

Paramount Resources Ltd.

Paramount Resources Ltd. Announces the Closing of a Grant by Cavalier Energy of a Royalty for \$100 million, the Sale of 5.0 million Seven Generations Shares for \$150 million and a Dividend of its Remaining 3.8 million Seven Generations Shares

CALGARY, Dec. 16, 2016 /CNW/ -

Cavalier Royalty

Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) and Cavalier Energy ("Cavalier"), Paramount's wholly-owned subsidiary, jointly announced today that Cavalier has closed a transaction pursuant to which it has granted a royalty (the "Cavalier Royalty") to an unrelated third party on its oil sands properties (the "Royalty Lands") for cash consideration of \$100 million.

The Cavalier Royalty will be calculated on a sliding scale based on the prevailing monthly Western Canadian Select ("WCS") price. Production will not be subject to any royalty when the WCS price is below US\$50 per barrel. At a WCS price of US\$50 per barrel, the rate will be 2% and the rate will increase linearly to a maximum of 20% at a WCS price of US\$140 per barrel. The Cavalier Royalty will be payable based on Cavalier's realized bitumen price, net of diluent, transportation and storage costs. The Cavalier Royalty is secured by a lien over the Royalty Lands.

The royalty agreement does not impose any development commitments on Cavalier in respect of its Hoole project or any of the other Royalty Lands, nor does it impose any terms or conditions on the use of the consideration paid for the Cavalier Royalty.

GMP FirstEnergy acted as an advisor to Cavalier in respect of the Cavalier Royalty and RBC Capital Markets acted as a strategic advisor to the third party purchaser of the Cavalier Royalty.

Sale of 5.0 Million Seven Generations Shares

Paramount also announces that it has sold 5.0 million of its Seven Generations Energy Ltd. common shares ("7G Shares") in a private bought deal transaction for gross proceeds of approximately \$150 million. The transaction will close on December 20, 2016.

Dividend of Remaining Seven Generations Shares

Paramount will distribute to its shareholders, by way of dividend, its remaining 3.8 million 7G Shares. The dividend payment date will be January 16, 2017 and will result in Paramount's shareholders of record at the close of business on January 9, 2017 receiving approximately 0.036 of a 7G Share (based on the number of Paramount shares outstanding today) for each Paramount share they hold on such date, subject to applicable withholding taxes for non-Canadian residents and fractional entitlements to 7G Shares being rounded to the closest whole number.

Paramount's shares will commence trading ex-dividend on the Toronto Stock Exchange at the opening of trading on January 5, 2017. The dividend is designated by Paramount to be an "eligible dividend" for purposes of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to an eligible dividend paid to Canadian residents.

Paramount is an independent, publicly traded, Canadian corporation that explores for and develops conventional petroleum and natural gas prospects, pursues longer-term non-conventional exploration and pre-development projects and holds investments in other entities. Paramount's Class A Common Shares are listed on the Toronto Stock Exchange under the symbol "POU".

Cavalier was created in 2011 to be a self-funding entity that would execute the development of Paramount's oil sands and carbonate bitumen assets. Cavalier holds approximately 220,000 net acres of Crown leases in the Western Athabasca region of Alberta.

SOURCE Paramount Resources Ltd.

For further information: please contact Paramount Resources Ltd., J.H.T. (Jim) Riddell, President and Chief Executive Officer, B.K. (Bernie) Lee, Chief Financial Officer, Phone: (403) 290-3600, Fax: (403) 262-7994; Cavalier Energy, William Roach, President and Chief Executive Officer, Philip J. Moore, Chief Financial Officer, Phone: (403) 268-3940, Fax: (403) 268-3987

<http://paramount.mediaroom.com/2016-12-16-Paramount-Resources-Ltd-Announces-the-Closing-of-a-Grant-by-Cavalier-Energy-of-a-Royalty-for-100-million-the-Sale-of-5-0-million-Seven-Generations-Shares-for-150-million-and-a-Dividend-of-its-Remaining-3-8-million-Seven-Generations-Shares>