

Paramount Resources Ltd. to Sell Non-Core Oil and Gas Properties in Resthaven / Jayar for \$340 Million

CALGARY, June 14, 2018 /CNW/ - Paramount Resources Ltd. (TSX:POU) ("Paramount" or the "Company") is pleased to announce that it has entered into a purchase and sale agreement with Strath Resources Ltd. ("Strath") pursuant to which Strath will acquire Paramount's oil and gas properties and related infrastructure at Resthaven / Jayar in the Kakwa region (the "Assets") for total consideration of \$340 million, subject to customary purchase price adjustments (the "Transaction").

The consideration to be received by Paramount under the Transaction is comprised of \$170 million in cash, 85 million Strath common shares and 10-year warrants to acquire 8.5 million Strath common shares. The Strath common shares will be issued at a price, and the warrants will have an exercise price, equal to the issue price per share under Strath's most recent equity capital raise in 2018. Upon closing, Paramount will hold a 16% equity interest in Strath and Jim Riddell, Paramount's President and Chief Executive Officer, will join Strath's Board of Directors.

The Assets include 201 (152 net) sections of land, with proved reserves of approximately 6.3 MMBoe (95% developed producing) and proved plus probable reserves of approximately 8.1 MMBoe (94% developed producing), as of December 31, 2017 (based on the evaluation by Paramount's independent reserves evaluator, McDaniel & Associates Consultants Ltd.). Sales volumes from these lands were approximately 5,300 Boe/d (36% liquids) in April 2018 on a restricted basis. Paramount had minimal capital spending planned for the Assets for the balance of the year.

Strath is a Waterous Energy Fund-backed private oil and gas exploration and production company with a liquids-rich Montney land base that is immediately adjacent to the Assets. Strath advises that pro forma for the Transaction it will have approximately 21,300 Boe/d of production (48% liquids).

The Transaction allows Paramount to capture the upside of Resthaven / Jayar through Strath's development of the combined Montney asset-base in the area, while Paramount continues to focus on developing its core Montney assets at Karr and Wapiti in the Grande Prairie Region and Montney and Duvernay assets in the Kaybob Region. Cash proceeds from the sale will be used to partially fund Paramount's 2018 capital expenditure program. Upon closing, Paramount will have achieved its 2018 disposition target, and as a result, the Company is evaluating whether to continue with its process to sell all or a portion of its fee simple and royalty lands in southern Alberta. Paramount also continues to evaluate other non-core dispositions.

"We believe this transaction provides our shareholders with a compelling opportunity to realize meaningful value on our assets in the Resthaven / Jayar area. The cash consideration being received will be re-deployed to continue to develop and grow production from our core assets and further strengthens our already strong balance sheet and liquidity position. In addition, our shareholders will participate in the upside of Strath's combined Montney asset-base at Kakwa, through our significant shareholdings in Strath. We have tremendous respect for the Strath team, including their financial sponsors, and are excited to be partnering with them as they execute their development plan," said Jim Riddell. "The cash proceeds from this transaction not only satisfies our disposition target for 2018, but affords us the flexibility to be selective for the remainder of the year. Our focus remains on value maximization and we will continue to opportunistically pursue non-core dispositions in the context of evolving commodity prices and market conditions," said Rodrigo Sousa, Vice President, Corporate Development.

The Transaction is expected to close in early July and is subject to customary closing conditions.

ABOUT PARAMOUNT

Paramount is an independent, publicly traded, liquids-focused Canadian energy company that explores and develops unconventional and conventional petroleum and natural gas prospects, including long-term unconventional exploration and pre-development projects, and holds a portfolio of investments in other entities. Paramount's principal properties are primarily located in Alberta and British Columbia. Paramount's Class A common shares are listed on the Toronto Stock Exchange under the symbol "POU".

ADVISORIES

Forward Looking Information

Certain statements in this news release constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements suggesting future outcomes or an outlook. Forward-looking information in this news release includes, but is not limited to, estimated reserves

volumes, Paramount's equity position in Strath following the completion of the Transaction, Paramount's use of proceeds from the Transaction, the anticipated timing for closing of the Transaction, plans with regards to non-core asset dispositions, and Paramount's general business strategies and objectives. The forward-looking information in this news release is based on a number of assumptions which may prove to be incorrect. The forward-looking information in this news release is also 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. See the sections titled "Note Regarding Forward Looking Statements and Advisories" and "Risk Factors" in Paramount's current annual information form for a description of the assumptions and risks applicable to Paramount's business and the forward-looking information herein. The forward-looking information contained in this news 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

This news release contains disclosures expressed in "Boe/d" and "MMBoe". Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. 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. During the three months ended March 31, 2018, the value ratio between crude oil and natural gas was approximately 40:1. 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. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

SOURCE Paramount Resources Ltd.

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