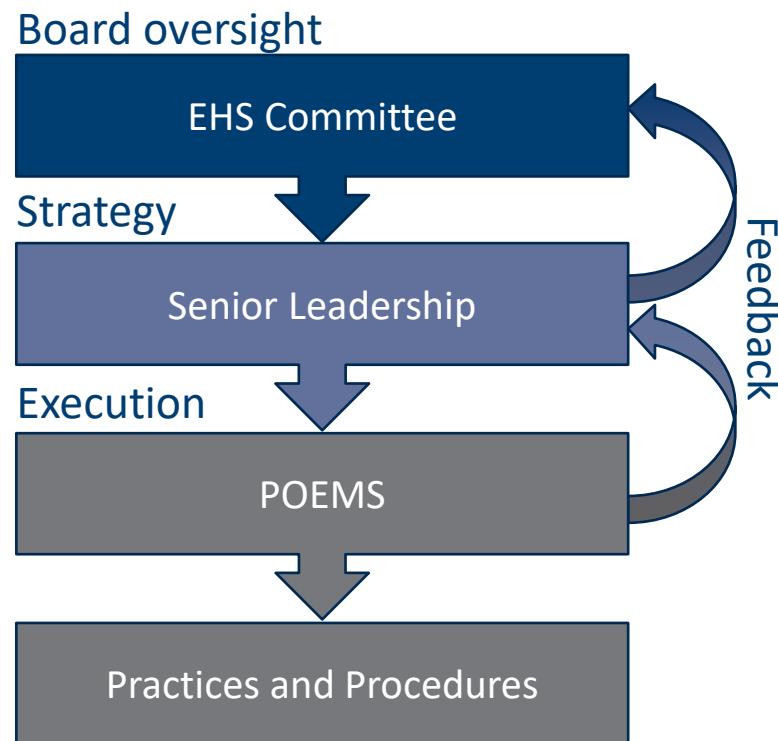
Our Board oversees all aspects of our business, including ESG

The Environmental, Health and Safety Committee of the Board (“EHS Committee”) oversees our environmental policies and programs, including those pertaining to sustainability, emissions tracking, reduction and reporting, water use and environmental and climate-related risk assessment and management. The EHS Committee also reviews Paramount’s approach to ESG reporting and is mandated to review any ESG report prior to issuance. James H.T. Riddell, Paramount’s President and Chief Executive Officer and the Chairman of our Board, (“CEO”) serves as a member of the EHS Committee. The other members of the EHS Committee are Dirk Jungé (Chair) and Keith MacLeod, both of whom are independent directors. The EHS Committee meets and reports to the Board at least semi-annually.

The Corporate Governance Committee of the Board, comprised entirely of independent directors, oversees our system of corporate governance, including our approach to overall risk management, ethical business practices and Board composition. The Corporate Governance Committee meets and reports to the Board at least semi-annually.

The Audit Committee of the Board, comprised entirely of independent directors, monitors compliance with our Code of Business Conduct, Code of Ethics and Whistleblower Policy. The Audit Committee oversees the response to any complaints made under the Whistleblower Policy. The Audit Committee meets and reports to the Board at least quarterly.

You can read more about the composition and qualifications of our Board and its committees, our corporate governance structure and practices and our key corporate governance documents in our [Annual Information Form](#) and in our [Annual General Meeting information circular](#). The written mandates of the Board and each of its committees can be viewed on our [website](#).



ESG ROLE OF OUR LEADERSHIP TEAM AND EMPLOYEES

Our CEO, as Paramount's highest ranking executive officer, together with Rodrigo Sousa, Executive Vice President, Corporate Development and Planning, and Blake Reid, Executive Vice President, Operations, are directly responsible for our strategic direction with respect to ESG matters. In addition to serving as a member of the EHS Committee, our CEO acts as the primary conduit for communication between the Board and the leadership team with respect to ESG matters, approves all significant ESG initiatives and leads the Company's risk assessment and management processes.

Paramount has an ESG Committee comprised of a multidisciplinary team, including members of senior leadership as well as subject matter experts from across our organization. The ESG Committee meets at least monthly and is responsible for preparing our ESG reporting, keeping abreast of ESG related developments and trends and considering sustainability-related opportunities, risks and initiatives. The ESG Committee has formed a GHG Task Force to assist it in developing strategies to improve GHG performance metrics, including evaluating and implementing specific projects and initiatives to reduce GHG emissions and improve GHG emissions intensity.

Senior members of our leadership team report to the EHS Committee of the Board at each scheduled meeting with respect to ESG matters, including regulatory compliance, environmental protection, climate-related issues and environmental and safety risk assessment and management. This reporting includes updates with respect to major initiatives undertaken on ESG matters as well as progress against key performance indicators.



POEMS – PARAMOUNT OPERATIONS EXCELLENCE MANAGEMENT SYSTEM

POEMS provides the framework under which we have developed a comprehensive operations management system. POEMS arose out of our desire to create a culture that embraces the principle that health, safety and environmental performance not only benefits our employees, communities and other stakeholders, but also drives better business results. POEMS is the result of a multi-year, collaborative effort involving Paramount employees from all departments and outside experts, who together brought a vast amount of experience and knowledge to bear in developing this framework.

The 12 elements of POEMS cover all aspects of operations, maintenance, asset integrity, health and safety and environmental stewardship:



E-1 Leadership, Accountability & Commitment



E-2 Risk Management



E-3 Occupational Safety & Environmental Stewardship



E-4 Process Safety



E-5 Training & Competency



E-6 Information Management & Document Control



E-7 Design, Construction & MOC⁽¹⁾



E-8 Regulatory Compliance & Community Engagement



E-9 Goods, Materials & Contractor/Third Party Management



E-10 Emergency Preparedness & Business Continuity



E-11 Incident Management



E-12 Operational Excellence - Assessment & Performance Review

1 – "MOC" means management of change

ETHICAL BUSINESS CONDUCT AND TRANSPARENCY

Ethical Business Conduct

Over our 40+ year operating history, Paramount has earned a reputation for integrity and honesty. Our Code of Business Conduct and Code of Ethics provide the framework pursuant to which we conduct our business consistent with this reputation.

Our Code of Business Conduct applies to all our directors, officers, employees and consultants and sets out our expectations concerning the ethical conduct of our business, including the avoidance of conflicts of interest, compliance with the law, respect for co-workers, the making or acceptance of gifts or payments from third parties, political and charitable contributions, interactions with public officials, community relations and the use of confidential information. You can read our Code of Business Conduct [here](#).

Our Code of Ethics applies to our CEO, Chief Financial Officer, Controller and other financial supervisors. The Code of Ethics contains requirements relating to the avoidance of conflicts of interest, interactions with our auditors, the keeping of financial records, ensuring the accuracy of our public disclosure, the establishment and management of financial reporting systems, compliance with laws and the promotion of ethical conduct. You can read our Code of Ethics [here](#).

