



# Paramount Resources Ltd. (PRMRF)

Updated March 17<sup>th</sup>, 2026, by Ian Bezek

## Key Metrics

<b>Current Price:</b>	\$21.62	<b>5 Year Annual Expected Total Return:</b>	-11.7%	<b>Market Cap:</b>	\$3.1 B
<b>Fair Value Price:</b>	\$6.05	<b>5 Year Growth Estimate:</b>	8.0%	<b>Ex-Dividend Date:</b>	03/16/25
<b>% Fair Value:</b>	357%	<b>5 Year Valuation Multiple Estimate:</b>	-22.5%	<b>Dividend Payment Date:</b>	03/31/25
<b>Dividend Yield:</b>	2.0%	<b>5 Year Price Target</b>	\$8.89	<b>Years Of Dividend Growth:</b>	0
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Energy	<b>Rating:</b>	Sell

## Overview & Current Events

Paramount Resources is a Canadian energy company. Shares are dual-listed in Canada under the ticker “POU” and the U.S. with the over-the-counter ticker “PRMRF”. The company’s base reporting currency is Canadian Dollars, but this report will use U.S. Dollar figures except when otherwise noted.

Paramount Resources has a long history. The company was founded in 1976 and has been publicly-traded since 1978. Paramount became well-known for finding and developing natural gas properties in Western Canada. It also founded several offshoot oil trusts. The company ran into problems in the mid-2010s when the price of oil plummeted. This led to a huge loss in 2015 followed by a massive asset sale to pay down debt. The company rebuilt itself with the purchase of Apache Canada in 2017 and ramped up production from there, returning to robust profitability in 2021.

However, Paramount Resources underwent another corporate makeover. It announced the sale of the majority of its oil and gas operations in late 2024 to Orintiv for C\$3.3 billion. This left Paramount Resources being debt free and with a huge cash pile. The company, in turn, paid out a gigantic C\$15/share special dividend which amounted to \$10.57 per share for investors in the U.S. listed PRMRF stock. Paramount Resources now owns a far smaller oil and gas production base focused on the Kaybob region of Alberta along with the Willesden Green Duvernay area also located in Alberta.

The company announced its Q4 2025 results on March 3<sup>rd</sup>, 2026. EPS fell to a loss of CAD 0.01, a sharp drop from the CAD 59 cent per share profit in the prior year. A large drop was expected given the sale of most of the company’s assets in the interim, that said, the company’s outright losses in Q3 and Q4 were a disappointing surprise. The company completed the first phase of its Alhambra Plant in July, ahead of schedule, and production volumes should ramp up in coming months, though the company’s turnaround is taking longer than expected. 2025 EPS was inflated by one-time gains from the asset sale; the company was barely profitable otherwise. We are estimating a much stronger 2026 based on management’s guidance and the recent rise in oil prices, though there is significant execution risk.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$8.21	\$2.28	-\$2.07	-\$0.51	-\$0.13	\$1.31	\$3.41	\$2.36	\$1.58	\$6.07	<b>\$0.55</b>	<b>\$0.81</b>
<b>DPS</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19	\$0.88	\$1.12	\$1.21	\$11.09	<b>\$0.43</b>	<b>\$0.63</b>
<b>Shares</b>	106	116	132	131	133	143	147	148	149	147	<b>147</b>	<b>155</b>

Paramount Resources has had a highly uneven track record. It had large losses in the mid-2010s associated with the decline in energy prices. After years of losses, however, the firm had a strong run of value creation between 2021 and 2024 which culminated in the successful asset sale to Orintiv and massive special dividend. As a result of that transaction, Paramount Resources’ future earnings outlook has fallen sharply. We are modeling 55 cents of EPS for this year, followed by 8%/year growth going forward. We anticipate strong growth, despite volatile energy prices, due to the company’s ambitious expansion plans. It is planning on spending approximately C\$560 million on development of oil and gas properties, primarily focused on its Willesden Green Duvernay operations. This includes the drilling of approximately 22 wells along with the construction of its Alhambra processing plant. We expect this investment to eventually translate into 8%/year dividend growth.

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	1.6	8.0	--	--	--	14.6	6.0	8.0	13.8	--	<b>39.3</b>	<b>11.0</b>
Avg. Yld.	--	--	--	--	--	2.2%	2.8%	2.8%	3.5%	6.4%	<b>2.0%</b>	<b>7.1%</b>

Paramount Resources has been unprofitable on various occasions over the past decade and as such does not have a highly consistent P/E ratio. That said, the P/E ratio has roughly been around 10x in more recent years. We believe the current 39x P/E multiple is quite aggressive compared to the firm's history, though investors may be giving the firm more credit for its strong balance sheet post-Ovintiv transaction.

The firm's current 2.0% forward dividend yield is below its prior average.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

