Paramount Resources Ltd.

Paramount Resources Announces Second Quarter 2026 Results, Increased Production Guidance, Sinclair Test Results and Increased Core Land Positions

CALGARY, AB, Aug. 6, 2026 /CNW/ -- Paramount Resources Ltd. ("Paramount" or the "Company") (TSX: POU) is pleased to announce its second quarter 2026 financial and operating results, increased 2026 production guidance, record Sinclair Montney test results and expanded land positions at Sinclair and Willesden Green.

HIGHLIGHTS

- Second quarter sales volumes averaged 47,279 Boe/d (49% liquids).(1)
  - Willesden Green sales volumes averaged 27,466 Boe/d (55% liquids). The Company successfully started up the second phase of its Alhambra Plant in early June, doubling the facility's designed raw handling capacity, following a planned plant outage in May. The ramp-up of production through the expanded facility in June significantly exceeded forecast, with natural gas volumes reaching the facility's inlet capacity in the second half of the month. Runtime at the Alhambra Plant continued to be outstanding in the second quarter.
  - Kaybob sales volumes averaged 19,413 Boe/d (40% liquids). Three (3.0 net) Duvernay wells were brought onstream during the quarter, which more than offset natural declines quarter-over-quarter.
- With the stronger than forecast Willesden Green performance, sales volumes in the first half of 2026 averaged 47,765 Boe/d (50% liquids), exceeding the upper end of previous guidance of 46,000 Boe/d (48% liquids).
- Cash from operating activities was $144 million ($0.99 per basic share) in the second quarter. Adjusted funds flow was $176 million ($1.21 per basic share). Free cash flow was ($129) million (($0.88) per basic share). (2)
- Operating expenses were $8.66/Boe in the second quarter of 2026, compared to $9.81/Boe in the previous quarter and $12.39/Boe in the second quarter of 2025. This represents the fifth consecutive quarter of lower unit operating expenses.

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

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

- Second quarter capital expenditures totaled $297 million. Activities in the quarter included:
  - Willesden Green Duvernay – commissioning and start-up of the second phase of the Alhambra Plant, commissioning of the water recycling facility at the Alhambra Plant, the ongoing construction of the pipeline interconnecting the Alhambra and Leafland Plants and of incremental compression and dehydration capacity at the Leafland Plant, the drilling of 11 (11.0 net) Duvernay wells and the bringing on production of ten (10.0 net) Duvernay wells;
  - Sinclair Montney – ongoing work related to advancing construction of the Sinclair Plant, the drilling of three (3.0 net) Montney wells and the completion and flow testing of the Company's second set of two appraisal wells; and
  - Kaybob North Duvernay – the bringing on production of three (3.0 net) Duvernay wells.
- At Sinclair, the Company completed and flow tested its second two (2.0 net) well appraisal pad, testing both the Upper and Lower benches of the Montney formation. The results surpassed expectations, with the wells achieving average raw production rates of 34 MMcf/d and 25 MMcf/d of dry natural gas, respectively, over the final three days of testing. (1) These represent the highest publicly recorded test rates for the two Montney benches in Alberta. (2)
- Following recent acquisitions, Paramount's land position at Sinclair now exceeds 170,000 net acres, providing the flexibility to increase targeted plateau production in the future.
- Gross 210-day peak production from the Company's 16 Duvernay wells brought onstream through the Alhambra Plant in 2025 averaged approximately 1,240 Boe/d (56% liquids) per well. Gross 300-day peak production from the first ten of these wells averaged approximately 1,130 Boe/d (56% liquids) per well. (3) Thirteen of the 16 wells have already paid out, with an average payout period of approximately eight months.
- At Willesden Green, the Company has further expanded its core land position to over 350,000 net acres.
- Approximately 48% of Paramount's forecast natural gas sales volumes for the remainder of 2026 are expected to be priced at diversified markets outside of AECO, including at Dawn, Malin and Emerson.
- The Company now has 7,000 Bbl/d of liquids hedged at an average WTI price of C$109.19/Bbl for the second half of 2026 and 6,000 Bbl/d of liquids hedged at an average WTI price of C$100.34/Bbl for 2027.
- At June 30, 2026, Paramount had $449 million in cash and cash equivalents and undrawn credit facilities totaling $750 million.