Paramount also has a Whistleblower Policy that facilitates the anonymous disclosure of potential breaches of our Code of Business Conduct, Code of Ethics or any other concerns relating to the conduct of our business. Our website contains directions outlining how anonymous reports may be made under the Whistleblower Policy and provides a link to a separate, stand-alone website through which anonymous reports may be made. Complaints made under the Whistleblower Policy are reviewed and addressed by the Audit Committee. You can read our Whistleblower Policy [here](#).

The Audit Committee receives certificates from Paramount's officers and senior management each calendar year confirming their compliance with the Code of Business Conduct and, where applicable, the Code of Ethics. The Audit Committee reviews these certifications and reports to the Board. In addition, each employee and consultant receives an annual communication reiterating the need for them to comply with the Code of Business Conduct and reminding them of the availability of the whistleblower processes set out in the Whistleblower Policy.

Transparency

We have publicly reported payments to governments and Indigenous communities under the Extractive Sector Transparency Measures Act since 2016. You can view our latest report on our [website](#).



Condensate storage tanks in lined steel secondary containment structure

CLIMATE RELATED RISKS AND OPPORTUNITIES

How We Identify and Manage Climate Related Risks and Opportunities

Climate-related risks are identified through our integrated risk assessment and management processes. These include a Board reviewed risk matrix and risk assessments conducted by our leadership team and Board in conjunction with the annual budgeting process, the quarterly review of operating and financial results and our long-term strategic planning.

We consider short-term climate-related risks to be those with a time horizon of less than one year. Short-term risks include acute physical risks to Paramount's assets and operations, such as forest fires, flooding or drought, and risks associated with compliance with current regulatory requirements. These risks are primarily managed through specific policies and procedures implemented under POEMS and overseen by our senior management. Through such policies and procedures, these risks are assessed and ranked based on likelihood and impact.

We consider medium-term climate-related risks to be those with a time horizon of between one and five years. This time horizon generally includes risks that have the potential to impact, or that have been factored into, our medium-term development plans and financial modelling or that are associated with potential regulatory and tax changes under consideration, or that may be reasonably anticipated to come under consideration, by applicable authorities. Medium-term climate-related risks include chronic physical risks, such as changes in precipitation patterns impacting water availability, as well as emerging regulations and policies. These risks are managed by teams of management and operating personnel, together with subject matter experts, who, under the oversight of the EHS Committee, are charged with developing strategies and policies to assess and address these risks.

We consider long-term climate-related risks to be those with a time horizon of greater than five years. This time horizon includes risks that have the potential to impact our ability to fully develop and market our resources over the anticipated lifespan of our fields and risks that are associated with shifts in consumption patterns, investment practices and public perception. Long-term climate-related risks include market-related and reputational risks that are strategic risks which are identified and assessed by our Board in conjunction with senior management,

including through an annual consideration of climate-related risks in compliance with *CSA Staff Notice 51-358 – Reporting of Climate Change-related Risks* and in connection with the release of our [Annual Information Form](#).

Climate-related opportunities are identified on both an operational and strategic level. Operational opportunities, such as the generation of carbon credits through emission reduction projects and improvements to efficiency, are primarily identified by responsible operational personnel, including the ESG Committee and GHG Task Force. Strategic opportunities, such as those associated with the potential of natural gas and liquified natural gas to act as a low emissions energy alternative, are considered by our senior management and Board as part of our overall strategic planning processes.



Rain runoff water is collected into on-site ponds and tested for quality before being re-released into the environment

CLIMATE RELATED RISKS AND OPPORTUNITIES

Understanding the climate-related risks and opportunities that impact our business is important to our stakeholders and a key element of our strategic planning process

Climate-Related Risks

Set out below are the most significant climate-related risks that we have identified and our primary strategies for responding to them. You can read more about these and other risks in our [Annual Information Form](#).

Risks

Acute Physical - Weather events pose a physical risk to our assets and operations and those of third-party processors and transporters upon which we rely. Wells, facilities and pipelines may be susceptible to damage, loss or prolonged service interruptions due to extreme weather events.

Chronic Physical - We require reliable sources of water for many of our drilling and completion operations. Changes in precipitation patterns in the areas in which we operate may impact the availability of water sources.

Regulation and Policy - Federal and provincial laws and regulations respecting emissions, carbon pricing and carbon credits continue to evolve and there is a risk that additional laws and regulations could be implemented in the future that would have a substantial impact on Paramount.

Market - Global efforts to reduce GHG emissions may reduce the demand for our products and adversely impact the prices received by producers like Paramount.

Reputation - A negative perception of the oil and natural gas industry due to climate change could reduce public support for major infrastructure projects such as pipelines, making it more difficult for Paramount to attract employees and investors or to obtain credit or insurance and influence governments to implement restrictive measures.

Response

- Operational level policies and procedures under POEMS to reduce risk through work practices and well, pipeline and facility design
- Insurance coverage of certain risks

- Sustainable water management strategies developed by our water management department
- Increasing water use efficiency and storage opportunities

- Employing an internal price on carbon in our planning based on anticipated levies
- Offset generation
- Emissions reduction initiatives

- Seeking to expand markets for our natural gas as a transition fuel to displace higher emission energy sources such as coal

- Participation in industry groups that promote an enhanced public understanding of the fact that Canadian energy producers are subject to some of the most stringent environmental standards in the world
- ESG reporting and stakeholder engagement

CLIMATE RELATED RISKS AND OPPORTUNITIES

Climate-Related Opportunities

Set out below are some of the climate-related opportunities we have identified and are pursuing.

Primary Driver and Time Horizon	Opportunity
Use of lower-emission sources of energy (short term)	We have been equipping new drilling locations with natural gas infrastructure to supply fuel to power bi-fuel capable drilling rigs. Cleaner burning natural gas has replaced approximately 40% of the diesel used to drill each well in 2021. Combined with reductions in drilling time, this has resulted in an approximately 62% reduction in total diesel consumption per well since 2018. Similarly, we have worked closely with our completions vendors to use bi-fuel equipment that enabled approximately 31% of the diesel used in completions activities in 2021 to be replaced by natural gas.
Use of more efficient production processes (medium term)	We are assessing the opportunity for an ultralow emission upgrade to one of our facilities. The upgrade would utilize an oxy-combustion turbine powered by our natural gas to generate electricity for the operation of the facility and for sale onto the grid. The CO ₂ generated by the turbine would be captured, compressed and injected into a nearby field and excess water from condensed process steam would be reused in future developments, reducing our fresh water consumption.
Access to new markets (long term)	We are a significant producer of natural gas. Climate-related opportunities exist for Canadian natural gas to serve as a transition fuel to displace high emission energy sources such as coal fired power plants, in particular through the export of liquified natural gas (LNG) to overseas markets. Paramount, in conjunction with other producers, is actively exploring the development of additional LNG export capacity.

Environment



GHG Emissions

We are committed to continuous improvement in all aspects of our operations, including reducing our GHG emissions

Between 2019 and 2021, Scope 1 absolute emissions decreased 25%, Scope 2 absolute emissions decreased 36% and combined Scope 1 and Scope 2 emissions intensity decreased 27%. Although production increased in 2021 year over year, Scope 1 emissions decreased by approximately 70,000 tCO₂e as a result of less throughput at operated facilities and a reduction in recorded fugitive emissions due to a greater reliance on direct measurement of emissions instead of estimates. A full breakdown of our emissions over this period can be found on page 33.

