

FORM 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 – Security and Reporting Issuer

- 1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to common shares ("**Common Shares**") of Canadian Premium Sand Inc. ("**CPS**" or the "**Company**"). CPS's head office is located at Suite 400, 522 - 11th Avenue S.W., Calgary, Alberta T2R 0C8.

- 1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable

Item 2 – Identity of the Acquiror

- 2.1 State the name and address of the acquiror.**

Paramount Resources Ltd. ("**Paramount**")
Suite 2800, 421 7th Avenue S.W.
Calgary, Alberta
T2P 4K9

- 2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

Paramount acquired direct ownership and control of 4,000,000 Common Shares at a price of \$0.25 per Common Share as part of a private placement of an aggregate of 20,799,200 Common Shares completed by CPS on June 15, 2021 (the "**Private Placement**").

- 2.3 State the names of any joint actors.**

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.**

Paramount acquired direct ownership and control of 4,000,000 Common Shares, representing 9.51% of the 42,043,660 Common Shares issued and outstanding following the Private Placement.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

See Item 3.1 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately before the Private Placement, Paramount had direct ownership and control of 2,759,394 Common Shares and \$900,000 in principal amount of convertible debentures of CPS maturing on February 26, 2024 that may be converted at the option of the holder into Common Shares at any time prior to maturity at a conversion price of \$0.75 per Common Share (the "Convertible Debentures"). The Common Shares held by Paramount prior to the Private Placement represented approximately 12.99% of the 21,244,460 Common Shares then outstanding. If Paramount had converted all of the Convertible Debentures held by it prior to the Private Placement, it would have had direct ownership and control of 3,959,394 Common Shares, representing approximately 17.64% of the then outstanding Common Shares after giving effect to such conversion.

After the Private Placement, Paramount has direct ownership and control of 6,759,394 Common Shares and \$900,000 in principal amount of Convertible Debentures. The Common Shares held by Paramount after the Private Placement represent approximately 16.08% of the 42,043,660 outstanding Common Shares. If Paramount were to convert all of the Convertible Debentures held by it, it would have direct ownership and control of 7,959,394 Common Shares, representing approximately 18.41% of the outstanding Common Shares after giving effect to such conversion.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.4.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

\$0.25 per Common Share for aggregate consideration of \$1,000,000.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 4.1.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The Common Shares were acquired for investment purposes. Depending on the evolution of CPS's business, financial condition, the market, if any, for CPS's securities, general economic conditions and other factors, Paramount may acquire additional CPS securities, or sell CPS securities it owns, controls or directs, in the open market, by private agreement or otherwise, subject to market conditions and other relevant factors. Paramount does not currently have any plans or intentions that relate to any of the matters, or would result in, any of the events, listed above. Depending on market conditions, general economic conditions, CPS's business and financial condition and other factors, Paramount may develop such plans or intentions in the future.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

Certificate

I, as the acquiror, hereby certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

June 16, 2021

PARAMOUNT RESOURCES LTD.

(signed) "Rodrigo Sousa"

Rodrigo Sousa
Executive Vice President, Corporate Development and Planning