(1) The well tests were conducted by production testing over periods of approximately 13 days and 6 days, respectively. Stated production rates were measured at the wellhead for a period of three days once the wells were considered stabilized after the flow-back of completion fluids. The production rates stated: (i) are test rates only over a short period of time and are not necessarily indicative of long-term performance or of ultimate recovery from the wells tested or from any other future wells that may be drilled by the Company at Sinclair and (ii) are raw gas volumes and do not represent potential sales volumes after processing and related shrinkage. The data should be considered preliminary.
(2) Test rates were compared using public data sources in Alberta. Montney wells that were completed after 2017 with lateral lengths exceeding 3,000 meters within the Montney dry gas area were included for comparison. The Montney dry gas area was defined as wells with an actual/forecasted 12-month cumulative condensate gas ratio of less than 10 Bbl/MMcf. Flow test data were compared relative to similar landing zones in the Montney based on Paramount's internal geological characterizations. Readers are cautioned that comparability may be affected by, among other factors, flowback conditions, completions design, well length, operating conditions, equipment and regulatory limitations.
(3) Gross 210-day and 300-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 210-day period or 300-day period, as applicable, excluding days when the well did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. Natural gas sales volumes were lower by approximately 7% and liquids sales volumes were lower by approximately 13% due to shrinkage. In addition, certain liquids entrained in the natural gas stream are only recovered once processed and therefore final sales volumes cannot be imputed from wellhead volumes and shrinkage estimates alone.

- The Company closed the sale of its Fox Drilling subsidiary to AKITA Drilling Ltd. ("AKITA") on June 30, 2026 for approximately 19.3 million AKITA common shares and $3 million cash. The AKITA shares were distributed as a dividend in kind to Paramount shareholders on July 16, 2026.

UPDATED 2026 PRODUCTION GUIDANCE

Paramount is increasing its 2026 sales volumes guidance as a result of continued well outperformance (particularly natural gas), a faster than expected ramp-up of the second phase of the Alhambra Plant and an increase in forecast runtime at Willesden Green driven by continuing strong performance. Annual sales volumes are now expected to range between 51,000 Boe/d and 53,000 Boe/d (49% liquids), representing a 2,000 Boe/d increase at the mid-point.

Forecast capital expenditures and abandonment and reclamation expenditures for the year remain unchanged at between $1,000 million and $1,100 million and at $35 million, respectively.

2026	Prior Guidance	Revised Guidance
Third quarter average sales volumes (Boe/d)	46,500 to 51,500 (51% liquids)	50,000 to 53,000 (47% liquids)
Fourth quarter average sales volumes (Boe/d)	59,000 to 64,000 (53% liquids)	60,000 to 63,000 (49% liquids)
Annual average sales volumes (Boe/d)	48,000 to 52,000 (50% liquids)	51,000 to 53,000 (49% liquids)
Capital expenditures	$1,000 to $1,100 million	No change

2027 OUTLOOK

Paramount continues to expect 2027 annual sales volumes of between 60,000 and 65,000 Boe/d (50% liquids) and a 2027 exit rate of production of over 100,000 Boe/d (35% liquids), approximately double forecast average sales volumes for 2026.

The Company is currently maintaining its outlook for midpoint 2027 annual capital expenditures of $1,000 million.

With the second phase expansion of the Alhambra plant now onstream and strong Willesden Green performance, Paramount is continuing its evaluation and planning of the third phase expansion of the Alhambra Plant, including the possibility of accelerating start-up to the second half of 2028. The Company expects to be in a position to make a final investment decision as early as the fourth quarter of 2026. This will also be weighed against the ongoing assessment of the Black Oil window on the eastern-most part of the Company's Willesden Green lands.