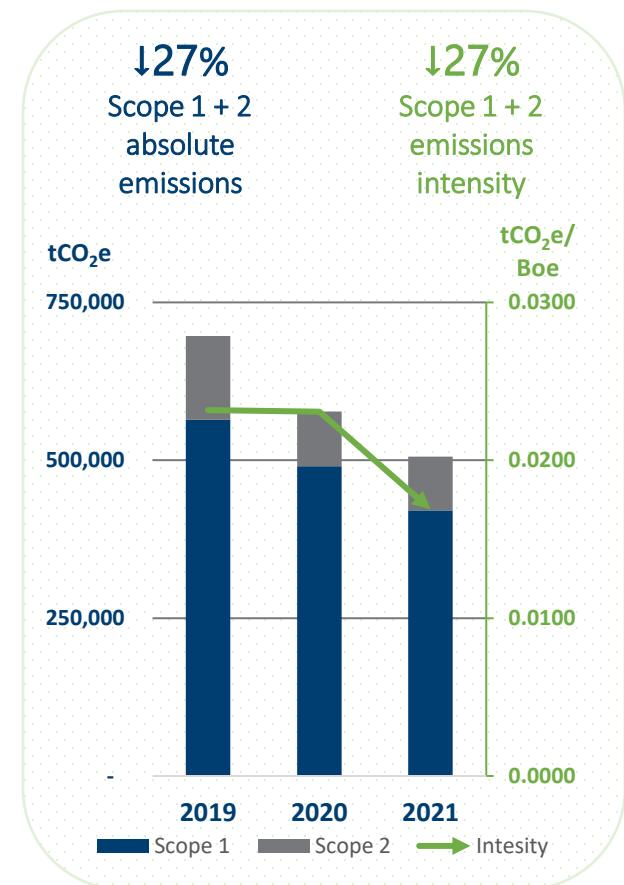
We are striving for further emissions intensity improvements from a combination of emissions reduction initiatives and through a continued focus on operational efficiency and incorporation of low emission technologies in future development activities.

SCOPE 1 & 2 EMISSIONS

Scope 1 emissions are direct emissions from company owned and controlled resources. These are divided into four categories:

- > Stationary combustion
- > Mobile emissions
- > Fugitive emissions
- > Process emissions

Scope 2 emissions are indirect emissions from the generation of purchased electricity.



GHG EMISSIONS

The strategic decisions we made in 2019 to permanently shut-in the aged and inefficient Zama and Hawkeye fields acquired through the 2017 acquisition of Apache Canada Ltd. resulted in significant GHG emissions reductions. You can read more about our ongoing activities to return these fields to their natural condition on page 27 of this report.

More recently, we have made additional significant strides in reducing our GHG emissions through a number of initiatives. New well pads are being equipped with instrument air packages, eliminating the venting of methane for routine operation. Paramount is also pursuing a multi-year program to replace a number of pneumatic chemical pumps with solar/electric alternatives.

We are equipping new drilling locations with natural gas infrastructure to supply fuel to power the bi-fuel capable drilling rigs of our Fox Drilling subsidiary. Cleaner burning natural gas has replaced 40% of the diesel used to drill each well on average in 2021 at our Karr and Wapiti properties. Similarly, we have worked closely with our completions vendors to improve efficiencies and to use bi-fuel equipment that enabled the replacement of approximately 31% of the diesel used in completions activities with natural gas.

Paramount's principal properties are located in Alberta, where the Technology Innovation and Emissions Reduction Implementation Act (Alberta) as well as the Technology Innovation and Emission Reduction Regulation ("TIER") apply. Our Alberta facilities are regulated as an aggregate facility under TIER, which means we are required to reduce the GHG emission intensity of stationary fuel combustion emissions in 2022 by 10% relative to historical baseline emissions. If we don't meet this target, we will be required to pay \$50 per tCO₂e of excess emissions into the TIER Fund or use offset credits. For 2021, Paramount anticipates being issued offset credits as a result of achieving emission reductions in excess of TIER requirements.

For our 2021 GHG emissions reporting we engaged an independent and accredited third-party evaluator to verify 100% of both our Scope 1 and Scope 2 GHG emissions.



Methane Emissions and Air Quality

Methane Emissions

The Alberta government has set a target of reducing methane emissions from the oil and gas industry by 45% from 2014 levels by 2025. Under Directive 60 released by the Alberta Energy Regulator, oil and gas companies are required to address fugitive emissions and venting, the primary sources of methane emissions. The requirements also focus on improved measurement, monitoring and reporting of methane emissions.

Our Methane Retrofit Reduction Compliance Plan provides a road map for measuring and reducing emissions from pneumatic devices, compressor seals, glycol dehydration facilities and other equipment such as tanks.

We have implemented a Fugitive Emissions Management Plan designed to systematically detect and manage fugitive emissions. In 2021, we utilized independent third-party service providers and in-house resources to conduct a methane leak, detection and repair/fugitive emission survey/screening program covering 100% of our asset base. This led to the detection, quantification and repair of 222 leaks and the conservation of approximately 20,000 Mcf/year or 56 Mcf/day of natural gas, the equivalent of a 8,700 tCO₂e annual reduction in GHG emissions.

Air Quality

Air quality can be affected by upstream oil and gas operations through the release of nitrogen oxide ("NO_x") during combustion in gas engines, the creation of sulfur dioxide ("SO₂") when hydrogen sulphide ("H₂S") is combusted, the release of volatile organic compounds ("VOCs") during venting and the release of particulate matter from the incomplete combustion of hydrocarbons.

We strive to limit our impact on air quality by implementing facility changes to reduce NO_x and SO₂ emissions from rotating equipment, reducing venting and flaring from our operations and locating, identifying and repairing vented leaks from our assets. We monitor and audit our fuel, flare and vent activities through our Enhanced Production Audit Program.



Water Management

We take pride in understanding the watersheds in which we operate

This ensures we optimize water withdrawals and storage to reduce the environmental footprint of our drilling and completion operations.

Our dedicated water management team

is responsible for developing short-term water management plans and long-term strategies that are environmentally sustainable. This includes identifying water sources and opportunities for reduced usage, acquiring necessary regulatory approvals, determining storage requirements, organizing and overseeing transportation and logistics and interacting with stakeholders. Water usage data is tracked and reported to the EHS Committee.

As a Canadian energy company, Paramount is subject to some of the most stringent regulatory requirements respecting water usage and conservation in the world. In addition to meeting or exceeding these regulatory requirements, as a member of formal operators' groups in our key areas, we collaborate with our peers to ensure we use industry best practices and meet or exceed industry standards.