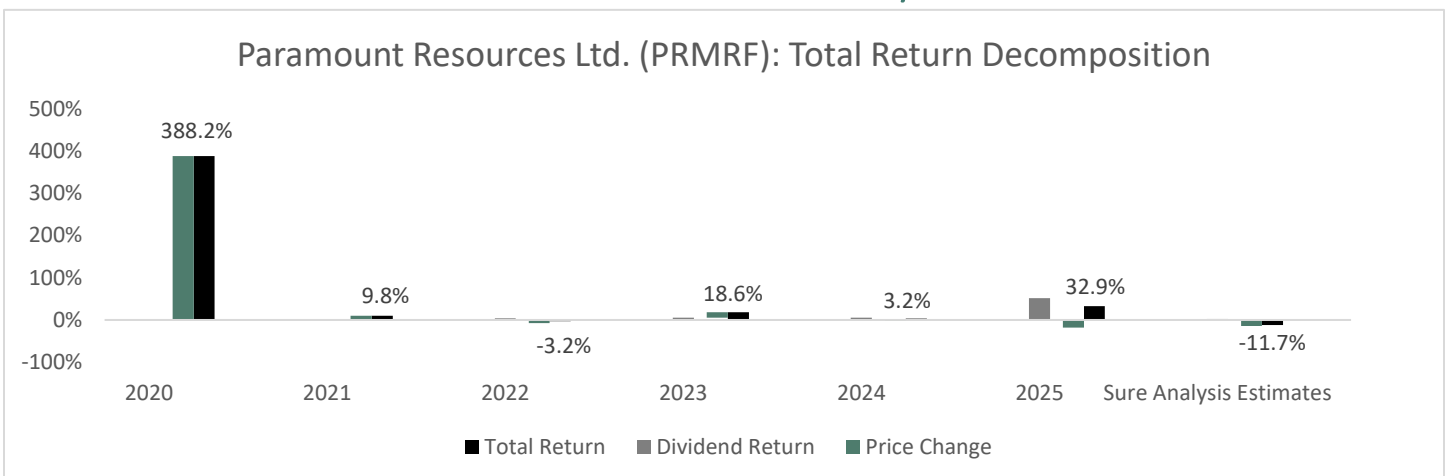
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	--	--	--	--	--	15%	26%	47%	77%	--	<b>78%</b>	<b>78%</b>

The oil and gas industry is known for boom-and-bust cycles and Paramount Resources is no exception to the rule. Management deserves credit for turning Paramount around after its massive 2015 loss. Its history of M&A transactions has been largely successful. And the recent C\$15/share dividend gave long-time shareholders a tremendous reward for their loyalty. The current dividend may prove to be sustainable, though there is considerable uncertainty around the firm's core earnings power following the recent asset sales. Paramount will also be spending heavily to expand its operations over the next year and there is inherent risk tied to the development of natural resource properties.

## Final Thoughts & Recommendation

Paramount Resources is in something of a corporate reboot right now. It sold off its crown jewel assets for a huge cash haul, paying off its debt and rewarding shareholders with a gigantic special dividend. However, there is not much visibility around Paramount's forward earnings. And only time will tell how well the firm's heavy growth investment strategy ends up playing out. PRMRF shares were trading around \$20/share last year. Following the \$10.57 per share special dividend, we would have expected shares to trade at or below \$10 for the company's remaining assets. Instead, the stock is trading at prior levels as if nothing had happened, even though its revenues have fallen by more than half and the company has not generated profits either of the past two quarters. We do not see the value proposition at today's price levels. We forecast negative total returns from here; shares earn a sell rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	295	188	379	745	689	467	1,164	1,940	1,521	1,516
<b>Gross Profit</b>	(47)	(15)	88	254	295	179	671	1,124	765	724
<b>Gross Margin</b>	-15.8%	-7.8%	23.2%	34.0%	42.9%	38.3%	57.6%	57.9%	50.3%	47.7%
<b>SG&amp;A Exp.</b>	35	41	45	64	54	34	48	52	61	67
<b>Op. Income</b>	(320)	(78)	(242)	(77)	(20)	(70)	164	756	309	250
<b>Op. Margin</b>	-108.3%	-41.3%	-63.9%	-10.3%	-2.9%	-15.1%	14.1%	39.0%	20.3%	16.5%
<b>Net Profit</b>	(706)	880	260	(283)	(66)	(17)	189	523	348	245
<b>Net Margin</b>	-239.2%	468.3%	68.6%	-38.0%	-9.6%	-3.6%	16.2%	27.0%	22.9%	16.2%
<b>Free Cash Flow</b>	(321)	(117)	(323)	(275)	(112)	(104)	161	191	94	(30)
<b>Income Tax</b>	(10)	118	(63)	(149)	85	8	68	142	96	44

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	2,004	1,503	3,563	3,024	2,703	2,742	3,047	3,196	3,308	3,315
<b>Cash &amp; Equivalents</b>	9	461	98	14	5	4	1	2	37	2
<b>Accounts Receivable</b>	26	9	84	44	66	57	93	149	100	113
<b>Total Liabilities</b>	1,609	240	1,443	1,371	1,109	1,144	1,003	707	671	740
<b>Accounts Payable</b>	71	60	176	138	136	117	165	164	205	156
<b>Long-Term Debt</b>	1,334	-	558	598	484	638	303	117	-	121
<b>Shareholder's Equity</b>	395	1,264	2,120	1,652	1,595	1,598	2,044	2,489	2,638	2,575
<b>LTD/E Ratio</b>	3.37	-	0.26	0.36	0.30	0.40	0.15	0.05	-	0.05

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	-29.7%	50.2%	10.3%	-8.6%	-2.3%	-0.6%	6.5%	16.8%	10.7%	7.4%
<b>Return on Equity</b>	-90.5%	106.1%	15.4%	-15.0%	-4.1%	-1.1%	10.4%	23.1%	13.6%	9.4%
<b>ROIC</b>	-35.2%	58.8%	13.2%	-11.5%	-3.1%	-0.8%	8.2%	21.1%	13.3%	9.2%
<b>Shares Out.</b>	106	106	116	132	131	133	143	147	148	149
<b>Revenue/Share</b>	2.79	1.77	3.28	5.64	5.28	3.50	8.15	13.20	10.26	10.16
<b>FCF/Share</b>	(3.03)	(1.10)	(2.79)	(2.09)	(0.86)	(0.78)	1.13	1.30	0.63	(0.20)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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