AUGUST DIVIDEND

Paramount's Board of Directors has declared a cash dividend of $0.05 per class A common share that will be payable on August 31, 2026 to shareholders of record on August 17, 2026. The dividend will be designated as an "eligible dividend" for Canadian income tax purposes.

REVIEW OF OPERATIONS

WILLESDEN GREEN

Willesden Green sales volumes averaged 27,466 Boe/d (55% liquids) in the second quarter of 2026 compared to 28,750 Boe/d (59% liquids) in the first quarter.

Following a one-week planned outage, the Company successfully started up the second phase of the Alhambra Plant in early June, doubling the designed raw handling capacity of the facility to 20,000 Bbl/d of liquids and 100 MMcf/d of natural gas. Runtime at the Alhambra Plant, both before and after start-up of the second phase, has exceeded expectations. A total of ten (10.0 net) Duvernay wells were brought on production through the Alhambra Plant on a staggered basis following the expansion in June, with a total of 26 wells now flowing through the facility and filling its raw natural gas inlet capacity.

Additional development activities in the second quarter included the drilling of 11 (11.0 net) Duvernay wells, the ongoing construction of the pipeline interconnecting Alhambra and Leafland and ongoing work to expand compression and dehydration capacity at the Leafland Plant. Also in the second quarter, Paramount finished the commissioning of the water recycling facility at the Alhambra Plant, which is expected to reduce both operating costs and well completion costs in the future. The Company has recently begun to pump produced water directly from the Alhambra Plant to a pad site for use in well completion activities.

Of the 26 Duvernay wells now tied-in to the Alhambra Plant, 19 remain choked as part of Paramount's well drawdown strategy and to manage production within infrastructure capacity. Gross 210-day peak production from the Company's 16 Duvernay wells brought onstream through the Alhambra Plant in 2025 averaged approximately 1,240 Boe/d (56% liquids) per well. Gross 300-day peak production from the first ten of these wells averaged approximately 1,130 Boe/d (56% liquids) per well. (1) Thirteen of the 16 wells have already paid out, with an average payout period of approximately eight months.

Construction of incremental compression and dehydration at the Leafland Plant and the pipeline interconnection of Alhambra and Leafland is nearing completion, with start-up of both expected in August. These enhancements will enable Paramount to optimize the flow of production and the utilization of processing capacities in Willesden Green. The Company began a planned outage at the Leafland Plant in early July to accommodate this work and leveraged the downtime to perform a facility turnaround that was originally scheduled for 2027.

Planned activities for the second half of 2026 include the drilling of 14 (14.0 net) Duvernay wells and the bringing on production of 16 (16.0 net) Duvernay wells.

The Company has further expanded its core land position at Willesden Green to over 350,000 net acres, primarily through acquisitions at Crown land sales in the southern portion of its land base.

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(1) Gross 210-day and 300-day peak production is the highest daily average production rate for each well, measured at the wellhead, over a rolling 210-day period or 300-day period, as applicable, excluding days when the well did not produce. The production rates and volumes stated are over a short period of time and, therefore, are not necessarily indicative of average daily production, long-term performance or of ultimate recovery from the wells. Natural gas sales volumes were lower by approximately 7% and liquids sales volumes were lower by approximately 13% due to shrinkage. In addition, certain liquids entrained in the natural gas stream are only recovered once processed and therefore final sales volumes cannot be imputed from wellhead volumes and shrinkage estimates alone.

SINCLAIR

Activities at Sinclair in the second quarter included the completion and flow testing of the Company's second two (2.0 net) well appraisal pad, testing both the Upper and Lower benches of the Montney formation. The flow tests surpassed expectations, with the wells achieving average raw production rates of 34 MMcf/d and 25 MMcf/d of dry natural gas, respectively, over the final three days of testing. (1) These results represent the highest publicly recorded test rates for the two Montney benches in Alberta. (2) They also reflect a 42% and 56% increase, respectively, over the original two well 15-20 appraisal pad tested in the first quarter of 2025, which tested at 24 MMcf/d for the Upper Montney and 16 MMcf/d for the Lower Montney. (3) These results contribute to the delineation of lands south-east of the Company's existing development and are supportive of incremental future development.