WATER MANAGEMENT

We have completed trials to reuse flowback water in completions operations and continue to look for opportunities to reuse flowback and produced water. The majority of the produced water in our operations contains H₂S, making reuse more hazardous and technically challenging. However, we are exploring evolving technologies to cost-effectively remove H₂S to allow produced water to be safely reused. Produced water from our operations is safely disposed of in our own disposal wells or transported via pipeline or truck to regulated third party disposal facilities.

Our geologists, geophysicists, completions engineers and reservoir engineers work collaboratively to reduce the volume of water used in our drilling and completions operations. We continually look for and evaluate new non-potable water sources, including deep groundwater formations, municipal and industrial effluent and through sharing arrangements with industry partners.

Paramount has made significant investments in fresh water storage reservoirs with the goal of minimizing withdrawal from fresh water sources during periods of low water flow.



1 – As classified by the World Resources Institute's Water Risk Atlas tool, Aqueduct.

SURFACE AND GROUNDWATER

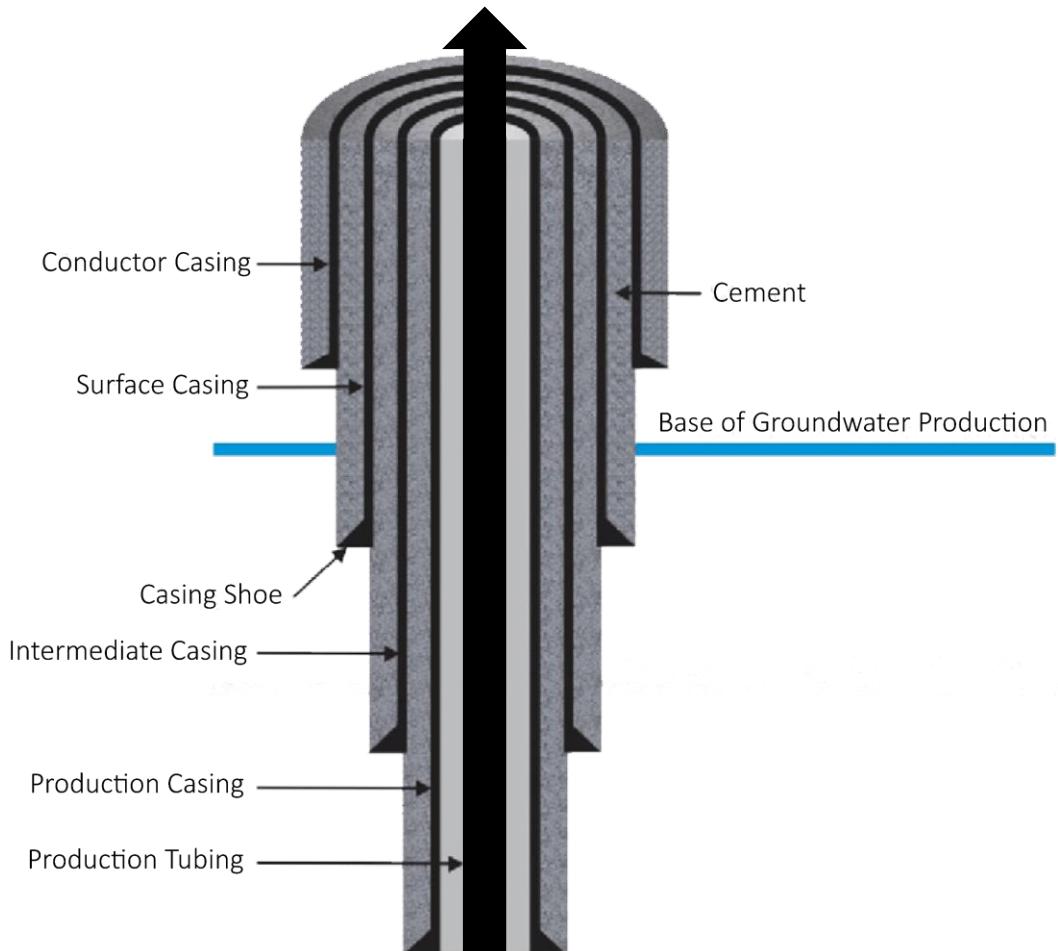
Stringent regulations surrounding well and facility design are intended to protect surface and groundwater from contamination from oil and gas operations.

Prior to drilling into formations containing hydrocarbons, we are required to install a protective barrier in our wells called surface casing. Surface casing is a steel pipe which is cemented into place and extends from the surface to depths of 700 metres or more and acts as a protective shield to preserve water aquifers and soil from contamination. Surface casing integrity is monitored throughout the life of the well. As our wells are produced, oil and natural gas flows through other steel pipes, commonly referred to as tubing and production casing. The production casing is typically installed inside of intermediate casing that is yet another steel pipe that is cemented in place. This results in multiple barriers of protection for groundwater.

Surface and groundwater at or under our processing facilities is safeguarded from contamination in accordance with provincial regulations. Rain runoff water is collected into on-site ponds at each plant and is tested for quality before being re-released into the environment.

Paramount does not discharge any flowback, produced or otherwise contaminated water into the environment.

Capped by Wellhead



Source: Technology Roadmap to Improve Wellbore Integrity SUMMARY REPORT, Natural Resources Canada, 2019.

Land Use, Asset Retirement and Reclamation

Canadian energy companies have a responsibility to manage their assets throughout their full life-cycle

This includes the proper decommissioning of wells, pipelines and facilities and the remediation and reclamation of associated lands to return them to their natural state. These activities are closely regulated and are undertaken daily by thousands of dedicated Canadians throughout the energy industry.

The 2017 acquisition of Apache Canada Ltd. and merger with Trilogy Energy Corp. resulted in Paramount assuming responsibility for a number of inactive and uneconomic assets. Since that time, we have been proactively and effectively managing the decommissioning and reclamation obligations associated with these assets and the remainder of our portfolio. This has included the permanent shut-in of the Hawkeye field in 2018 and the Zama field in 2019.

Paramount was one of the first companies to participate in a pilot program created by the Alberta Energy Regulator in 2018 called the Area Based Closure Program ("ABC"). This program allows companies to approach decommissioning and reclamation activities in an efficient and cost-effective manner by targeting efforts in a concentrated area. Paramount is utilizing the advantages of the ABC to focus its decommissioning and reclamation activities in the Hawkeye and the Zama fields. This has allowed us to accelerate our work at Hawkeye to the point where over 90% of the wells and pipelines in the area were decommissioned within the first five months – a process that would have historically taken many years. At Zama, remediation work is ongoing and in 2021 activities included the decommissioning of 112 wells along with the removal of associated surface infrastructure. Also in 2021, we initiated the full-scale decommissioning of the Zama Gas Plant which included the repurposing or sale of usable assets and the recycling of over 6,000 tonnes of metals.

When a large oil and gas field like Zama becomes uneconomic and must be shut-in, the impact to the local economy can be significant. Prior to shutting-in the Zama field, we had numerous discussions with representatives of the impacted Dene Tha' First Nation ("DTFN"), the hamlet of Zama and the municipality. Paramount has and will continue to work with these stakeholders and seek opportunities for collaboration and accommodation as we continue our decommissioning and reclamation activities over the coming years.

