

Paramount Resources Ltd. Announces the Closing of its Annual Bank Credit Facility Renewal

CALGARY, ALBERTA - June 13, 2016 /CNW/ - Paramount Resources Ltd. ("Paramount" or the "Company") (TSX:POU) announces the closing of the annual renewal of its bank credit facility (the "Facility"). The revolving period of the Facility has been extended to April 28, 2017 and the maturity date has been extended to April 28, 2018. Commitments under the renewed Facility are \$350 million, with a scheduled step-down to \$300 million on the earlier of October 31, 2016, or the occurrence of certain events that generate additional liquidity. Paramount continues to have no financial maintenance covenants under the terms of the Facility.

The Company continues to execute its debt reduction strategy, including non-core asset sales, a disciplined capital program and ongoing initiatives to further improve efficiencies and control costs. Paramount has reduced net debt by 32 percent to approximately \$1.3 billion at April 30, 2016 from \$1.9 billion at December 31, 2015.

As of June 9, 2016, approximately \$148 million was drawn on the Facility. The Company recently received back and cancelled approximately \$102 million of its undrawn letters of credit. As a result, the Company's outstanding letters of credit have been reduced to approximately \$59 million at June 9, 2016 from \$152 million at April 30, 2016.

Paramount continues to maintain sufficient liquidity to support its activities. The Company's 2016 capital program remains flexible and activity levels will be adjusted depending on commodity prices and other factors. The Company expects to fund its 2016 operations, obligations and capital expenditures with drawings on the Facility, funds flow from operations, proceeds from non-core asset sales and by accessing capital markets, if required.

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. The Company'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 document 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 document includes, but is not limited to: the scheduled step down in the size of Paramount's bank credit facility and the flexibility of, and potential adjustments to, the Company's 2016 capital program and the expected sources of funding for such program.

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 document: future natural gas and Liquids (which term is used herein to represent oil, condensate, ethane, propane and butane) prices; royalty rates, taxes and capital, operating, general & administrative and other costs; foreign currency exchange rates and interest rates; general economic and business conditions; the ability of Paramount to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations; the ability of Paramount to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities; the ability of Paramount to secure adequate product processing, transportation, de-ethanization, fractionation, and storage capacity on acceptable terms; the ability of Paramount to market its natural gas and Liquids successfully to current and new customers; the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated production volumes, reserves additions, Liquids yields and resource recoveries) and operational improvements, efficiencies and results consistent with expectations; the timely receipt of required governmental and regulatory approvals; and anticipated timelines and budgets being met in respect of drilling programs and other operations (including well completions and tie-ins and the construction, commissioning and start-up of new and expanded facilities).

Although Paramount believes that the expectations reflected in such forward-looking information is reasonable, undue reliance should not be placed on it 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 natural gas and Liquids prices; changes in foreign currency exchange rates and interest rates; the uncertainty of estimates and projections relating to future revenue, future production, reserve additions, Liquids yields (including condensate to natural gas ratios), resource recoveries, royalty rates, taxes and costs and expenses; the ability to secure adequate product processing, transportation, de-ethanization, fractionation, and storage capacity on acceptable terms; operational risks in exploring for, developing and producing natural gas and Liquids; the ability to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost; potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities (including third-party facilities); processing, pipeline, de-ethanization and fractionation infrastructure outages, disruptions and constraints; risks and uncertainties involving the geology of oil and gas deposits; the uncertainty of reserves and resources estimates; general business, economic and market conditions; the ability to generate sufficient cash flow from operations and obtain financing to fund planned exploration, development and operational activities and meet current and future commitments and obligations (including product processing, transportation, de-ethanization, fractionation and similar commitments and debt 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, and to enter into and maintain leases and licenses; the effects of weather; the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination; uncertainties regarding aboriginal 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.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "RISK FACTORS" in Paramount's current annual information form. The forward-looking information contained in this document 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.

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