In the second quarter, development activities continued with ongoing work related to the Sinclair Plant and the drilling of three (3.0 net) Montney wells on a five-well pad. Construction activities at the Sinclair Plant included earthworks, engineering and offsite module fabrication.

Over the second half of 2026, the Company anticipates drilling nine (9.0 net) additional Montney wells and continuing the construction of the Sinclair Plant and related area infrastructure.

Following recent acquisitions, including the purchase of a contiguous, adjacent block in British Columbia at a Crown land sale, Paramount's land position at Sinclair now exceeds 170,000 net acres. This provides the flexibility to increase targeted plateau production in the future.

KAYBOB

Kaybob sales volumes averaged 19,413 Boe/d (40% liquids) in the second quarter of 2026 compared to 19,088 Boe/d (35% liquids) in the first quarter. New well production more than offset natural declines quarter-over-quarter.

Development activities in the second quarter included the bringing onstream of three (3.0 net) Duvernay wells which were drilled and completed over the preceding two quarters.

Over the remainder of 2026, Paramount plans to drill and bring on production two (2.0 net) Montney oil wells.

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(1) The well tests were conducted by production testing over periods of approximately 13 days and 6 days, respectively. Stated production rates were measured at the wellhead for a period of three days once the wells were considered stabilized after the flow-back of completion fluids. The production rates stated: (i) are test rates only over a short period of time and are not necessarily indicative of long-term performance or of ultimate recovery from the wells tested or from any other future wells that may be drilled by the Company at Sinclair and (ii) are raw gas volumes and do not represent potential sales volumes after processing and related shrinkage. The data should be considered preliminary.

(2) Test rates were compared using public data sources in Alberta. Montney wells that were completed after 2017 with lateral lengths exceeding 3,000 meters within the Montney dry gas area were included for comparison. The Montney dry gas area was defined as wells with an actual/forecasted 12-month cumulative condensate gas ratio of less than 10 Bbl/MMcf. Flow test data were compared relative to similar landing zones in the Montney based on Paramount's internal geological characterizations. Readers are cautioned that comparability may be affected by, among other factors, flowback conditions, completions design, well length, operating conditions, equipment and regulatory limitations.

(3) The well tests were conducted by production testing over periods of approximately 15 days and 9 days, respectively. Stated production rates were measured at the wellhead for a period of three days once the wells were considered stabilized after the flow-back of completion fluids. The production rates stated: (i) are test rates only over a short period of time and are not necessarily indicative of long-term performance or of ultimate recovery from the wells tested or from any other future wells that may be drilled by the Company at Sinclair and (ii) are raw gas volumes and do not represent potential sales volumes after processing and related shrinkage. The data should be considered preliminary.

HEDGING

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

Instruments	Aggregate amount / notional	Average price or rate (1)	Remaining term
Oil			
NYMEX WTI Swaps (Sale)	7,000 Bbl/d	CAD$109.19/Bbl	Jul 2026 – Dec 2026
NYMEX WTI Swaps (Sale)	6,000 Bbl/d	CAD$100.34/Bbl	Jan 2027 – Dec 2027
Natural Gas			
Citygate / Malin Basis Swap (2)	10,000 MMBtu/d	Citygate less US$0.97/MMBtu (Sell) Malin (Buy)	Jul 2026 – Oct 2028
Foreign Currency Exchange			
Average Rate Forward (Sale)	US$10MM/Month	1.3810 CAD$ / US$(1)	Jul 2026 – Dec 2026
Average Rate Forward (Sale)	US$10MM/Month	1.3680 CAD$ / US$(1)	Jan 2027 – Dec 2027

(1) Average price is calculated using a weighted average of notional volumes and prices. Foreign currency exchange average rate forward contracts are settled monthly against the average of the CAD$/US$ noon spot rate on each applicable day in that month.