	2018	2019	2020	2021
Wells Decommissioned	68	104	254	156
Reclamation Certificates Received	48	90	68	107
Estimated Land Area Reclaimed (hectares)	57	108	177	220

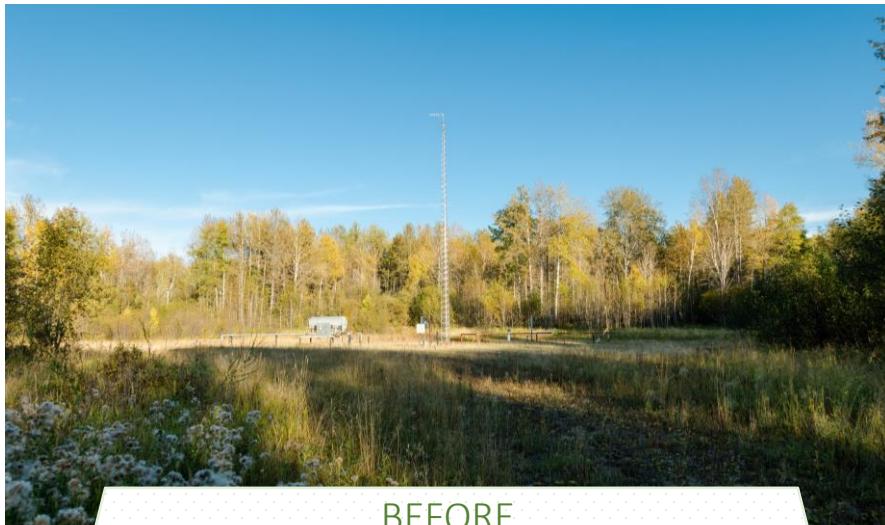
LAND USE, ASSET RETIREMENT AND RECLAMATION

Decommissioning a well involves permanently and safely sealing the well and taking it out of service. The decommissioning process is commonly referred to as “abandonment”. Before this process begins, the operator of the well must inform all affected landowners about the proposed decommissioning and follow other regulatory requirements. Decommissioning involves three stages:

Planning — A plan is implemented to identify any issues that could lead to potential leaks and to identify all oil or gas formations and groundwater zones that the well passes through. The cement that holds the well in place is evaluated to ensure that it remains strong and intact.

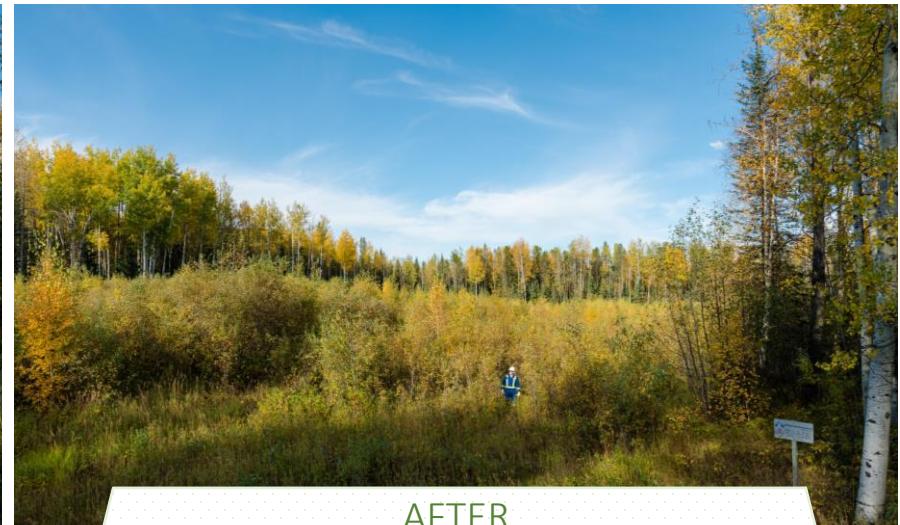
Subsurface Decommissioning — The inside of the wellbore is cleaned to remove any oil or gas. Any issues identified with the wellbore during the planning phase are repaired. In addition, all oil or gas formations are isolated from one another with cement plugs and any groundwater zones are isolated from the wellbore to make sure that no oil, gas, or water can travel up the wellbore and contaminate soil or groundwater. The well is filled with fresh water or other noncorrosive fluid and assessed to ensure there are no leaks.

Surface Decommissioning — This final step in the process is known as the “cut-and-cap” stage. The well casing is cut to a minimum of one metre below the surface and a cap is placed atop the well casing. Surface infrastructure associated with the well is removed within 12 months of completing this stage.



BEFORE

Single inactive Goose River gas well



AFTER

Similar Goose River well site 10 years after reclamation

SPOTLIGHT ON AREA BASED CLOSURE PROGRAMS

Paramount is working alongside community stakeholders to safely and efficiently return the lands within our former Hawkeye and Zama fields to their natural state.

The **Hawkeye** field is located approximately 100 kilometers north of Edmonton with a footprint that includes Crown forests, private agricultural holdings and lands of the Buffalo Lake Métis Settlement ("BLMS").

We have been working closely with BLMS since 2019 to decommission all wells, surface equipment and pipelines on the settlement and surrounding areas. In 2020, we used additional funding sourced through the Alberta Site Rehabilitation Program to accelerate the decommissioning process. While decommissioning work at Hawkeye is now substantially complete, reclamation activities, including topsoil recontouring and vegetation monitoring, will continue until the property is restored to its natural state.

The **Zama** field is located within Treaty 8 in the far northwest corner of Alberta where the DTFN has communities. The Zama field is considerably larger than Hawkeye and decommissioning activities are more complex due to remoteness and seasonal access.

Since the acquisition of the Zama field in 2017, we have been in regular contact with stakeholders, including representatives of the DTFN, to inform of upcoming plans and have contracted, where possible, with firms owned by the DTFN to conduct decommissioning work.

Through frequent field tours with DTFN representatives we have learned of how the Dene people have and continue to use the land for hunting, trapping, fishing and other traditional activities while we have demonstrated the progress we have made towards reclaiming the land.

A significant portion of the Zama field overlaps with the Bistcho Caribou Range. In alignment with the Provincial Caribou Recovery Strategy, our activities at Zama in 2022 have been focused on prioritizing the reclamation of areas located in the range. To date, approximately three quarters of the wells within this area have been cut and capped and their associated surface areas have been started on the path to full reclamation. We have also collaborated with the Northern Alberta Institute of Technology's Boreal Research Institute on a 5-year project to advance reclamation techniques on both upland and peatland sites in northern climates, the results of which are planned to be shared with stakeholders later in 2022.

Hawkeye and Zama Retirement Highlights

Decommissioning & Reclamation Expenditures ⁽¹⁾	\$106 million
Wells, Facilities and Pipelines Decommissioned	638
Land Area Reclaimed (hectares)	235

(1) To December 31, 2021. Includes closure costs, area-based closure program costs and funding received under the Alberta Site Rehabilitation Program.