(2) "Citygate" refers to Pacific Gas & Electric Citygate and "Malin" refers to Pacific Gas & Electric Malin. Pursuant to the swap transaction, Paramount sells at Citygate less US$0.97/MMBtu and buys at Malin. The transaction is financially settled with no physical delivery.

ABOUT PARAMOUNT

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

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

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

FINANCIAL AND OPERATING RESULTS [1]

($ millions, except as noted)		Q2 2026		Q1 2026		Q2 2025
Net income		**68.3**		53.2		**4.2**
per share – basic ($/share)		***0.47***		*0.37*		***0.03***
per share – diluted ($/share)		***0.46***		*0.36*		***0.03***
Cash from operating activities		**144.4**		116.2		**39.8**
per share – basic ($/share)		***0.99***		*0.80*		***0.28***
per share – diluted ($/share)		***0.97***		*0.79*		***0.27***
Adjusted funds flow		**175.6**		143.4		**81.5**
per share – basic ($/share)		***1.21***		*0.99*		***0.57***
per share – diluted ($/share)		***1.18***		*0.97*		***0.56***
Free cash flow		**(128.5)**		(146.9)		**(85.5)**
per share – basic ($/share)		***(0.88)***		*(1.02)*		***(0.60)***
per share – diluted ($/share)		***(0.86)***		*(0.99)*		***(0.60)***
Total assets		**3,832.1**		3,746.7		**3,517.9**
Investments in securities		**208.0**		141.4		**575.3**
Long-term debt		**–**		–		**–**
Net (cash) debt		**(329.1)**		(515.8)		**(500.9)**
Common shares outstanding *(millions)* [2]		**145.8**		144.9		**143.3**
Sales volumes [3]						
Natural gas (MMcf/d)		**144.4**		144.5		**103.3**
Condensate and oil (Bbl/d)		**17,803**		18,137		**11,636**
Other NGLs (Bbl/d)		**5,415**		6,037		**2,786**
Total (Boe/d)		**47,279**		48,255		**31,631**
% liquids		***49 %***		*50 %*		***46 %***
Willesden Green (Boe/d)		**27,466**		28,750		**9,223**
Kaybob (Boe/d)		**19,413**		19,088		**21,962**
Other (Boe/d)		**400**		417		**446**
Total (Boe/d)		**47,279**		48,255		**31,631**
Netback		*($/Boe)* [4]		*($/Boe)* [4]		*($/Boe)* [4]
Natural gas revenue	**32.9**	***2.50***	45.7	*3.52*	**28.9**	***3.07***
Condensate and oil revenue	**205.7**	***126.96***	157.1	*96.27*	**87.7**	***82.84***
Other NGLs revenue	**19.0**	***38.50***	16.6	*30.61*	**6.9**	***27.02***
Natural gas transportation assignment income [5]	**2.8**	***0.21***	8.6	*0.66*	**2.7**	***0.29***
Royalty income and other revenue	**0.3**	***–***	0.6	*–*	**1.0**	***–***
Petroleum and natural gas sales	**260.7**	***60.59***	228.6	*52.65*	**127.2**	***44.20***
Royalties	**(14.0)**	***(3.25)***	(12.6)	*(2.90)*	**(5.7)**	***(2.00)***
Operating expense	**(37.3)**	***(8.66)***	(42.6)	*(9.81)*	**(35.7)**	***(12.39)***
Transportation and NGLs processing	**(20.4)**	***(4.75)***	(21.0)	*(4.83)*	**(13.2)**	***(4.57)***
Sales of commodities purchased [6]	**70.6**	***16.40***	64.4	*14.82*	**43.7**	***15.18***
Commodities purchased [6]	**(69.5)**	***(16.16)***	(63.9)	*(14.71)*	**(43.4)**	***(15.07)***
Netback	**190.1**	***44.17***	152.9	*35.22*	**72.9**	***25.35***
Risk management contract settlements	**(10.7)**	***(2.48)***	(2.1)	*(0.46)*	**14.9**	***5.16***
Netback including risk management contract settlements	**179.4**	***41.69***	150.8	*34.76*	**87.8**	***30.51***
Capital expenditures						
Willesden Green		**186.8**		161.7		**106.2**
Sinclair		**99.7**		59.6		**5.0**

Kaybob	**3.5**	31.8	**40.2**
Fox Drilling	**4.3**	1.5	**1.6**
Corporate and other	**2.4**	2.3	**9.0**
Sold Assets (7)	**–**	–	**(4.4)**
Total	**296.7**	256.9	**157.6**
Asset retirement obligations settled	**1.5**	26.5	**3.0**

(1) Adjusted funds flow, free cash flow and net (cash) debt are capital management measures used by Paramount. Netback and netback including risk management contract settlements are non-GAAP financial measures. Netback and Netback including risk management contract settlements presented on a $/Boe or $/Mcf basis are non-GAAP ratios. Each measure, other than net income, that is presented on a per share, $/Mcf or $/Boe basis is a supplementary financial measure. Refer to the "Specified Financial Measures" section for more information on these measures.
(2) Common shares are presented net of shares held in trust under the Company's cash bonus and restricted share unit plan (millions): Q2 2026: 0.1, Q1 2026: 0.1, Q2 2025: 0.3.
(3) Refer to the "Product Type Information" section for a complete breakdown of sales volumes for applicable periods by specific product type.
(4) Natural gas revenue and natural gas transportation assignment income presented as $/Mcf.
(5) Natural gas transportation assignment income relates to proceeds realized by the Company on the assignment of a portion of its ex-Alberta natural gas transportation capacity to third parties. These amounts were not allocated to individual properties.
(6) Sales of commodities purchased and commodities purchased are treated as corporate items and not allocated to individual properties.
(7) "Sold Assets" refers to the Karr, Wapiti and Zama properties that were sold on January 31, 2025.

PRODUCT TYPE INFORMATION

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

	Total Company by Product Type			**Willesden Green**			**Kaybob**		
	Q2 2026	Q1 2026	**Q2 2025**	**Q2 2026**	Q1 2026	**Q2 2025**	**Q2 2026**	Q1 2026	**Q2 2025**
Shale gas (MMcf/d)	**105.9**	107.9	**58.9**	**73.9**	69.9	**19.4**	**32.0**	38.0	**39.5**
Conventional natural gas (MMcf/d)	**38.5**	36.6	**44.4**	**0.2**	0.2	**3.0**	**38.1**	36.2	**41.2**
Natural gas (MMcf/d)	**144.4**	144.5	**103.3**	**74.1**	70.1	**22.4**	**70.1**	74.2	**80.7**
Condensate (Bbl/d)	**16,505**	16,623	**9,688**	**10,723**	12,141	**3,759**	**5,781**	4,481	**5,928**
Other NGLs (Bbl/d)	**5,415**	6,037	**2,786**	**4,227**	4,716	**1,517**	**1,184**	1,316	**1,263**
NGLs (Bbl/d)	**21,920**	22,660	**12,474**	**14,950**	16,857	**5,276**	**6,965**	5,797	**7,191**
Light and medium crude oil (Bbl/d)	**716**	887	**1,263**	**11**	20	**22**	**705**	867	**1,241**
Tight oil (Bbl/d)	**215**	243	**285**	**163**	187	**211**	**52**	56	**74**
Heavy crude oil (Bbl/d)	**367**	384	**400**	**–**	–	**–**	**–**	–	**–**
Crude oil (Bbl/d)	**1,298**	1,514	**1,948**	**174**	207	**233**	**757**	923	**1,315**
Total (Boe/d)	**47,279**	48,255	**31,631**	**27,466**	28,750	**9,223**	**19,413**	19,088	**21,962**

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

- Third quarter 2026 average sales volumes are expected to be between 50,000 Boe/d and 53,000 Boe/d (53% shale gas and conventional natural gas combined, 34% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs).
- Fourth quarter 2026 average sales volumes are expected to be between 60,000 Boe/d and 63,000 Boe/d (51% shale gas and conventional natural gas combined, 36% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 13% other NGLs).