Biodiversity

Protection of the natural environment and biodiversity in the areas in which we operate begins in the planning stages of any potential development. Even before the first regulatory applications are submitted, Paramount employees and technical staff, including engineers, environmental advisors and regulatory and community advisors, pour over all aspects of the proposed development. Considerations include the presence of at-risk species in or near the development area, aquatic receptors and potential air emissions.

Paramount's site selection and construction practices are regularly reviewed to ensure they meet all regulatory and stakeholder requirements. Well sites and roads are selected to minimize the disturbance to the environment, work with the natural topography, address stakeholder concerns and utilize existing infrastructure. Our primary focus is to avoid impacts to sensitive areas and species, including through vegetation and invasive plant management, wildlife sweeps, mitigation measures to avoid unnecessary disturbance to nests and other habitats and the implementation of erosion

and sediment control measures. Paramount has participated in studies with the Northern Alberta Institute of Technology Center for Boreal Research which has led to improved construction design of our roads and wellsites resulting in lower environmental impact over the full life cycle of our assets. Preventing and limiting spills from our wells, facilities and pipelines is one of the most important factors in protecting the environment and local biodiversity. Spill prevention is primarily achieved through the utilization of the Paramount Enterprise Asset Management system to monitor, maintain and track assets and ensure that preventive and predictive maintenance is properly performed, as well as through our pipeline and pressure equipment integrity programs. We have adopted spill management and control practices that apply to all employees, contractors and other personnel on our work sites. The purpose of these practices is to reduce both the number and the potential impacts of spills through the implementation of measures relating to spill prevention, spill reporting, timely response and long-term management.



Social



Health and Safety

We are committed to the prevention of incidents in all phases of our operations that could cause harm to people, property loss or have an adverse impact on the environment.

POEMS is our comprehensive operations management system and contains specific policies and procedures to address health and safety matters associated with our operations. This management system, together with our written Health, Safety and Environment Policy, emphasizes the Company's responsibility to make health and safety protection a consistent component of our decision-making processes and requires strict adherence by management, employees, contractors, consultants and other parties performing work on behalf of Paramount. Our managers and supervisors are required to assess the potential effects of their projects and to integrate protective measures to prevent health or safety incidents from occurring. Managers and supervisors also are expected to provide training and to be prepared to respond safely and effectively to health or safety incidents. An HSE Steering Committee, comprised of Paramount operations personnel and reporting to the Executive Vice President of Operations, has been established to ensure the proper implementation and functioning of our management system and to seek continuous improvement on health and safety matters.

Proactive Activities	2020	2021
Executive and Management Site/Field Visits	921	652
Total Worksite Inspections	2,553	2,633
Hazard Identifications	1,480	1,709
Safe Worker Observations	148	450
Emergency Response Drills/Exercises	59	68

Paramount understands the potential for catastrophic and tail-end risks that reside in our industry and the need for these risks to be identified, assessed and mitigated. Accordingly, our management systems include risk assessment processes, safe work procedures, employee training, contractor engagement standards, incident management procedures, emergency response plans and preventative maintenance programs, all of which shape and define our culture as our primary means for avoiding, mitigating and managing catastrophic and tail-end risks.

You can read more about health and safety policies and procedures in our [Annual Information Form](#).



Safety is Paramount – We are committed to a culture where prevention of incidents that may cause harm to people, property, or have an adverse impact on the environment is of the highest importance

Community Relations, Security, Human Rights and Indigenous Relations

Community Relations

Being a respected partner and contributor to the communities where we operate and where our employees live and work is critical to Paramount's success. Without the understanding and support of these communities, we risk damage to our reputation, regulatory and operational disruptions as well as delays that could prevent us from efficiently executing our development plans.

We work together with communities and stakeholders through participation in local operator and community groups, open houses and individual stakeholder meetings and discussions. Paramount maintains stakeholder engagement plans for all of our core areas that are regularly updated to ensure that stakeholder concerns are addressed as our operations evolve. We register significant stakeholder concerns and track them through their lifecycle until resolution. No community disputes were experienced in the last three fiscal years that disrupted or delayed any of our operations.

In addition to contributing to the communities where we operate by providing employment, utilizing local services and paying taxes, Paramount directly supports community not-for-profit organizations and events through donations and sponsorships.

Security, Human Rights and Indigenous Relations

All of Paramount's assets and operations are located in Western Canada. Canada is a jurisdiction free from risk of armed conflict and subject to comprehensive laws protecting labour and employment rights and guarding against abuse of human rights.

With the exception of a single producing well, none of Paramount's lands that have net proved reserves attributed to them are located on either a First Nations reserve or on Métis Settlement lands.

However, the areas of Alberta and British Columbia where Paramount has active production operations are located on the traditional territories of certain First Nations groups (as recognized under Treaty 6, 7 or 8) or on lands where Métis communities have asserted traditional use rights. Paramount proactively engages and consults with these groups in accordance with applicable legislation, regulations and policies. These communities often have their own policies regarding consultation and engagement that we also strive to respect. This engagement and consultation not only increases our understanding of the current and historical use of affected lands by these communities, but often leads to mutually beneficial collaboration on development and asset retirement and reclamation activities. These same principles apply in the Northwest Territories and the Yukon where Paramount has inactive assets that lie either within settled land claim areas or traditional territories of certain Indigenous groups.

ESG Performance Tables



ESG PERFORMANCE TABLES

ENVIRONMENT		2019	2020	2021
GREENHOUSE GAS EMISSIONS				
Greenhouse gas emissions, direct (scope 1)	tCO ₂ e	564,225	490,454	420,877
Methane emissions (CH ₄) as percentage of total scope 1 emissions	%	57%	37%	37%
% covered by emissions-limiting regulations ⁽¹⁾	%	NR	NR	NR
Greenhouse gas emissions, indirect (scope 2)	tCO ₂ e	132,751	86,744	84,942
Intensity of greenhouse gas emissions, direct (scope 1)	tCO ₂ e/Boe	0.0188	0.0196	0.0141
Intensity of greenhouse gas emissions, indirect (scope 2)	tCO ₂ e/Boe	0.0044	0.0035	0.0028
Direct Emissions by Activity				
Process emissions (fuel combustion)	tCO ₂ e	284,777	304,999	251,324
Flared	tCO ₂ e	17,851	16,711	29,488
Vented	tCO ₂ e	206,791	144,458	132,889
Fugitives	tCO ₂ e	54,806	24,286	7,176
AIR QUALITY				
Nitrogen oxides (NO _x) - excludes N ₂ O	tNO _x	4,513	2,967	3,162
Sulphur dioxide (SO ₂)	tSO ₂	606	184	222
Volatile Organic Compounds (VOCs) ⁽²⁾	tVOCs	168	1,295	1,200
Particulate Matter (PM ₁₀)	tPM ₁₀	32	28	69
WATER MANAGEMENT				
Fresh water withdrawal	Thousand m ³	1,380	1,473	1,786
% in regions with high or extreme high baseline water stress	%	0%	0%	0%
Fresh water consumed	Thousand m ³	1,380	1,473	1,786
% in regions with high or extreme high baseline water stress	%	0%	0%	0%
Produced water flowback	Thousand m ³	2,796	2,611	3,431
Discharged	%	0%	0%	0%
Injected	%	100%	100%	100%
Recycled	%	0%	0%	0%
Hydrocarbon content in discharged water	Tonnes	0	0	0
Percentage of hydraulically fractured wells with public disclosure of all fracturing fluid chemicals used	%	100%	100%	100%
Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to baseline	%	0%	0%	0%

Footnotes:

1 – Regulations in the Province of Alberta where Paramount primarily operates related to GHG emissions are intended to limit all fuel combustion, flaring, venting, and fugitive emissions. In reality it is not practical to measure the smaller emitting facilities and wells and therefore not all emissions are necessarily captured by these regulations.