2027 annual average sales volumes are expected to be between 60,000 Boe/d and 65,000 Boe/d (50% shale gas and conventional natural gas combined, 37% condensate, light and medium crude oil, tight oil and heavy crude oil combined and

13% other NGLs). Year-end 2027 exit sales volumes are expected to be over 100,000 Boe/d (65% shale gas and conventional natural gas combined, 27% condensate, light and medium crude oil, tight oil and heavy crude oil combined and 8% 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 are not allocated to individual properties. Netback is used by investors and management to compare the performance of the Company's producing assets between periods.

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

Refer to the table under the heading "Financial and Operating Results" in this press release for the calculation of netback and netback including risk management contract settlements for the three months ended June 30, 2026, March 31, 2026 and June 30, 2025.

Non-GAAP Ratios

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

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

Capital Management Measures

Adjusted funds flow, free cash flow and net (cash) debt are capital management measures that Paramount utilizes in managing its capital structure. These measures are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Refer to Note 15 in the Interim Consolidated Financial Statements of Paramount as at and for the three and six months ended June 30, 2026 for: (i) a description of the composition and use of these measures, (ii) reconciliations of adjusted funds flow and free cash flow to cash from operating activities, the most directly comparable measure disclosed in the Company's primary financial statements, for the three and six months ended June 30, 2026 and 2025 and (iii) a calculation of net (cash) debt as at June 30, 2026 and December 31, 2025.

Supplementary Financial Measures

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

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

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

ADVISORIES

Forward-looking Information

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

- expected average sales volumes for 2026 and certain periods therein;
- expected capital expenditures in 2026;
- expected abandonment and reclamation expenditures in 2026;
- the Company's outlook for capital expenditures and sales volumes in 2027 and the year-end 2027 exit rate of sales volumes;
- the expectation that the Company will be in a position to make a final investment decision respecting the acceleration of the third phase expansion of the Alhambra Plant as early as the fourth quarter of 2026;
- the expectation that the water recycling facility at the Alhambra Plant will reduce both operating costs and well completion costs in the future;
- the expected timing of the completion of incremental compression and dehydration at the Leafland Plant and of the pipeline interconnection of Alhambra and Leafland; and
- planned and potential exploration, development and production activities, including the drilling, completion and bringing onstream of new wells and the construction of infrastructure.

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

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

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

- fluctuations in commodity prices;
- uncertainties respecting the course and outcome of the conflict in the Middle East, including its impact on the supply and

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

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

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

Oil and Gas Measures and Definitions

Liquids		**Natural Gas**	
Bbl	Barrels	GJ	Gigajoules
Bbl/d	Barrels per day	GJ/d	Gigajoules per day
MBbl	Thousands of barrels	MMBtu	Millions of British Thermal Units
NGLs	Natural gas liquids	MMBtu/d	Millions of British Thermal Units per day
Condensate	Pentane and heavier hydrocarbons	Mcf	Thousands of cubic feet

WTI	West Texas Intermediate	MMcf	Millions of cubic feet
		MMcf/d	Millions of cubic feet per day
Oil Equivalent		NYMEX	NYMEX
Boe	Barrels of oil equivalent	AECO	AECO-C reference price
MBoe	Thousands of barrels of oil equivalent		
MMBoe	Millions of barrels of oil equivalent		
Boe/d	Barrels of oil equivalent per day		

This press release contains disclosures expressed as "Boe", "$/Boe" and "Boe/d". Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil when converting natural gas to Boe. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. For the six months ended June 30, 2026, the value ratio between crude oil and natural gas was approximately 60:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

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

SOURCE Paramount Resources Ltd.

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https://paramount.mediaroom.com/2026-08-06-Paramount-Resources-Announces-Second-Quarter-2026-Results,-Increased-Production-Guidance,-Sinclair-Test-Results-and-Increased-Core-Land-Positions