2 – 2019 figures not comparable due to changes in estimation methodology.

NR – Not Reported

ESG PERFORMANCE TABLES

ENVIRONMENT Cont...		2019	2020	2021
BIODIVERSITY IMPACTS				
Releases - number of regulatory reportable spills	#	21	13	9
Releases - volume of regulatory reportable spills	Bbl	437	165	76
Volume of spills in the Arctic	Bbl	0	0	0
Volume of spills impacting sensitive shorelines	Bbl	0	0	0
Volume of spills recovered	Bbl	NR	NR	NR
Percentage of net proved reserves located in sites either with protected conservation status or in areas of endangered species habitat.	%	NR	0.13%	0.14%
Percentage of net probable reserves located in sites either with protected conservation status or in areas of endangered species habitat.	%	NR	0.08%	0.04%
RECLAMATION				
Wells decommissioned	#	104	254	156
Well reclamation certificates received	#	90	68	107
Decommissioning expenditures ⁽¹⁾	\$MM	\$ 43.4	\$ 39.4	\$ 35.1
SOCIAL				
OUR PEOPLE				
Employees - full-time	#	498	416	397
Employees - part-time	#	11	7	5
Contractors	#	130	70	85
Total staff	#	639	493	487
Voluntary Turnover	%	7%	5%	8%
Percent of total employees covered by collective bargaining agreements	%	0%	0%	0%
DIVERSITY				
Women in the workforce	%	36%	33%	32%
Women in supervisory and professional positions	%	33%	34%	41%
Women in Management and Executive Team	%	24%	23%	21%
Women on Board of Directors	%	11%	14%	25%
WORKFORCE AGE CATEGORIES				
30 and Under	%	8%	6%	5%
31-50	%	58%	57%	55%
Over 50	%	34%	37%	40%

Footnotes:

1 – Decommissioning expenditures include area-based closure program costs and funding received under the Alberta Site Rehabilitation Program.

NR – Not Reported

ESG PERFORMANCE TABLES

SOCIAL Cont...			2019	2020	2021
WORKFORCE DEVELOPMENT					
Training and education	\$000s	\$ 447	\$ 65	\$ 98	
Training and education per employee	\$/employee	\$ 900	\$ 156	\$ 243	
SECURITY, HUMAN RIGHTS & RIGHTS OF INDIGENOUS PEOPLES					
% of proved and probable reserves in or near areas of conflict	%	0%	0%	0%	
% of proved and probable reserves in or near areas of Indigenous land	%	0.006%	0.005%	0.008%	
HEALTH AND SAFETY					
Total recordable incident rate (TRIR) - employees	cases per 200,000 work hours	0.36	1.12	0.00	
Total recordable incident rate (TRIR) - contract employees	cases per 200,000 work hours	0.30	1.45	1.14	
Total recordable incident rate (TRIR) - short service employees	cases per 200,000 work hours	NR	NR	NR	
Fatality rate - employees	cases per 200,000 work hours	0.00	0.00	0.00	
Fatality rate - contract employees	cases per 200,000 work hours	0.00	0.00	0.00	
Fatality rate - short service employees	cases per 200,000 work hours	NR	NR	NR	
Near miss frequency rate (NMIR) - employees	cases per 200,000 work hours	5.83	11.29	5.76	
Near miss frequency rate (NMIR) - contract employees	cases per 200,000 work hours	NR	NR	NR	
Near miss frequency rate (NMIR) - short service employees	cases per 200,000 work hours	NR	NR	NR	
Health and safety training - employees	hours	9,455	2,018	5,606	
Health and safety training - employees	hours/# employees	19.0	7.0	14.1	
Health and safety training - contract employees	hours/# employees	NR	NR	NR	
Health and safety training - short service employees	hours/# employees	NR	NR	NR	
CRITICAL INCIDENT RISK MANAGEMENT					
Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Tier 1 PSE Count per 200,000 work hours	0.09	0.14	0.00	
COMMUNITIES					
Employees - wages and benefits	\$MM	\$ 74.6	\$ 56.7	\$ 55.5	
Land owners - rentals and royalties	\$MM	\$ 5.9	\$ 2.0	\$ 1.7	
Governments - royalties, taxes, levies	\$MM	\$ 90.7	\$ 57.4	\$ 111.8	
Shareholders - value of share repurchases and dividends	\$MM	\$ 14.3	\$ -	\$ 30.1	
Number and duration of non-technical delays	#	0	0	0	

Footnotes:

NR – Not Reported

ESG PERFORMANCE TABLES

GOVERNANCE			2019	2020	2021
Insider ownership		%	47%	46%	47%
Independent Board of Directors		%	78%	75%	75%
Independent Lead Director			✓	✓	✓
Fully independent Audit, Compensation, Corporate Governance and Reserves Committees			✓	✓	✓
Minimum shareholding requirements for directors			✓	✓	✓
Officers and directors prohibited from hedging Paramount securities			✓	✓	✓
Loans to officers and directors prohibited			✓	✓	✓
Code of Ethics and Code of Business Conduct			✓	✓	✓
Anonymous Whistleblower Policy and portal			✓	✓	✓
BUSINESS ETHICS & TRANSPARENCY					
Proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index		%	0%	0%	0%
Probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index		%	0%	0%	0%
RESERVES VALUATION & CAPITAL EXPENDITURES					
Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions		\$MM	NR	NR	NR
Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves		\$MM	NR	NR	NR
Amount invested in renewable energy, revenue generated by renewable energy sales		\$MM	NR	NR	NR
ECONOMIC					
Petroleum and Natural Gas Sales		\$MM	\$ 914.9	\$ 626.0	\$ 1,383.0
Royalties		\$MM	\$ 63.3	\$ 31.3	\$ 127.0
Operating and Transportation expenditures		\$MM	\$ 470.7	\$ 398.4	\$ 454.9
Capital expenditures and land and property acquisitions		\$MM	\$ 404.1	\$ 220.8	\$ 280.0
General and administrative expenses		\$MM	\$ 52.6	\$ 32.9	\$ 41.6
ACTIVITY METRICS - SALES VOLUMES					
Natural Gas		MMcf/d	303.3	248.7	275.2
Condensate and oil		Bbl/d	25,079	22,565	30,989
Other NGLs		Bbl/d	6,767	4,325	5,147
Total		Boe/d	82,394	68,340	82,001

Footnotes:

NR – Not Reported

SASB CONTENT INDEX

Accounting Metric	Code	Page Reference
Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	EM-EP-110a.1	19, 33
GHG Equivalent air emissions of the following pollutants: NO _x (excluding N ₂ O), SO _x , volatile organic compounds (VOCs), and particulate matter (PM ₁₀)	EM-EP-110a.2	33
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-EP-110a.3	15-17, 19-21
Air emissions of the following pollutants: NO _x (excluding N ₂ O), SO _x , volatile organic compounds (VOCs), and particulate matter (PM ₁₀)	EM-EP-120a.1	33
Total fresh water withdrawn, total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	EM-EP-140a.1	33
Volume of produced water and flowback generated; percentage discharged, injected, recycled; hydrocarbon content in discharged water	EM-EP-140a.2	33
Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	EM-EP-140a.3	33
Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	EM-EP-140a.4	33
Note to EM-EP-140a.4 – The entity shall disclose its policies and practices related to ground and surface water quality management.		24
Description of environmental management policies and practices for active sites	EM-EP-160a.1	28
Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	EM-EP-160a.2	34
Percentage of proved and probable reserves in or near areas of conflict	EM-EP-210a.1	35
Percentage of proved and probable reserves in or near indigenous land	EM-EP-210a.2	35
Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	EM-EP-210a.3	31
Discussion of process to manage risks and opportunities associated with community rights and interests	EM-EP-210b.1	31
Number and duration of non-technical delays	EM-EP-210b.2	35
Total recordable incident rate (TRIR), fatality rate, near miss frequency rate (NMFR), and average hours of health, safety, and emergency response training for full-time employees, contract employees, and short-service employees	EM-EP-320a.1	35
Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	EM-EP-320a.2	30
Percentage of proved and probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-EP-510a.1	36
Description of the management system for prevention of corruption and bribery throughout the value chain	EM-EP-510a.2	14
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-EP-530a.1	11-13
Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	EM-EP-540a.1	35
Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-EP-540a.2	15, 30
Production of: oil, natural gas, synthetic oil, and synthetic gas	EM-EP-000.A	36

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Risk Management (b)	Risk management process	11, 12
Risk Management (c)	Risk integration	13
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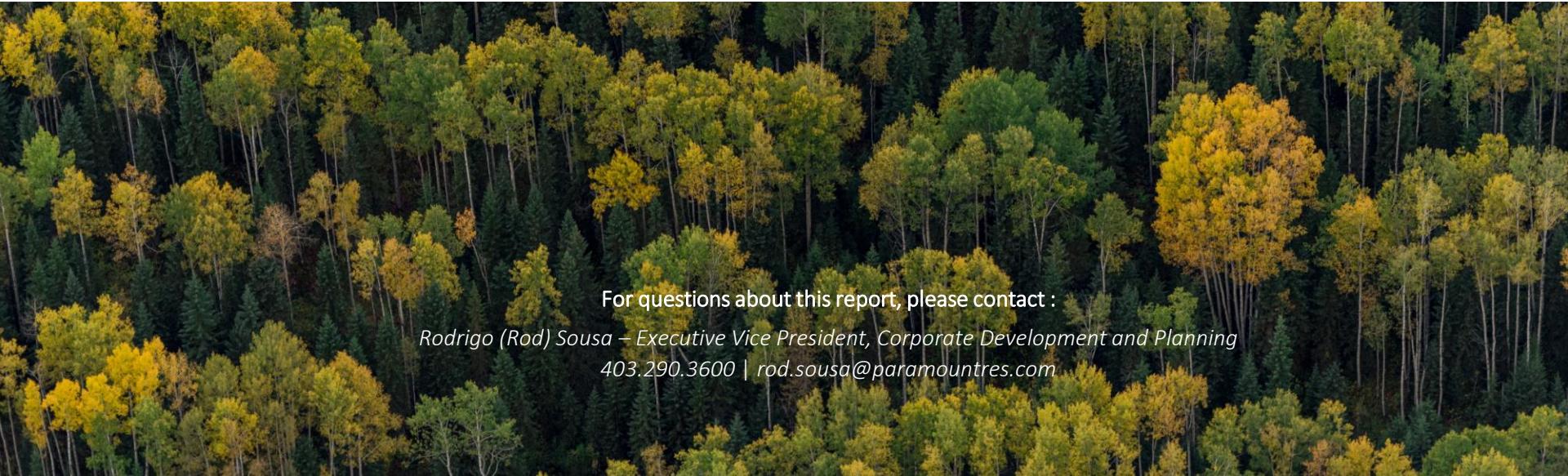
ADVISORIES

This report is intended to voluntarily provide certain information that we have determined might be of interest to our stakeholders. This report should be read in conjunction with the disclosure contained in the filings we have made under Canadian securities laws, including our press releases, annual and interim financial statements and management's discussion and analysis, Annual Information Form and Annual General Meeting information circular. Nothing in this report should be read as in any way qualifying, amending, modifying or superseding any of the disclosure contained in the filings we have made under Canadian securities laws. In addition, the inclusion of any information in this report should not be construed as an indication that we consider this information to be material or required to be disclosed for the purposes of Canadian securities laws. We may change the information we determine to provide in future ESG reports without prior notice. This report does not provide investment advice and readers are responsible for making their own financial and investment decisions.

There is no single standard system that applies across companies for compiling and calculating GHG emissions and other ESG metrics attributable to our operations. Accordingly, such information may not be comparable with similar information reported by other companies. We may change our policies for compiling and calculating GHG emissions and other ESG metrics in the future without prior notice and without restating prior periods. The compilation and calculation of GHG emissions often involves the making of certain estimates and assumptions that may change over time and any such changes may result in significant changes to reported emissions.

Certain statements in this report constitute forward-looking information under applicable securities legislation, including expected reductions in GHG emissions from various initiatives, anticipated ESG initiatives and opportunities and the anticipated focus of future decommissioning and reclamation activities. Such forward-looking information is based on a number of assumptions and expectations, including the future performance of GHG reduction initiatives and planned ESG, decommissioning and reclamation activities and expenditures. Although we believe that these assumptions and expectations are reasonable based on the information available at the time of this report, undue reliance should not be placed on the forward-looking information as we can give no assurance that such assumptions and 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 us and described in the forward-looking information. These include, but are not limited to, changes to plans and initiatives and changes to applicable laws and regulations. For more information relating to risks, see the sections titled "Risk Factors" in our Annual Information Form and in our management's discussion and analysis for the three and six months ended June 30, 2022, which are available on our website and on SEDAR at www.sedar.com. The forward-looking information contained in this report is made as of August 3, 2022 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.

We use the term "Boe" in this report, which means a barrel of oil equivalent 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 six months ended June 30, 2022, the value ratio between crude oil and natural gas was approximately 25:1. 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.

An aerial photograph of a dense forest. The trees are primarily evergreens, but many deciduous trees are showing vibrant autumn colors, ranging from bright yellow to deep orange and red. The forest is thick and extends across the entire width of the frame.

For questions about this report, please contact :

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